

NEW AGE

ORGANIZATIONAL BEHAVIOR



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B. HIRIYAPPA

ORGANIZATIONAL BEHAVIOR

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*Dedicated to
Goddess Gayathri*

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PREFACE

Organizational Behavior (OB) is the study and application of knowledge about how people, individuals, and groups act in organizations. It does this by taking a system approach. That is, it interprets people-organization relationships in terms of the whole person, whole group, whole organization, and whole social system. Its purpose is to build better relationships by achieving human objectives, organizational objectives, and social objectives. Organizational Behavior is the study of human behavior in the workplace, the interaction between people and the organization with the intent to understand and predict human behavior.

It is sincerely hoped that the book will be useful to the CEO, Directors, Managing Directors, and Industrial Consultants, Students and Faculty Members of MBA, M.Com., PGDM, PGDBM, PGDHRM, ICFAI, BBM, BBA, B.Com. and competitive examinations in India and abroad. I invite suggestions from one and all for improvements in next edition of this book.

Organization Behavior has been introduced as a subject in MBA, M.Com., PGDM, PGDBM, PGDHRM, BBA, BBM, B.Com. and ICFAI. I have made humble effort to fulfill the needs of the strategy planner in Organizations, CEO, Directors of MNCs, students and teachers of the subject by covering necessary topics, explaining, analysing and assessing the various aspects and subjects.

Many individuals have rendered their helping hand to me. I take this opportunity to thank all of them. I thank Dr. D.M. Basvaraja, Prof. C.M. Thagaraju, Dr. G.T. Govindappa my teachers and professors from Kuvempu University for their constant inspiration and support. My special thanks to Kiran Reddy, CEO of Acharya Institute of Management and Science.

Shri Saumya Gupta, Managing Director and Shri Sudarshan, Marketing Manager, of New Age Publishers are the main initiators and monitors of this project. I express my sincere gratitude to both of them.

It is my prime responsibility to thank my parents, brother, sisters and friends for inconveniences caused during writing of this book.

B. Hiriyappa

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ORGANIZATION BEHAVIOR

LEARNING OBJECTIVES

The present module aims at:

- To understand the organization behavior and management functions
- To know the role of managers
- To know the reasons for studying of organization behavior
- To analyze organization behavior from the perspective of learning of an organization.
- To know and understand the basic approaches in organization behavior

- *“Investing in People is the most important aspect of any modern business.”*
—Management Today, October 2004
- *“Sometimes in business it seems as if people are your greatest liability and that all your problems are people problems. It’s at times like this that it’s worth reminding yourself that people are the cornerstone of everything we do.”*
—Guy Browning, Guardian newspaper columnist
- *“Management is a function, a discipline, a task to be done, and managers practice this discipline, carry out the functions and discharge these tasks”.*
—Peter Drucker
- *“Management is the process by which a cooperative group directs actions towards common goals”.*
—Joseph Massie
- *“Management is a social and technical process that utilizes resources, influences human action and facilitates charges in order to accomplish and organization’s goals”.*
—Theo Haimann and William Scott

- *“Management is the coordination of all resources through the processes of planning, organizing, directing and controlling in order to attain stated goals”.*
—Henry Sisk
- *“Management is the process by which managers create, direct, maintain and operate purposive organizations through systematic, coordinated and cooperative human effort”.*
—Dalton McFarland
- *“Organization behavior is the study and application of knowledge of how people act or behave within an organization”.*
—Keith Davis and Newstrom
- *“Organization behavior is a field of study that investigates the impact that individuals, groups, and structure have on behavior within organizations for the purpose of applying such knowledge towards improving an organization’s effectiveness”.*
—Stephen P. Robbins
- *“People tend to be very effective at managing relationships when they can understand and control their own emotions and can empathize with the feelings of others”.*
—Daniel Goleman

CASE 1.1: About TCS

Tata Consultancy Services (TCS) is one of the world’s leading information technology companies. Through its Global Network Delivery Model™, Innovation Network, and Solution Accelerators, TCS focuses on helping global organizations address their business challenges effectively.

TCS continues to invest in new technologies, processes, and people which can help its customers succeed. From generating novel concepts through TCS Innovation Labs and academic alliances, to drawing on the expertise of key partners, it keeps clients operating at the very edge of technological possibility.

Whether TCS is envisioning a business advantage, engineering an IT solution, or executing an outsourcing strategy, it helps its customers experience certainty in their every day business.

TCS reported 2006-07 global revenues of USD 4.3 billion.

People, processes, solution delivery capabilities and infrastructure are critical for a company to succeed in this competitive marketplace. TCS’ key business assets – people, industry and service practices, centers of excellence, network delivery model, alliances and quality frameworks, collaborate to create innovative solutions that bring certainty in a customer’s business.

TCS’ global workforce has been at the core of its innovation and works with customers to deliver real business results. TCS is committed to creating an environment that enables it to attract, develop and retain talent.

TCS’ people-focussed way of doing business has won it many recognitions such as the ‘Investor in People’ recognition for setting standards of good working practices in the UK, TCS Hungary being among the top 20 in the ‘Large Company Category’ in the Hewitt Best Employers Survey 2005, and the Dataquest-IDC Best Employer in IT Services in 2005.

Questions

1. Explain the organization behavior in TCS.
2. What are the basic elements involved in TCS?

Source: TCS.

INTRODUCTION

In this module, we shall discuss about an organization and its behavior, Business definition for: Organization behavior, Origins of organizational behavior, Multidisciplinary nature of organization behavior, Organizational behavior's major goals, Management, The functions of management, what do managers do? Managerial activities in 3 groups or management roles, Interpersonal roles of manager, Informational roles of manager, Decisional roles of manager, Managerial skills of managers, Classifying managers or levels of management, Current organizational issues facing managers, Importance of managers role, Framework for studying organizational behavior, The study of organization behavior, Benefits of studying organization behavior, Key managerial practices of successful organizations, Elements of organizational behavior, Models of organizational behavior, Organization development, Basis approaches in organization behavior and Organizational learning.

What is an Organization?

- An Organization Defined
 - * A deliberate arrangement of people to accomplish some specific purpose
- Common Characteristics of Organizations
 - * Have a distinct purpose (goal)
 - * Composed of people
 - * Have a deliberate structure

What is an Organizational Behavior?

- Organizational behavior is the study of human behavior in the workplace, the interaction between people and the organization with the intent to understand and predict human behavior.
- A field of study that investigates the impact that individuals, groups and structure have on behavior within organizations, for the purpose of applying such knowledge toward improving an organization's effectiveness.
- It is the study of human behavior, attitudes and performance within an organizational setting.
- Management and organization behavior draws on theory, methods and principles from various disciplines to learn about individual perception, values, learning capacities, action of people in an organization.

- Management and organization behavior analyzes the external environment's effect on the organization and its human resources, missions, objectives and strategies.
- A consciously coordinated social unit composed of a group of people, which functions on a relatively continuous basis to achieve a common goal or set of goals.
- OBM is the use of *behavior analysis principles* to help an organization and its members better achieve its goals and mission.
- Behavior analysis principles are techniques derived from the science of human behavior, as it first defined by Skinner in 1953.
- Organizational Behavior (OB) is the study and application of knowledge about how people, individuals, and groups act in organizations. It does this by taking a system approach. That is, it interprets people-organization relationships in terms of the whole person, whole group, whole organization, and whole social system. Its purpose is to build better relationships by achieving human objectives, organizational objectives, and social objectives.
- "Organization Behavior is concerned with the study of what people do in an organization and how that behavior affects the performance of the organization."

CASE 1.2: About Wipro Technologies

Wipro Technologies is the No. 1 provider of integrated business, technology and process solutions on a global delivery platform.

Wipro Technologies is a global services provider delivering technology-driven business solutions that meet the strategic objectives of our clients. Wipro has 40+ 'Centers of Excellence' that create solutions around specific needs of industries. Wipro delivers unmatched business value to customers through a combination of process excellence, quality frameworks and service delivery innovation. Wipro is the World's first CMMI Level 5 certified software services company and the first outside USA to receive the IEEE Software Process Award.

Fast Facts

- The largest independent R&D services provider in the world.
- Over half billion revenue from R&D.
- Among the top 3 offshore BPO services provider in the world.
- A strategic partner to five of the top ten most innovative companies in the world.
- Only Indian company to be ranked among the top 10 global outsourcing providers in IAOP's 2006 global outsourcing 100 listing.

Questions

1. Explain the organization behavior of Wipro.
2. What are the fast facts of Wipro?

Source: Wipro.

Business Definition for Organization Behavior

- The study of human and group behavior within organizational settings. The study of organization behavior involves looking at the attitudes, interpersonal relationships, performance, productivity, job satisfaction, and commitment of employees, as well as levels of organizational commitment and industrial relations. Organization behavior can be affected by corporate culture, leadership, and management style. Organization behavior emerged as a distinct specialty from organization theory in the late 1950s and early 1960s through attempts to integrate different perspectives on human and management problems and develop an understanding of behavioral dynamics within organizations.
- Organizational Behavior (OB) is the study and application of knowledge about how people, individuals, and groups act in organizations. It does this by taking a system approach. That is, it interprets people-organization relationships in terms of the whole person, whole group, whole organization, and whole social system. Its purpose is to build better relationships by achieving human objectives, organizational objectives, and social objectives.
- Organizations are social inventions for accomplishing common goals through group effort. Organizational behavior is concerned with the attitudes and behaviors of individuals and groups in organizations and can be understood in terms of three levels of analysis: the individual, the group, and the organization.
- It is study and application of how employees behave within organizations.

Organizational Behavior (OB) is

- It is the study of human behavior in the workplace,
- It is the interaction between people and the organization,
- And the organization itself.

Organizational Behavior—What is it?

- Explaining,
- Understanding,
- Predicting, maintaining, and
- Changing employee behavior in an organizational setting.

CASE 1.3: History of Infosys

1981

Corporate performance — Establishment in India.

1987

Global Initiatives — First international office in US.

1993

Corporate performance — Successfully completed IPO in India.

Quality initiatives	— ISO 9001/TickIT certification.
1995	
Corporate performance	— Best Annual Report Award from ICAI (every year from '95).
Globalization initiatives	— Set up development centers across cities in India.
1996	
Corporate performance	— Infosys Foundation to focus on contributing back to the society.
Globalization initiatives	— Set up first office in Europe in Milton Keynes, UK.
Strategic initiatives	— e-business practice (Infosys Internet Consulting Practice).
1997	
Globalization initiatives	— Set up office in Toronto, Canada.
Quality initiatives	— Assessed at CMM Level 4.
Strategic initiatives	— e-business practice (Infosys Internet Consulting Practice).
1998	
Corporate performance	— First in "Award for Corporate Excellence" Economic Times India.
Strategic initiatives	— Enterprise solutions practice (packaged applications).
1999	
Corporate performance	— \$100 Million in annual revenue. India's most admired company by The Economic Times Survey.
Globalization initiatives	— Listed on NASDAQ - (first India-registered company to list). Offices in Germany, Sweden, Belgium, and Australia. Two development centers in US.
Quality initiatives	— Assessed at CMM Level 5.
Strategic initiatives	— Infosys Business Consulting Services. Reorganization for competence building Domain Competency Group (DCG), Software Engineering and Technology Labs (SETLABS), Communications vertical practice (CAPS).
2000	
Corporate performance	— First company to be awarded the "National Award for Excellence in Corporate Governance" conferred by the Government of India. \$200 Million in annual revenue.
Globalization initiatives	— Opened an office in France. Opened new office in Hong Kong. Global development center in Canada and UK; Three development centers in US.
Strategic initiatives	— Combined the dedicated e-business practice with rest of the organization.
2001	
Corporate performance	— Rated Best Employer of India in a study by Business Today-Hewitt Associates. Touched \$400 million in annual revenue.
Globalization initiatives	— Opened new offices in UAE and Argentina. New development center in Japan.

2002

- Corporate performance — Ranked No. 1 in the “Best Employers in India 2002” survey conducted by Hewitt Associates for the second consecutive year.
First rank in the Business World’s survey of “India’s Most Respected Company.”
Touched half a billion US dollars in annual revenue.
- Globalization initiatives — Opened new offices in Netherlands, Singapore and Switzerland.

2003

- Globalization initiatives — Establishes subsidiaries Infosys China and Infosys Australia.

2004

- Corporate performance — Crossed US \$1 billion in annual revenue.
- Strategic initiatives — Launches Infosys Consulting Inc.

2005

- Corporate performance — Largest international equity offering of US \$ 1 billion from India.

2006

- Corporate performance — 50,000+ Employees. Revenues crosses \$2 billion. Celebrates 25 years.

Source: Infosys.

ORIGINS OF ORGANIZATIONAL BEHAVIOR

Many of the important contributions to Organizational Behavior have come from Psychology. Psychological theories have helped us explain and predict individual behavior. Many of the theories are dealing with personality, attitude, learning, motivation, and stress have been applied in Organizational Behavior to understand work-related phenomena such as job satisfaction, commitment, absenteeism, turnover, and worker well-being.

Sociologists, studying the structure and function of small groups within a society have contributed greatly to a more complete understanding of behavior within organizations. Taking their cue from Sociologists, scholars in the field of Organizational Behavior have studied the effects of the structure and functions of work organization on the behavior of groups, as well as the individuals within those groups.

Many of the concepts and theories about groups and the processes of communication, decision-making, conflict, and politics used in Organizational Behavior, are rooted in the field of Social Psychology.

The field of Political Science has helped us understand how differences in preferences and interests lead to conflict and power struggles between groups within organizations.

Economics has assisted students of Organizational Behavior in understanding how competition for scarce resources both within and between organizations leads these organizations to increase their commitment to efficiency and productivity (with concomitant influences on the behavior of individuals and groups).

Furthermore, Organizational Behavior draws on the field of Anthropology for lessons about how cultures and belief systems develop in organization.

MULTIDISCIPLINARY NATURE OF ORGANIZATION BEHAVIOR

To gain further insight into the field of Organizational Behavior, we will examine the multidisciplinary origins of the subject.

- Psychology — PSYCHOLOGY: study of the individual
- Sociology — SOCIOLOGY: study of small group behavior
- Anthropology — ANTHROPOLOGY: study of cultures (corporate culture)
- Economics — ECONOMICS: rational decision-making
- Political science — POLITICAL SCIENCE: power and conflict; coalitions and alliances

ORGANIZATIONAL BEHAVIORS: MAJOR GOALS

Major goals are listed below:

- Explain, predict, and control behavior of worker in an organization.
- It is the study of human behavior in the workplace, interaction between people and the organization, and the organization itself.
- It is the study of how employees work to become assets of organization and how leadership works to assist them in doing so in organization.
- It is study of the interaction between individuals and groups (may include reactions).
- It is the study of people's work habits, ethics, and how people conduct their day-to-day tasks...how leaders can oversee work in an organization.
- It is the study of interactions between various employees within the organization with encompasses various levels of management, chain of command within organization and interactions between employees and their superiors.
- It involves action taken by a group of people in an organized way...pre-thought in order to have actions done at peak performance of group.
- It is based on relationships and interactions between different people with similar or different roles, inside the organization, and their relationships with outside stakeholders.
- It includes the way an enterprise condones doing business. Ethics are the guide to achieve goals in organization.
- It primarily focuses on attitudes, customs and beliefs that a company/organization holds.
- It is expected for certain ways of business. The way people think and act in an organized manner. The way corporations will gear its thinking or actions toward other companies or people.
- It is the way in which you function and interact with fellow employees in a business setting.
- It is an attitude and judgment of those within an organization.

MANAGEMENT

- *“Management is a function, a discipline, a task to be done, and managers practice this discipline, carry out the functions and discharge these tasks”.*
—Peter Drucker
- *“Management is the process by which a cooperative group directs actions towards common goals”.*
—Joseph Massie
- *“Management is a social and technical process that utilizes resources, influences human action and facilitates changes in order to accomplish and organization’s goals”.*
—Theo Haimann and William Scott
- *“Management is the coordination of all resources through the processes of planning, organizing, directing and controlling in order to attain stated goals”.*
—Henry Sisk
- *“Management is the process by which managers create, direct, maintain and operate purposive organizations through systematic, coordinated and cooperative human effort”.*
—Dalton McFarland

THE FUNCTIONS OF MANAGEMENT

The functions of management are important for business survival and success whether you lead a small business or a major corporation. Management is creative problem solving. This creative problem solving is accomplished through four functions of management: planning, organizing, leading and controlling. The intended result is the use of an organization’s resources in a way that accomplishes its mission and objectives.

Planning is the ongoing process of developing the business’ mission and objectives and determining how they will be accomplished. Planning includes both the broadest view of the organization, e.g., its mission, and the narrowest, e.g., a tactic for accomplishing a specific goal.

Organizing is establishing the internal organizational structure of the organization. The focus is on division, coordination, control of tasks and the flow of information within the organization. It is in this function that managers distribute authority to job holders.

Staffing is filling and keeping filled with qualified people all positions in the business. Recruiting, hiring, training, evaluating and compensating are the specific activities included in the function. In the family business, staffing includes all paid and unpaid positions held by family members including the owner/operators.

Directing is influencing people’s behavior through motivation, communication, group dynamics, leadership and discipline. The purpose of directing is to channel the behavior of all personnel to accomplish the organization’s mission and objectives while simultaneously helping them accomplish their own career objectives.

Controlling is a four-step process of establishing performance standards based on the firm’s objectives, measuring and reporting actual performance, comparing the two, and taking corrective or preventive action as necessary in an organization.

Each of these functions involves creative problem solving. Creative problem solving is broader than problem finding, choice-making or decision-making. It extends from analysis of the environment within which the business is functioning to evaluation of the outcomes from the alternative which are implemented. Management combines many different skills and abilities and requires dedication, compassion, and the willingness to work with others in order to be successful.

Exhibit 1.1: Functions of Management

Planning — Consider and describe what needs to be done and how you will do it.

Organizing — Assign work and arrange resources to attain goals.

Directing — Put your plan into action by telling people what to do.

Controlling — Review performance results (of programs and people) against stated goals and use problem solving and decision-making to make any necessary changes.

WHAT DO MANAGERS DO?

Management Roles Approach

- Managers roles
- Interpersonal roles

Figurehead, Leader, Liaison

- Informational roles

Monitor, Disseminator, Spokesperson

- Decisional roles
- Disturbance handler, resource allocator, negotiator

A manager is the organizational member who integrates and coordinates the work of others.

A manager can be directly responsible for the work of one person, for a group of people in a department or office, or a team composed of people from several departments, or even for a team composed of people from different organizations.

It is important to note that managers may have other work duties that are unrelated to overseeing the work of others.

Managerial Activities in Three Groups or Management Roles

A role is a set of organized behaviors. Managers must assume multiple roles to meet the demands of the functions mentioned earlier in this chapter.

Roles common to all managers can be divided into three groups, interpersonal, informational, and decisional:

- **Interpersonal** — figurehead, liaison, leader.
- **Informational** — monitor, disseminator, spokesperson.
- **Decisional** — entrepreneur, disturbance handler, resource allocator, negotiator.

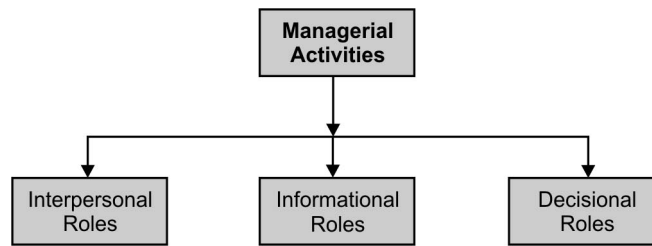


Fig. 1.1: Managerial activities

Figure 1.1 highlights the managerial activities are classified in three groups are listed below:

- Interpersonal Roles
- Informational Roles
- Decisional Roles

Interpersonal Roles of Manager

The direct relationships with people in the interpersonal roles place the manager in a unique position to get information.

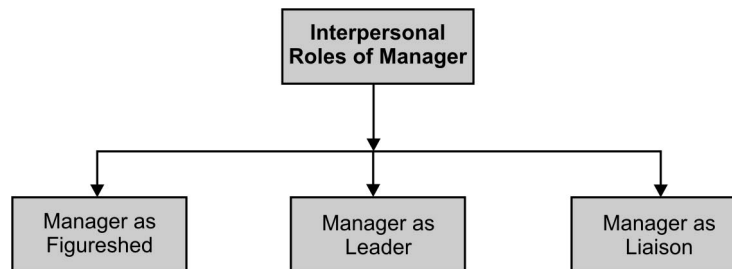


Fig. 1.2: Interpersonal roles of manager

Figure 1.2 indicates the interpersonal roles of managers. They are listed below:

- Manager as Figurehead
- Manager as Leader
- Manager as Liaison

Manager as Figurehead

Manager as symbolic head; obliged to perform a number of routine duties of a legal or social nature.

- It symbolizes the organization and what it is trying to achieve.

Manager as inspirational nature.

- Activities not central to the job.

Manager as Leader

- Responsible for motivation and activation of subordinates in organization.

- Responsible for hiring, staffing, training and associated duties in organization.
- Focal point for the organization of group.
- Effect an integration between individual needs and organizational goals.
- It involve to train, counsel, mentor and encourage high employee performance.

Manager as Liaison

- Maintains self-developed network of outside contacts and informers who provide favors and information.
- Develops horizontal relationships.
- By virtue of authority is able to establish special kind of external linkage system.
- Link and coordinates people inside and outside the organization to help achieve goals.

Informational Roles of Manager

Associated with the tasks needed to obtain and transmit information for management of the organization.

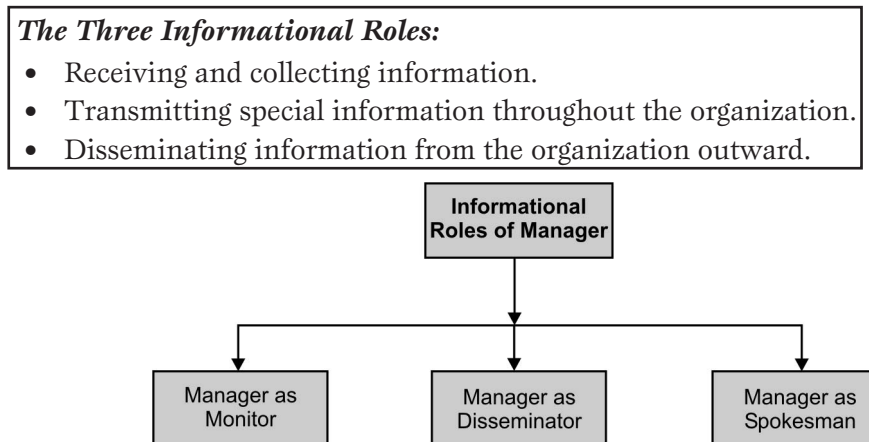


Fig. 1.3: Informational roles of manager

Figure 1.3 deals with informational roles of manager. They are listed below:

- Manager as Monitor
- Manager as Disseminator
- Manager as Spokesman

Manager as Monitor

- Seeks and receives information to develop through understanding of organization and environment.
 - Internal Operations
 - External Events

- Analyses
- Ideas and Trends
- Pressures
- Processing information and transferring it.
- It analyzes information from both the internal and external environment.

Manager as Disseminator

- Transmits information received from environment to members of organization.
- Processes information that is sometimes factual, sometimes needing interpretation and integration of diverse influences.
- Distributes information from official and unofficial channels, manager transmits information to influence attitudes and behavior of employees.

Manager as Spokesperson

- Directs some of work-related persons outside own work unit.
- Transmits information outside of organization.
- Calls upon to speak on behalf of organization.
- May lobby for organization.
- Uses information positively to influence the way people in and out of the organization respond to it.

Decisional Roles of Manager

Associated with the methods, managers use to plan strategy and utilize resources to achieve goals.

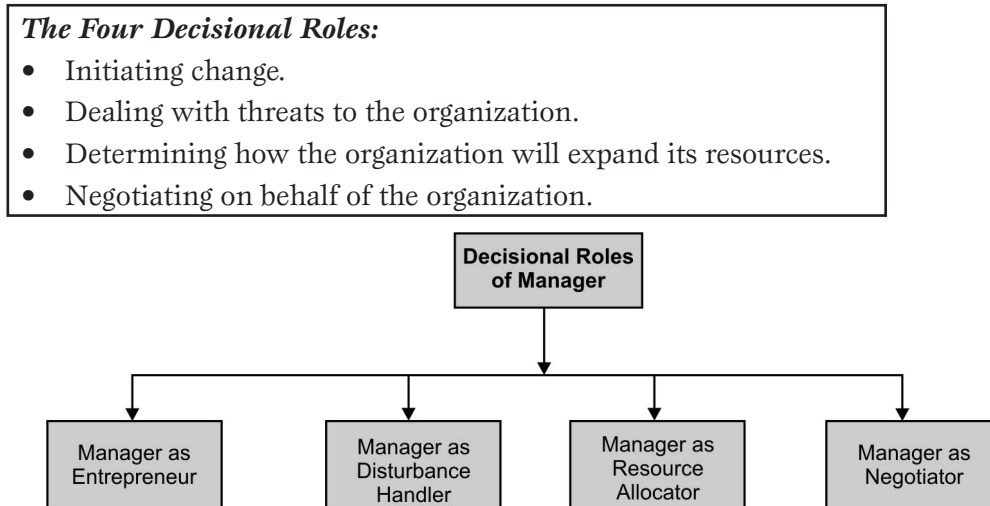


Fig. 1.4: Decisional roles of manager

Figure 1.4 indicates the decisional roles of manager as mentioned below:

- Manager as Entrepreneur
- Manager as Disturbance Handler
- Manager as Resource Allocator
- Manager as Negotiator

Manager as Entrepreneur

- Searches organization and its environment for opportunities and initiates “improvement projects” to bring about change
- Supervises design of certain projects in terms of:
 - Delegation
 - Authorization
 - Supervision
- Ensures viability and improves reputation of organization
- Decides upon new projects or programs to initiate and invest.

Manager as Disturbance Handler

- Responds involuntarily to high pressure disturbances that threaten to disrupt proper functioning of the organization
 - Conflicts between subordinates
 - Exposure difficulties between one organization and another
 - Resource losses or threats
- Responsible for correct action when organization faces unexpected disturbances
- It assumes responsibility for handling an unexpected event or crisis.

Manager as Resource Allocator

- Responsible for allocation of organizational resources like people, information, money, equipment, space
- Determines how much of units’ financial, personnel and resources will be allotted in terms of
 - Scheduling of Time
 - Programming Work
 - Authorizing Actions
- Involves complex choice-making behavior
- It assign resources between functions and divisions, sets budgets for lower managers.

Manager as Negotiator

- Confers with individuals and groups inside or outside the unit for facilitating agreement on complex or controversial issues.

- Responsible for representing the organization at major negotiations with clients.
- It seeks to negotiate solutions between other managers, unions, customers, or shareholders.

Managerial Skills of Managers

Managers must be skilled to perform the functions of management. The three skills that are essential for successful management skills like technical, human, and conceptual.

There are three skill sets that managers need to perform effectively. Technical, human and conceptual skills are considered as skills approach.

Technical skills

- Technical skills involves the knowledge and proficiency in a specific field.
- The job-specific knowledge required to perform a task. Common examples include marketing, accounting, and manufacturing.

Technical

Technical skills refer to having sufficient knowledge in the technical aspects of your business to be able to guide and assist staff and lead effectively.

These skills could be in any number of areas, including computer capability, production methods, research, etc.

Human Skills

- The ability to work well with other people
- The ability to understand, alter, lead, and control people's behavior.

Human Relations

- Human Relations means getting along well with the people associated with your business and inspiring them to get along with each other.

Conceptual Skills

- The ability to think and conceptualize about abstract and complex situations concerning the organization.
- The ability to analyze and diagnose a situation and find the cause and effect.

Conceptual

- Conceptual skills refer to an ability to see the end product or the big picture.

All three skills are enhanced through formal training and practice.

Classifying Managers or Levels of Management

The extent to which managers perform the functions of management that varies by the level in the management hierarchy.

Managers can be found at all levels in an organization.

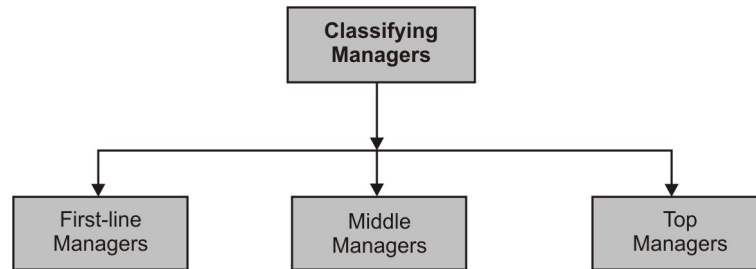


Fig. 1.5: Classifying managers

First-line Managers

- First-line managers are at the lowest level of management and manage the work of non-managerial employees.

First line managers, at the lowest level of management, are often called supervisors. For example:

- In a manufacturing plant, the first line manager might be called a foreman.
- On an athletic team, the coach would be considered a first line manager.
- First line managers or supervisors direct the actual work of the organization and serve as a point of contact between the employees and the middle and top managers.

Middle Managers

Middle managers manage and work of first-line managers.

- Middle managers include all levels of management between the supervisory level and the top level of the organization.
- Managers in the middle may have titles such as department head, project leader, plant manager, unit chief, division manager, or similar title.
- Middle managers implement the goals set by the top managers, evaluate the performance of the organization and recommend changes if necessary. In other words, they perform the control function.

Top Managers

- Top managers are responsible for making organization-wide decisions and establishing plans and goals that affect the entire organization.

- Top managers are responsible for making decisions and for establishing policies and strategies that affect the entire organization.
- These managers may have titles such as president, managing director, president, chief operating officer, chief executive officer, or chairman of the board.
- Top managers spend most of their time planning and organizing.
A manager's level in the organization depends on the skills he or she possesses.
- A manager's level in the organization is often determined by the skills required.
- Supervisors need technical skills to manage their area of specialty.
- Top-level managers use conceptual skills in planning and dealing with ideas and abstractions.
- All levels of managements need human skills in order to interact and communicate successfully with other people.
- The supervisor, middle manager, and top manager all perform these managerial roles but with different emphasis.
- Supervisory management is more focused and short-term in outlook.
- The leader role is among the most important of all roles at all levels of management.

Current Organizational Issues Facing Managers

Current organization issues are facing by managers are listed below:

- Explain how a strong culture affects whether an organization is ethical.
- Describe the characteristics of an ethical culture.
- List some suggestions for creating a more ethical culture.
- Describe the characteristics of an innovative culture.
- Explain six characteristics of a customer-responsive culture.
- Discuss the actions managers can take to make their cultures more customer-responsive.
- Define workplace spirituality.
- Explain why workplace spirituality seems to be an important concern.
- Describe the characteristics of a spiritual organization.
- Discuss the criticisms of spirituality.
- The environment
- Define the external environment as specific and general environment.
- Describe the components of the specific environment.
- Describe the components of the general environment.
- Define and discuss environmental uncertainty and its two dimensions.
- Define stakeholders.

- Identify the most common organizational stakeholders.
- Explain why stakeholder relationship management is important.

IMPORTANCE OF MANAGER ROLE

Manager role is very important in the following circumstances:

- The operative tasks and the execution of work.
- Managers make resource allocation.
- Managers make decisions which other people must implement.
- Managers usually have formal authority—the right to decide how those who work for them can use resources needed to accomplish objectives.
- The manager must be concerned with the effective use of human resources as well as physical resources.
- Managers are responsible for the work of other people.
- Managers work very hard, feel compelled to work hard.
- They are constantly exposed to one problem after another, and most of these need an immediate solution.
- Managers tend to do the more active, current, and interesting parts of their work first and set aside the routine parts for later.
- They are more interested in current information than historical data and more concerned with specific rather than general issues.
- Managers use different ways to communicate (mail, memo, phone, face-to-face meetings, etc.), managers prefer to use.
- They are primarily concerned with understanding the basic task of management and of developing guidelines, or principles, on how to manage effectively in an organization.
- Activities executives perform in whole or part that make up the managerial job.
- Making decisions about the most effective course of action to take in achieving organization goals and formulating general policies or guides to help in implementing plans.
- Acquiring and assembling resources in the proper relation to each other to achieve objectives. Ensures that activities, when carried out, conform to plans so that objectives are achieved.
- General guides to handling the problems that an executive encounters in work situations. The systematic and scientific analysis of individuals, groups, and organizations; its purpose is to understand, predict, and improve the performance of individuals and, ultimately, the organizations in which they work.

Framework for Studying Organizational Behavior

Figure 1.6 represents the framework for studying organizational behavior.

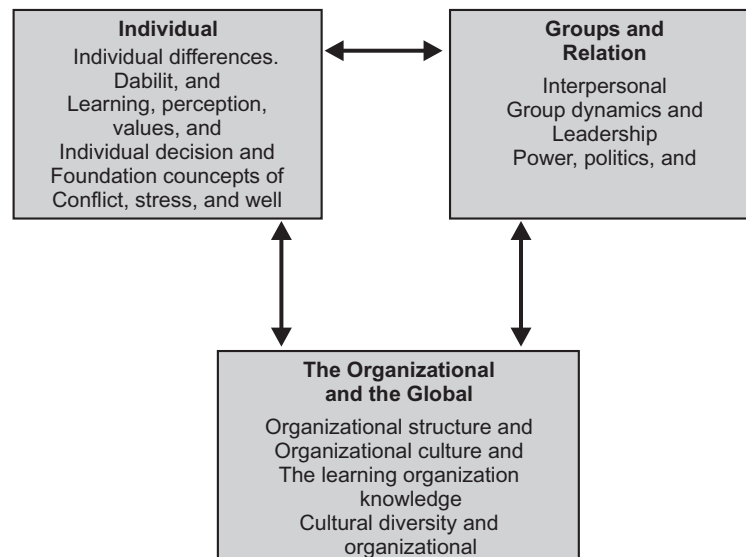


Fig. 1.6: Framework for studying organizational behavior

The study of Organizational Behavior involves in the following ways:

- Consideration of the interaction among the formal structure (organizational context in which the process of management takes place)
- The tasks are to be undertaken for studying of the organization behavior
- It focus on technology that employed and the methods of carrying out work in an organization
- To know the behavior of people with an organization
- It analyses the process of management in an organization
- The external environment.

Understanding the Organizational Behavior

Figure 1.7 depicts the understanding the organizational behavior:

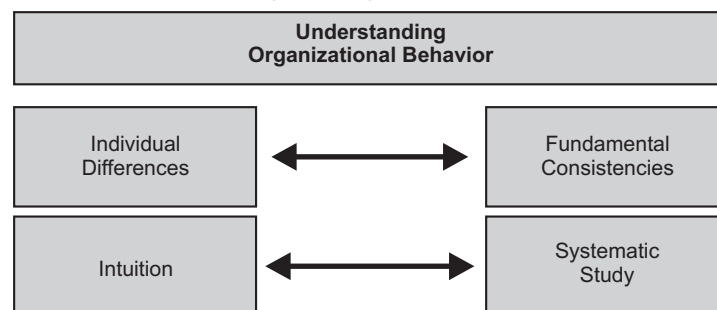


Fig. 1.7: Highlights the understanding of the organisational behavior

For understanding of organization behavior we shall know the following issues in an organization:

- Individual differences
- Fundamental consistencies
- Intuition and
- Systematic study

The Study of Organization Behavior

Figure 1.8 describes the study of organization behavior.

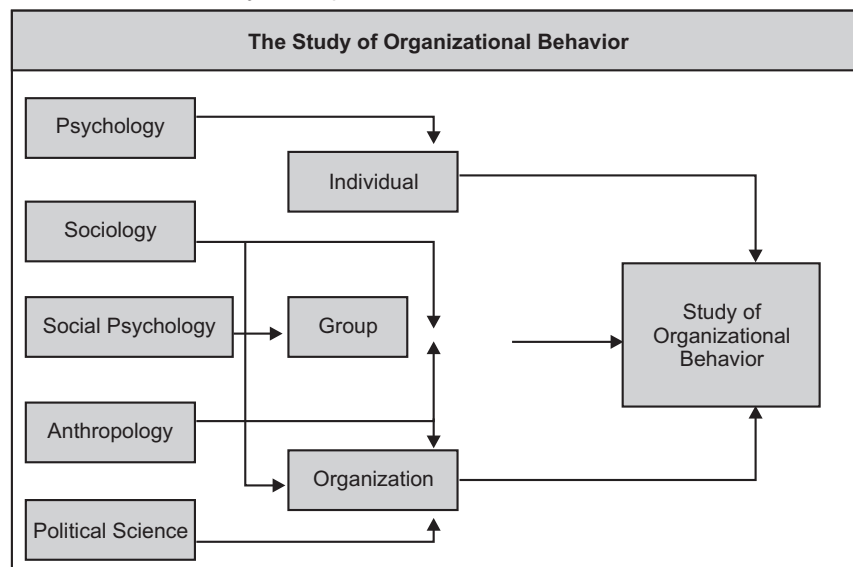


Fig. 1.8: The study of organization behavior

Why Study Organizational Behavior?

Reasons for studying organization behavior:

- Chart the evolution of management thought on the nature of the organization
- Understanding of the organizational factors that influence work
- Understanding of how the work environment shapes organizational performance

To facilitate the study of Organizational Behavior, we will look at human behavior in the organization from three perspectives.

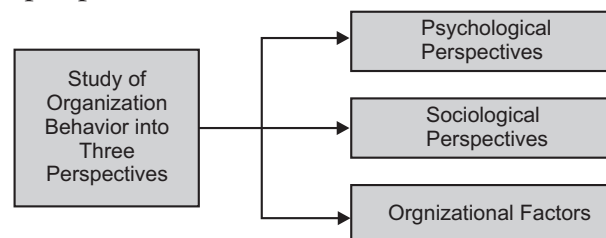


Fig. 1.9: Study of organization behavior into three perspectives

Figure 1.9 discusses the study of organization behavior into three perspectives as outlined:

1. First, we will examine human behavior from a psychological perspective. This level of analysis will permit us to examine human traits and characteristics with a view to understanding how elements of personality may influence an individual's responses to his or her organizational environment.
2. Second, we will look at how individuals interact in small group or team environments (a sociological perspective).
3. Finally, it will be necessary to examine the impact of larger or wider organizational factors on the individuals within that organization.

In summary, to understand behavior in the organization, we must examine the interaction of individuals with the various factors the individuals encounter in that organizational setting. The behaviors encountered in the organization are, of course, very diverse. The diversity of personalities interacting with varied organizational environments results in considerable variation in concomitant behavior.

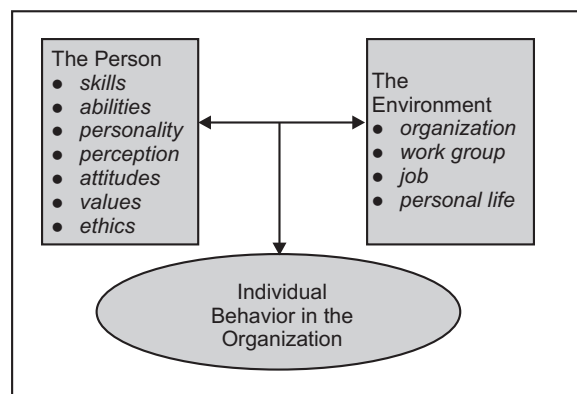


Fig. 1.10: Study the individual behavior in the organization

- Employees expect respect and meaningful work.
- The organization expects its employees to follow the rules and policies of the firm and to perform the required tasks.
- It may be useful, in an introduction to Organizational Behavior, to ask some questions about what human beings expect from an organization. The answers are, of course, as varied as the people in organizations are diverse. However, some generalizations will be made. Employees generally expect respect. Furthermore, employees want meaningful work that uses their skills and respects their ability to use their minds in efforts to organize their work.
- The organization, having a mission or mandate, has certain expectations of its

employees. Most importantly, employees are hired to enable the firm to meet its production, service, and economic objectives.

- So the Organizational Behavior specialist provides the expertise needed to manage the firm's human resources.

Benefits of Studying Organization Behavior

Major benefits of studying organization behavior are listed below:

- Develop skills to function effectively in the workplace.
- Grow personally through insight into human behavior.
- Enhance overall organizational effectiveness.
- Sharpen and refine common sense.

Key Managerial Practices of Successful Organizations

Key managerial practices of successful organizations are outlined:

- Employment security to employees who are working in an organization.
- High standards in selecting personnel in an organization.
- Extensive use of self-managed teams and decentralized decision-making in an organization.
- Comparatively high compensation based on performance and it is useful to human resource in organization.
- It provides extensive employee training in an organization.
- Reduction of status differences between higher management and other employees in an organization.
- It involves to information sharing among managers and other workers.
- It helps to employees promotion within an organization.

Elements of Organizational Behavior

Major elements of organizational behavior as outlined:

- The organization's base rests on management's philosophy, values, vision and goals.
- This in turn drives the organizational culture which is composed of the formal organization, informal organization, and the social environment.
- The culture determines the type of leadership, communication, and group dynamics within the organization.
- The workers perceive this as the quality of work life which directs their degree of motivation.
- The final outcomes are performance, individual satisfaction, and personal growth and development.
- All these elements combine to build the model or framework that the organization operates from.
- Designing and developing your organization roles and responsibilities.
- Employing all kinds of people—ensuring a diverse workforce in an organization.

- Managing your people effectively and efficiently with productive results for accomplishments of goals and objectives.
- Developing your people skills and motivate them in an organization for reaching their mission and vision of an organization.
- Paying and rewarding your people in an organization.
- How to develop policies and systems to improve Comprehensive Performance Assessment (CPA) results.
- Pool information, ideas and resources around workforce issues.

Models of Organizational Behavior

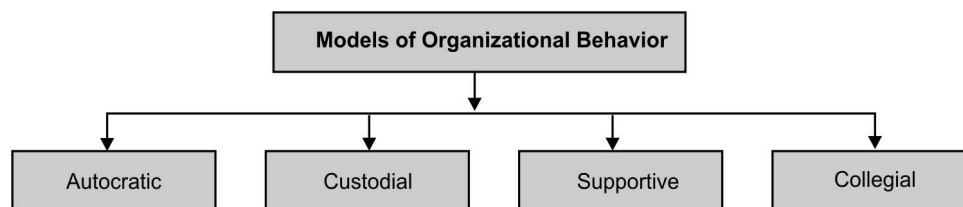


Fig. 1.11: Models of organizational behavior

Figure 1.11 deals with models of organization behavior. There are four major models or frameworks that organizations operate and as outlined:

1. **Autocratic:** The basis of this model is power with a managerial orientation of authority. The employees in turn are oriented towards obedience and dependence on the boss. The employee need of subsistence is met. The performance result is minimal.
2. **Custodial:** The basis of this model is economic resources with a managerial orientation of money. The employees in turn are oriented towards security benefits and dependence on the organization. The employee need of security is met. The performance result is passive cooperation.
3. **Supportive:** The basis of this model is leadership with a managerial orientation of support. The employees in turn are oriented towards job performance and participation. The employee need of status and recognition is met. The performance result is awakened drives.
4. **Collegial:** The basis of this model is partnership with a managerial orientation of teamwork. The employees in turn are oriented towards responsible behavior and self-discipline. The employee need of self-actualization is met. The performance result is moderate enthusiasm.

Although there are four separate models, almost no organization operates exclusively in one. There will usually be a predominate one, with one or more areas over-lapping in the other models.

The first model, autocratic, has its roots in the industrial revolution. The managers of this type of organization operate out of McGregor's Theory X. The next three models begin

to build on McGregor's Theory Y. They have each evolved over a period of time and there is no one "best" model. The collegial model should not be thought as the last or best model, but the beginning of a new model or paradigm.

Exhibit 1.2: Organization Behavior Model

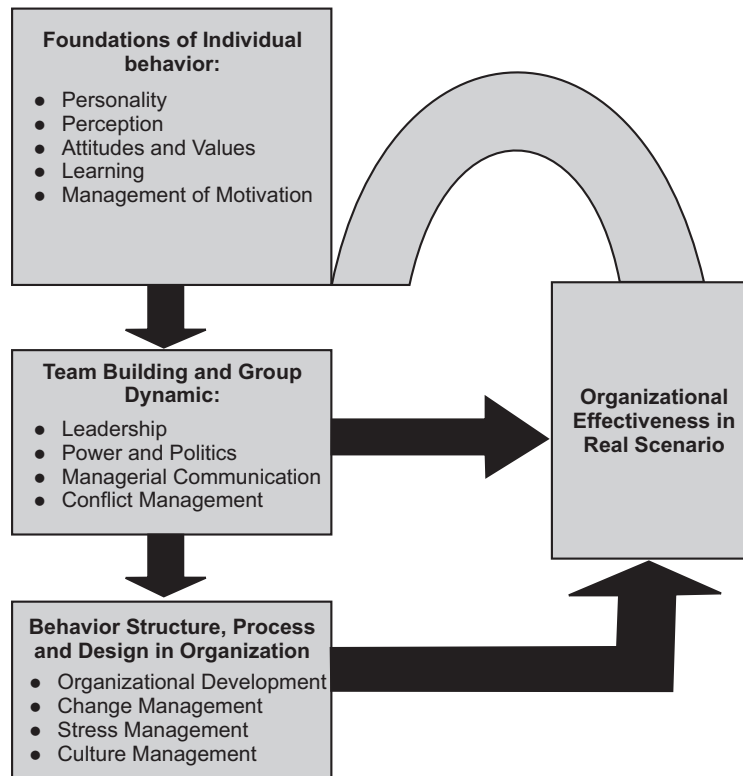


Fig. 1.12: Organization behavior model

Organization Development

Organization Development (OD) is the systematic application of behavioral science knowledge at various levels, such as group, inter-group, organization, etc., to bring about planned change. Its objectives are—higher quality of work-life, productivity, adaptability, and effectiveness. It accomplishes this by changing attitudes, behaviors, values, strategies, procedures, and structures so that the organization can adapt to competitive actions, technological advances, and the fast pace of change within the environment.

There are seven characteristics of OD:

1. **Humanistic Values:** Positive beliefs about the potential of employees (McGregor's Theory Y).
2. **Systems Orientation:** All parts of the organization, to include structure, technology, and people, must work together.

3. **Experiential Learning:** The learners' experiences in the training environment should be the kind of human problems they encounter at work. The training should not include only theory and lecture.

4. **Problem Solving:** Problems are identified, data is gathered, corrective action is taken, progress is assessed, and adjustments in the problem solving process are made as needed. This process is known as Action Research.

5. **Contingency Orientation:** Actions are selected and adapted to fit the need.

6. **Change Agent:** Stimulate, facilitate, and coordinate change.

7. **Levels of Interventions:** Problems can occur at one or more levels in the organization so the strategy will require one or more interventions.

Exhibit 1.3: Understanding Organizational Events in an Organization



BASIC APPROACHES IN ORGANIZATION BEHAVIOR

There are four approaches are studied under the organization behavior.

Exhibit 1.4: Basic Approaches in Organization Behavior

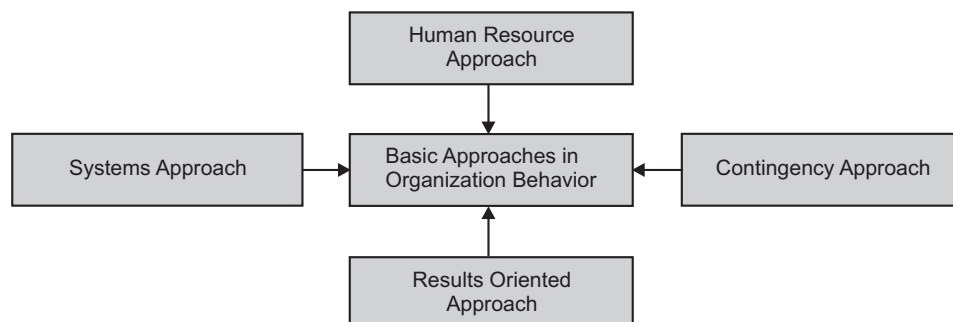


Exhibit 1.4 indicates the basic approaches in organization behavior as listed below:

- Human Resource Approach
- Contingency Approach
- Results Oriented Approach
- Systems Approach

Human Resource Approach

- Human resource approach is one of the important developmental approaches in organization behavior.
- It concerns with the growth and development of human resource in an organization towards higher levels in terms of competency, creativity, efficiency and productivity in work.
- It is one of the traditional approaches, in this approach, managers can be decided what should be done and then closely manage and controlled by employees in this way to ensure task performance in an organization.
- In this approach, organization and its management always give directives and controlling tool to managers to effectively management of organization.
- It is also considered as supportive approach in an organization.
- It helps to employees to better prospectus and responsible in an organization and will be provided a work environment that helpful to employee enhance their individual contribution to organization.
- In totally, this approach influence to employee growth and development that are encouraged and provided support to meet task.

Contingency Approach

- Different managerial behaviors are required in an organization by different environments for effectiveness.
- In this approach, managers try to search for problems and apply their knowledge for solutions of that problems.
- Each stages in problem clearly defined and make step by step solution for problem for effectiveness in task performance.
- This approach encourages managers in organization to analysis of each situation prior to action.
- It is interdisciplinary and more system oriented along with the more research oriented than the traditional approach.
- It help managers to use and analysis of current trends about people in an organization.

Results Oriented Approach

- It is one of important approaches in an organization behavior for studying about results.

- It is result oriented approach which is always considered to be set task and goals which can be getting result in a right time.
- It compare with the multiple inputs and productive outputs in an organization.
- It is measured in terms of economic inputs and outputs with special reference to human and social inputs also play vital and significant role in this approach.
- It focuses for total quality management to get 100 % result in projects.

Systems Approach

Here, we shall study the major fundamental elements of the systems approach as outlined:

- There are many variables within a system (organization).
- The part of the system (organization) are interdependent.
- There are many subsystems contained within larger systems (organization)
- Systems (organization) generally require inputs which are engaged some process and make outputs.
- It is the input and output process cycle mechanism and self sustainable itself.
- The systems (organization) produce either positive or negative results.
- The systems (organization) either produce intended and unintended problems and results.
- The consequences of the system (organization) may be short or long or both term.
- It is based on the holistic in an organization behavior.
- It measures cost and benefit analysis of systems input and output process normally in an organization.

ORGANIZATIONAL LEARNING

It is the process of developing new knowledge that changes an organization's behavior to improve current and future performance.

What are Organizations?

Groups of people who work interdependently toward some purpose it involves:

- Structured patterns of interaction
- Coordinated tasks
- Work toward some purpose
 - Learning organizations are organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together.
 - Learning organizations are characterized by total employee involvement in a process of collaboratively conducted, collectively accountable change directed towards shared values or principles.
 - The learning organization: Handling knowledge and modifying behavior.

A Learning Organization is an organization that actively creates, acquires, and transfers knowledge within itself and is able to modify its behavior to reflect new knowledge.

Note the three parts:

- Creating and Acquiring Knowledge
- Transferring Knowledge
- Modifying Behavior

Major importance of learning of an organization as listed below:

- To learn about yourself and how to deal with others
- You are part of an organization now, and will continue to be a part of various organizations
- Organizations are increasingly expecting individuals to be able to work in teams, at least some of the time
- Some of you may want to be managers or entrepreneurs
- Learning is the study of human action in organizations. It is the systematic analysis of individual and group processes and characteristics.
- The learning organization has objective of organizational behavior is to understand, predict, and improve the performance of organizations and individuals.
- Creating and Acquiring Knowledge
- Transferring Knowledge
- Modifying Behavior
- Understand Organizational Events
- Organizational Behavior Research
- Influence Organizational Events
- Predict Organizational Events

Emerging Trends in OB

Emerging trends are listed below:

- Globalization
- Changing work force
- Emerging employment relationships
- Information technology and OB
- Teams and more teams
- Business ethics
- Business environment
- Strategic alliances
- Mergers and acquisitions
- Designing the organization structure

We shall know the organization and its approaches. We shall discuss about Satyam case study, it will provide valuable output to MBA students and managers in organization in this way to understand organization behavior.

CASE 1.4: About Satyam

DELIVERING WHAT BUSINESS DEMANDS

Satyam Computer Services Ltd. (NYSE: "SAY") is a leading global consulting and IT services company, offering a wide array of solutions customized for a range of key verticals and horizontals. From strategy consulting right through to implementing IT solutions for customers, Satyam straddles the entire IT space. It has excellent domain competencies in verticals such as Automotive, Banking and Financial Service, Insurance and Healthcare, Manufacturing, Telecom-Infrastructure-Media-Entertainment-Semiconductors (TIMES). As a diverse end-to-end IT solutions provider, Satyam offers a range of expertise aimed at helping customers re-engineer and re-invent their businesses to compete successfully in an ever-changing marketplace.

Satyam's network spans 55* countries, across 6 continents. Nearly 40,000* dedicated and highly skilled IT professionals, work in development centers in India, the USA, the UK, the UAE, Canada, Hungary, Singapore, Malaysia, China, Japan and Australia* and serve over 558* global companies, including over 163* Fortune 500 corporations.

We have strategic technology and marketing alliances with over 90* top-notch companies that help us provide end-to-end services to our customers.

Satyam's need-driven deployment of domain and technology expertise brings to customers a range of solutions and products that enhance performance and competitiveness.

Our unique RightSourcing™ delivery model allows us to leverage local competencies to offer global competitiveness to our customers.

Our consulting and IT solutions have resulted in technology-intensive transformations that have met the most stringent of international quality standards. We have developed a unique quality hallmark, called eSCMSM (eSourcing Capability Model), for IT Enabled Services (ITES), in collaboration with Carnegie Mellon University and Accenture.

We follow a specially developed Business Continuity Model (BCM), which allows us to continue mission critical operations of our customers, even in the most challenging of times.

SM eSCM is a Service Mark of Carnegie Mellon University.

* Figures as per quarter ended March 31, 2007.

CORPORATE PROFILE/ORGANIZATION PROFILE

Satyam: An end-to-end IT services provider

Satyam Computer Services Ltd. (NYSE: "SAY"), is an end-to-end IT solutions provider. It operates in 55* countries, with a customer base of over 558* global companies, including over 163* Fortune 500 corporations.

Satyam's highly skilled, dedicated IT professionals, its subsidiaries and Joint Ventures provide customized IT solutions for several industries using our range of technical expertise and experience.

Satyam's range of expertise

- Software Development Services
- Engineering Services
- Systems Integration
- ERP Solutions
- Customer Relationship Management
- Supply Chain Management
- Product Development
- Electronic Commerce
- Consulting
- IT Outsourcing

Industry Verticals

- Automotive
- Banking and Finance Services
- Energy and Utility
- Government
- Healthcare
- Insurance
- Manufacturing
- Non-Profits
- Process Industry
- Real Estate and Construction
- Retail
- Telecom
- Travel and Transportation

Satyam's subsidiary Satyam Infoway provides Internet Access and Hosting services and Network and Network-enabled services.

Satyam's BPO subsidiary Nipuna provides a host of Business Process Outsourcing services.

Satyam's range of consulting and IT skills have helped businesses re-engineer and re-invent their products, services and processes to compete successfully in an ever-changing marketplace.

Satyam's state-of-the-art software development centers in India, the USA, the UK, the UAE, Canada, Hungary, Singapore, Malaysia, China, Japan and Australia* work with a variety of business and technology partners to design and implement projects onsite, offshore and offsite.

The organization emphasizes on acquiring an in-depth knowledge of the customer's context and needs, and designs solutions fine-tuned to these needs. Satyam's ideas and products have resulted in technology-intensive transformations that have met the most stringent international quality standards.

Simultaneously, Satyam teams proactively work on turning new ideas into products that answer global market needs. One such product is VisionCompass, a web-enabled collaborative enterprise management software.

Satyam has developed strategic alliances with leaders in several technical areas. Through a web of over 90* technology and business partnerships, Satyam offers clients comprehensive, cutting-edge solutions.

Satyam's SEI CMM® Level 5 assessment reflects its commitment to Quality processes and products.

Core Values

- Belief in people
- Pursuit of excellence
- Entrepreneurship
- Customer orientation



These values have led to the creation of a unique organizational structure, with every functional unit designated as an independent business enterprise, each responsible for its own resource management and its profits and losses.

Questions

1. Explain organization structure in Satyam.
2. What are the core value of Satyam?
3. Discuss the development and learning of organization behavior in Satyam?

Source: Satyam

Questions for Discussion

1. What is an organization?
2. What is an organizational behavior?
3. Explain the origins of organizational behavior
4. Discuss the multidisciplinary nature of organization behavior
5. What are the organizational major goals?

6. What is management?
7. What are the functions in management?
8. Comment on what do managers do in an organization?
9. Discuss the manager roles in an organization?
10. What is interpersonal role of manager?
11. What is informational role manager?
12. Explain the managerial skills of managers.
13. Explain the levels of managers?
14. What are the current organizational issues facing managers in an organization?
15. Explain importance of managers role.
16. Explain the framework for studying organizational behavior.
17. Comment on the study of organisation behaviour.
18. What are the benefits of studying organization behavior?
19. Explain the key managerial practices of successful organizations.
20. Describe the elements of organizational behavior.
21. Discuss on models of organizational behavior.
22. What is an organization development?
23. Discuss the basic approaches in organization behavior.
24. What is organisational learning?

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FOUNDATIONS OF INDIVIDUAL BEHAVIOR

LEARNING OBJECTIVES

- **This chapter aims to provide:** Environment factors influence to individual behavior. Economic factors, social norm, cultural and value factors, political factors, personal factors influence to individual behavior, age, sex, education, abilities, intellectual ability, dimensions of intellectual ability, physical abilities, nine basic physical abilities, marital status, number of dependents organizational systems and resource, Physical facilities, organization structure and design, leadership, reward system, psychological factors, personality, perception, attitudes, values and learning.

INTRODUCTION

In this chapter, we shall discuss about the environment factors influence to individual behavior like economic, social norm, cultural and values, and political personal factors like age, sex, education, abilities, marital status, number of dependants, abilities are intellectual ability, physical abilities, dimensions of intellectual ability, nine basic physical abilities, organizational systems and resource, physical facilities, organization structure and design leadership reward system, psychological factors are personality, perception, attitudes, values and learning.

Foundations of individual behavior refer to environmental factors, personal factors, organizational systems and resources and psychological factors. These factors are evaluated the performance of individual person alongwith development of individual behavior.

ENVIRONMENT FACTORS INFLUENCE TO INDIVIDUAL BEHAVIOR

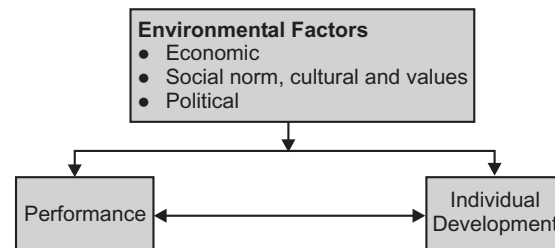


Exhibit 2.1: Environment factors influence to individual behavior

Exhibit 2.1: Highlights of the Environmental Factors

- Economic
- Social norm and cultural values
- Political

Economic Factors

- Economic factors are those factors which are very important economic factors that decide and determine the individual behavior.
- All organization work will be performed within the boundary of economic environment preview so that these factors are directly or indirectly influence to organization and ultimately decide the economic environment of organization behavior.
- An important economic environment factors like employment level, wage structures, economic status of individual persons outlooks and how will be adopt technological change.
- Employment level means job of individual persons which will strongly influence to individual behavior.
- Wage structure is major influence to individual behavior that satisfies various requirement of individual person. It is very important to determine and satisfaction level in an organization.
- Individual persons outlooks also influences to strong expectations in terms of security and safety of life in future.
- Technical factors are also treated as one of the economic factors that help for getting potential of individual job opportunities due to technological effects. For example, Liberalization, Privatization and Globalization.

Social Norm, Cultural and Value Factors

- Social norms refer to society rules and regulation in terms of society's basic values, perceptions, work ethic culture, preference, tastes of society. These things will be influenced to individual behavior in society.

- Cultural factors helpful to develop and learn from customs, traditions behavior of individual person.
- Value factors enhance to the strength of the individual persons when keep and maintained the value factors in the society. Value factors based the beliefs, behavior and economic condition of the individual person.

Political Factors

- Political factors are very important to determine individual person's behavior.
- Political factors influence to investment, job opportunities and fiscal policy management in country.
- Political ideology will make fluctuations which are fluctuates the behavior of individual persons.
- Polity refers to Government administration and legal systems. Both systems are playing a very significant role for development of individual persons along with country.

PERSONAL FACTORS INFLUENCE TO INDIVIDUAL BEHAVIOR

Personal factors are varying from one individual to another individual in an organization. Personal factors influence to workforce and achievement of task, goals and targets in organization.

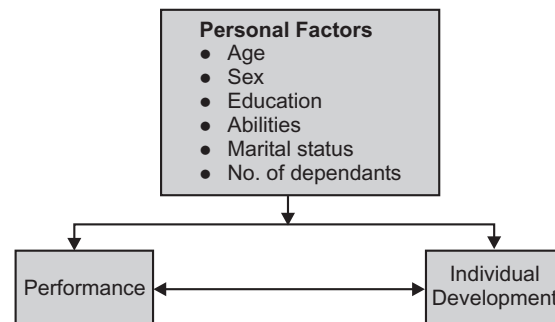


Exhibit 2.2: Personal factors influence to individual behavior

Exhibit 2.2: Highlights of the Environmental Factors

- | | |
|------------------|---------------------|
| • Age | • Sex |
| • Education | • Abilities |
| • Marital status | • No. of dependants |

Age

- Age is a major influence factors which determine individual behavior at different age stages of individual person.
- Productivity, performance, efficiency and absenteeism are the output of the age factor.
- Job satisfaction and job enrichment also influence to individual person behavior.

- Young age personal able to learn new technologies and techniques and enhance quality in work, reduce the absence in job.
- Old age factors which reduce the individual person performance and task and high rate of absence in job force, job satisfaction and quality.

Sex

- It refers to male and female employees in an organization.
- Today's business scenario, male and female employees have equal rights and equal role and responsibilities in an organization.
- Our society is a male dominant society, inspite of this, female employees are less appreciated and least encouraged to handle individual project in an organization.
- Generally, female employees work efficiency. So, they should be increased especially in organization.

Education

- Education refers to know things or learn things in a systematic manner.
- Education is helpful to enhance individual person's skills, talents, knowledge.
- In case, educated persons expectations and work results enhance the productivity, job satisfaction and job enrichment in an organization.
- Technical education is a basic tool for global business information projects which required only technical educated persons to perform jobs in an organization.

Abilities

According to Stephen P. Robbins, it refers to "An individual's capacity to perform the various tasks in a job". Abilities further classified into two broad categories.

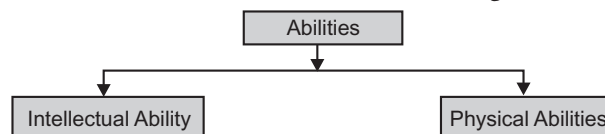


Exhibit 2.3: Abilities

Exhibit 2.3: Indicates the Abilities and its Components as Outlined:

- Intellectual Ability
- Physical Abilities

Intellectual Ability

It refers to the capacity to do mental activities. Intelligence contains four subparts: cognitive, social, emotional, and cultural.

Dimensions of Intellectual Ability

Stephen P. Robbins has identified the dimensions of intellectual ability. It is presented in exhibit 2.4.

Exhibit 2.4: Dimensions of Intellectual Ability

Dimension	Description	Job Example
Number aptitude	Ability to do speedy and accurate arithmetic	Accountant : Computing the sales tax on a set of items
Verbal comprehension	Ability to understand what is said or heard and the relationship of words to each other	Plant Manager: Following corporate policies
Perceptual speed	Ability to identify visual similarities and differences quickly and accurately	Investigator: Identifying clues to support a charge of person
Inductive reasoning	Ability to identify a logical sequence in a problem and then solve the problem	Market Researcher: Forecasting demand for a product in the next time
Deductive reasoning	Ability to use logic and assess the implications of an argument	Supervisor: Choosing between two different suggestions offered by employees
Spatial visualization	Ability to imagine how an object would look if its position in space were changed	Interior Decorator: Redecorating an office
Memory	Ability to retain and recall past experiences	Sales Person: Remembering the names of customers

Physical Abilities

It refers to the capacity to do tasks demanding stamina, dexterity, strength, and similar characteristics.

Nine Basic Physical Abilities

Stephen P. Robbins has identified the nine basic physical abilities. It is presented in exhibit 2.5.

Exhibit 2.5: Nine Basic Physical Abilities

Strength Factors	
1. Dynamic strength	Ability to exert muscular force repeatedly or continuously over time
2. Trunk strength	Ability to exert muscular strength using the trunk (particularly abdominal) muscles
3. Static strength	Ability to exert force against external objects
4. Explosive strength	Ability to expand a maximum of energy in one or a series of explosive acts
Flexibility Factors	
5. Extent flexibility	Ability to move the trunk and back muscles as far as possible
6. Dynamic flexibility	Ability to make rapid, repeated flexing movements

Other Factors	
7. Body coordination	Ability to coordinate the simultaneous actions of different parts of the body
8. Balance	Ability to maintain equilibrium despite forces pulling off balance
9. Stamina	Ability to continue maximum effort requiring prolonged effort over time

Marital Status

- It refers to the status of person like bachelor and married persons.
- Married persons are constant and take planned decisions in this way reduced the absence to work and enhance to job satisfaction.
- Bachelors are inconstant and unable to take planned decisions. So that, they are looking for new opportunities within short time and ready to quit jobs due to dissatisfaction of job in an organization.

Number of Dependents

- It refers to no. of dependents of employee.
- It influence to organization behavior in terms of absence, satisfaction, dissatisfaction and enhance skills.
- An employee will have less number of dependents; he/she will be able to learn new techniques in job in this way achieved to job satisfaction, job enrichment in an organization.
- An employee will have more number of dependents; he/she will not get job satisfaction, job enrichment due to tension, manage, and lead the dependents.

ORGANIZATIONAL SYSTEMS AND RESOURCE

Organizational systems and resources are also influenced from the individual behavior. It consists of core physical facilities, organization structure and design, it managed by leader and it measure in terms of rewards system.

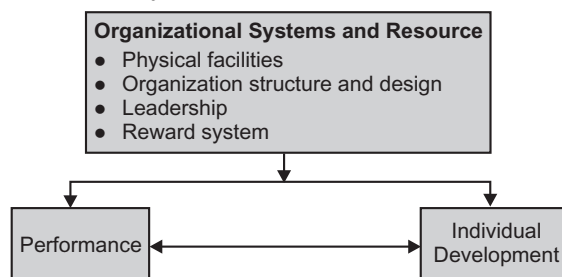


Exhibit 2.4: Organizational systems and resource

Physical facilities

- It refers to lighting, ventilation, air conditioning, painting on walls, space and equipment provided for each employee and these things always influence to employee performance and their behavior in an organization.

- It includes human employees and adequate staff to enforce and discharge their duties and responsibility with efficiently and effectively in an organization.

Organization structure and design

- It play very significant role in design of the organization structure.
- It refers to structure of organization like functional, line and staff organization and its role and responsibilities towards the employee in an organization.
- It clearly defined the authority, responsibility and unity of command of each individual in an organization.
- It finds the individual person's behavior and its influence towards an entire organization.

Leadership

- Leader role is the basic requirement for an organization for supervision that is to provide direction, assistance, advice, guidance and coaching to individual employee in an organization.
- Leader refers to person who leads the team or an organization, he/she are motive persons to influence to individual behavior in an organization.
- It refers to styles of leadership that can be influence the effectiveness and productivity of an individual.

Reward System

- Compensation is the reward for the job of the employee in an organization.
- Reward system in an organization is influenced to performance and behavior of the individual employee in an organization.
- Reward system is based on the monetary and non monetary benefits which will be given in an organization. Monetary benefits suitable for low cadre employee in an organization and non monetary benefits suitable for top cadre employee in an organization.

PSYCHOLOGICAL FACTORS

Psychological factors refer to an individual's mental characteristics and attributes that can affect individual behavior. Psychological factors consists personality, perception, attitudes, values and learning.

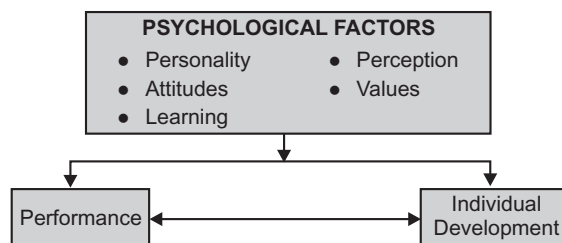


Exhibit 2.5: Psychological factors

Exhibit 2.6: Highlights of Psychological Factors are Outlined:

- Personality
- Attitudes
- Learning
- Perception
- Values

Personality

- Personality is a relatively stable set of characteristics that influences an individual's behavior
- It is unique, relatively consistent pattern of thinking, feeling and behaving
- It refers to Preferences—for how handle situations, what is the sense of humor, or your expectations of others.

Further, we shall discuss personality in a separate chapter.

Perception

- The process by which people select, organize, interpret, retrieve, and respond to information.
- Perceptual information is gathered from:
 - ❖ Sight
 - ❖ Hearing
 - ❖ Touch
 - ❖ Taste
 - ❖ Smell
- The process of interpreting the messages of our senses to provide order and meaning to the environment.
- The process by which people select, organize, interpret, and respond to information from the world around them.

Further, we shall discuss perception in a separate chapter.

Attitudes

- The attitude is the evaluative statements or judgments concerning objects, people, or events. More precisely attitudes can be defined as a persistent tendency to feel and behave in a particular way toward some object which may include events or individuals as well.

Further, we shall discuss Attitudes in a separate chapter.

Values

- It refers to basic convictions that a specific mode of conduct or end-state of existence.

- It is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence.

Further, we shall discuss values in a separate chapter.

Learning

It refers to any relatively permanent change in behavior that occurs as a result of experience.

- Involves change
- Is relatively permanent
- Is acquired through experience

Further, we shall discuss values in a separate chapter.

Questions for Discussion

1. Explain the influence of environment factors to individual behavior.
2. What are the economic factors?
3. Comment on social norm, cultural and value factors.
4. What are the political factors?
5. Explain the personal factors influence to individual behavior.
6. What is ability? Explain the components of abilities.
7. Discuss dimensions of intellectual ability.
8. Explain the nine basic physical abilities.
9. Comment on organizational systems and resource.
10. Comment on psychological factors.
11. What is personality?
12. What is perception?
13. What is attitudes?
14. What is values?
15. What is learning?

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PERSONALITY AND ITS THEORIES

LEARNING OBJECTIVES

In this chapter, we will address the following questions:

- Describe the concept, characteristics and assumptions of personality
- Determine the personality factors and its influence to organization and individual
- Explain and understand the different theories in personalities
- What are the personality traits influencing organization behavior
- Describe the personality characteristics in organizations

- *“Personality is result of the battle for control between id, ego and super ego”.*
—Sigmund Freud
- *“She felt that those who prepared for all the emergencies of life beforehand may equip themselves at the expense of joy”*
—E.M. Forster, “Howards End”
- *“Personality in terms of self, an organized, permanent subjectively perceived entity, which is at the very heart of all our experience”*
—Carl Rogers
- *“Personality as that which an individual really is, an internal something that guides and directs all human activities”*
—Gordon Allport
- *“Life proceeds in terms of a series of psychological crisis, and personality is a function of their outcome”*
—Erickson
- *“Personality as the individual’s unique way of making sense out of life experiences”*
—George Kelly
- *“The structure of personality as composed of three elements the id, ego and super ego”*
—Sigmund Freud
- *“Personality is the sum total of ways in which an individual reacts and interacts with others”*
—Stephen P Robbins

CASE 3.1 : N. R. Narayana Murthy — Chairman of the Board and Chief Mentor

N. R. Narayana Murthy is the Chairman of the Board and Chief Mentor of Infosys Technologies Limited. He founded Infosys in 1981 along with six other software professionals and served as the CEO for 20 years before handing over the reins of the company to co-founder **Nandan M. Nilekani** in March 2002. Under his leadership Infosys was listed on NASDAQ in 1999. He served as the Executive Chairman of the Board and Chief Mentor from 2002 to 2006.

Mr. Murthy is the chairman of the governing body of the Indian Institute of Information Technology, Bangalore. He is a member of the Overseas Board of the University of Pennsylvania's Wharton School, Cornell University Board of Trustees, Singapore Management University Board of Trustees, INSEAD's Board of Directors and the Asian Institute of Management's Board of Governors. He is also a member of the Advisory Boards and Councils of various well-known universities—such as the Stanford Graduate School of Business, the Corporate Governance initiative at the Harvard Business School, Yale University and the University of Tokyo's President's Council.

Mr. Murthy has led key corporate governance initiatives in India. He was the Chairman of the committee on Corporate Governance appointed by the Securities and Exchange Board of India (SEBI) in 2003.

Mr. Murthy serves as an independent director on the Board of the DBS Bank, Singapore, the largest government-owned bank in Singapore and on the boards of Unilever, NV and Unilever, plc. He is a member of the Asia Pacific Advisory Board of British Telecommunications plc., and a member of the Board of New Delhi Television Ltd. (NDTV), India. He serves as a member of the Prime Minister's Council on Trade and Industry, and as a member of the Board of Directors of the United Nations Foundation. He is an IT advisor to several Asian countries. He is also a member of the Board of Trustees of TiE Inc. (Global), a worldwide network of entrepreneurs and professionals dedicated to fostering entrepreneurship.

Mr. Murthy is the recipient of numerous awards and honors. The Economist ranked him 8th among the top 15 most admired global leaders (2005). He was ranked 28th among the world's most-respected business leaders by the Financial Times (2005). He topped the Economic Times Corporate Dossier list of India's most powerful CEOs for two consecutive years—2004 and 2005.

TIME magazine's "Global Tech Influentials" list (August 2004) named Mr. Murthy as one of the ten leaders who are helping shape the future of technology. In 2006, TIME magazine again voted him as one of the Asian heroes who have brought about revolutionary changes in Asia in the last 60 years. He was the first recipient of the Indo-French Forum Medal (2003), awarded by the Indo-French Forum in recognition of his role in promoting Indo-French ties. He was voted the World Entrepreneur of the Year—2003 by Ernst and Young. He was one of two people named as Asia's Businessmen of the Year for 2003 by Fortune magazine. In 2001, he was named by TIME/CNN as one of the 25 most influential global executives, selected for their lasting influence in creating new industries and reshaping markets. He was awarded the Max Schmidheiny Liberty 2001 prize (Switzerland), in recognition of his promotion of individual responsibility and liberty. In 1999, Business Week named him one of their nine Entrepreneurs of the Year, and he was featured in Business Week's 'The Stars of Asia' for three successive years – 1998, 1999 and 2000.

Mr. Murthy was born on August 20, 1946. He holds a B.E. from the University of Mysore and an M.Tech. from the Indian Institute of Technology, Kanpur. He has been conferred honorary doctorates by well-known universities in India and abroad.

Questions:

1. What is personality?
2. Which personality theory is suitable for N.R. Narayana Murthy?

Source: www.infosys.com

CASE 3.2 : Ratan N. Tata

Heading the Tata Group since 1991, Ratan N. Tata is the Chairman of Tata Sons, holding company of the Tata Group, and major Group companies including, Tata Motors, Tata Steel, Tata Consultancy Services, Tata Power, Tata Tea, Tata Chemicals, Indian Hotels, Tata Teleservices and Tata AutoComp. He is also Chairman of two of the largest private sector promoted philanthropic trusts in India. During his tenure, the Group has further expanded its global reach, with its revenues growing over sixfold to Rs. 97,000 crore (\$21.9 billion).

Mr. Tata joined the Tata Group in December 1962. After serving in various companies, he was appointed the Director-in-Charge of The National Radio & Electronics Company Limited (Nelco) in 1971. In 1981, he was named Chairman of Tata Industries, the Group's other holding company, where he was responsible for transforming it into the Group's strategy think-tank and a promoter of new ventures in high-technology businesses.

He is associated with various organizations in India and abroad in varying capacities, some of which are:

- Chairman, Government of India's Investment Commission
- Member, Prime Minister's Council on Trade and Industry
- Member, National Hydrogen Energy Board
- Member, National Manufacturing Competitiveness Council
- Serving on the International Investment Council set up by the president of the Republic of South Africa
- Serving the International Business Advisory Council of the British government to advise the chancellor of the exchequer
- Member, International Advisory Council of Singapore's Economic Development Board
- Member, Asia-Pacific Advisory Committee to the board of directors of the New York Stock Exchange
- Member, International Advisory Boards of the Mitsubishi Corporation, the American International Group and JP Morgan Chase
- President, Court of the Indian Institute of Science, Bangalore
- Chairman, Council of Management, Tata Institute of Fundamental Research, Mumbai
- Member, Board of Trustees of the Rand Corporation, Cornell University and University of

Southern California, and the Foundation Board of the Ohio State University

- Chair, Advisory Board of RAND's Center for Asia Pacific Policy
- Member, Global Business Council on HIV/AIDS and the Programme Board of the Bill and Melinda Gates Foundation's India AIDS initiative

Mr. Tata received a Bachelor of Science degree in architecture from Cornell University in 1962. He worked briefly with Jones and Emmons in Los Angeles, California, before returning to India in late 1962. He completed the Advanced Management Program at Harvard Business School in 1975.

The government of India honored Mr. Tata with one of its highest civilian awards, the Padma Bhushan, on Republic Day, January 26, 2000. He has also been conferred an honorary doctorate in business administration by the Ohio State University, an honorary doctorate in technology by the Asian Institute of Technology, Bangkok, and an honorary doctorate in science by the University of Warwick.

Questions:

1. Explain the trait personality theory with special reference to Ratan N. Tata.
2. Describe the five factor of personality theory with special reference to Ratan N. Tata.

Source: www.tata.com

INTRODUCTION

In this chapter, we shall discuss the personality, Concept of personality, Characteristic of personality, The nature of personality, Assumptions of personality, Determinants of personality, Personality theories, Types of theories, Descriptive personality theories, Predictive personality theories, Prominent personality theories, Intrapsychic/psychoanalytic theory, Freud's structure of personality, Defensive mechanisms, Type theories, Sheldon's physiognomy theory, Carl Jung's extrovert and introvert theory, Trait theories, Gordon allports trait theory of personality, Social learning theory, Observational learning, Skinner's behaviorist learning theory of personality, How personality develops?/the shaping of the personality, Freud's five stages of personality.

Erikson's eight life stages, Argyris immaturity to maturity stages, Big five model of personality, The "big five" personality factors, Personality structure, Personality traits influencing organization behavior, Self-esteem, Self-monitoring and Personality characteristics in organizations.

DEFINING PERSONALITY

The term personality derived from the Latin word "*persona*", which means "mask." It refers to an individual's distinct and relatively enduring pattern of thoughts, feelings, needs, motives, values, attitudes and behaviors. It excludes race, gender, and physical attractiveness...

- It refers to the sum total of ways in which an individual reacts and interacts with others.
- Personality refers to the distinctive and relatively enduring way of thinking, feeling, and acting for a particular individual.
- The inner psychological characteristics that both determine and reflect how a person responds to his or her environment.
- The nature of personality reflects individual differences and it is consistent and enduring and change of behavior.
- Relatively stable and distinctive patterns of behavior that characterize an individual and his or her reactions to the environment.
- Personality is a relatively stable set of characteristics that influences an individual's behavior.
- It is unique, relatively consistent pattern of thinking, feeling and behaving.
- It refers to Preferences—for how handle situations, what is the sense of humour, or your expectations of others.

CONCEPT OF PERSONALITY

- It refers to Personal characteristics that lead to consistent patterns of behavior
- *It refers to the variance in behavior*
- It refers to the *both the person and the situation act as significant causes of* behavior in organizations, thus reinforcing the importance of properly managing the situations that employees work in an organization.
- It is a complex pattern of deeply embedded psychological characteristics that are
 - Largely unconscious
 - Cannot be eradicated easily, and
 - Express them automatically in every facet of functioning:
- It involves Intrinsic and pervasive, these traits are outlined:
 - Emerge from a complicated matrix of
 - Biological dispositions and
 - Experiential learning's and
- Now comprise the individual's distinctive pattern of
 - Perceiving, thinking, feeling and coping.

CHARACTERISTIC OF PERSONALITY

- It is an abstraction which based on inferences that derived from behavioral observation of person.
- Personality is different from one person to another. It can be made clear it.

- It refers to an evolving process that subject to a variety of internal and external influences, it including in terms of genetic and biological propensities, social experience and changing environmental circumstances.

THE NATURE OF PERSONALITY

Nature of personality refers to the following issues:

- It develops over a person's lifetime.
- Generally, it is stable in the context of work.
- It can influence career choice, job satisfaction, stress, leadership, and even performance.

ASSUMPTIONS OF PERSONALITY

There are three basic assumptions are listed below:

1. Personality relatively stable and therefore predictable.
2. Personality is relatively stable across situations.
3. People differ in how much of a particular trait they possess; no two people exactly alike on all traits.

DETERMINANTS OF PERSONALITY

It refers to the factors like biological, cultural, family, social and situational factors are directly and indirectly influenced to individual behavior. Personality is different from one person to another person. Therefore, we shall study the major determinants of personality.

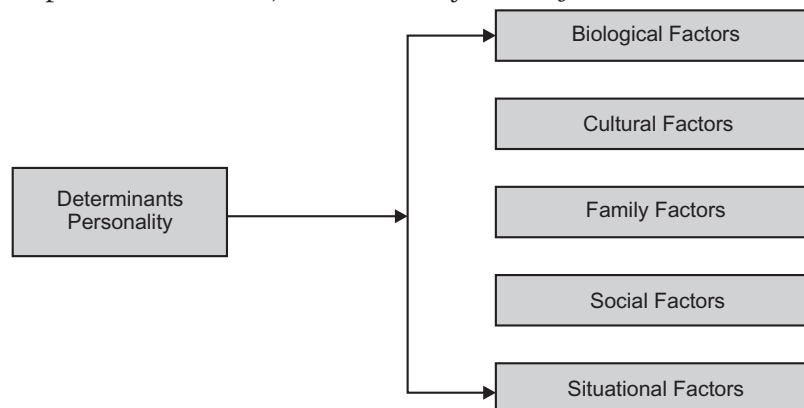


Exhibit 3.1: Determinants of personality

Exhibit 3.1: Determinants of Personality

- | | |
|-----------------------|--------------------|
| • Biological Factors | • Cultural Factors |
| • Family Factors | • Social Factors |
| • Situational Factors | |

Biological Factors

Biological factors are heredity, brain, biofeedback and physical features.

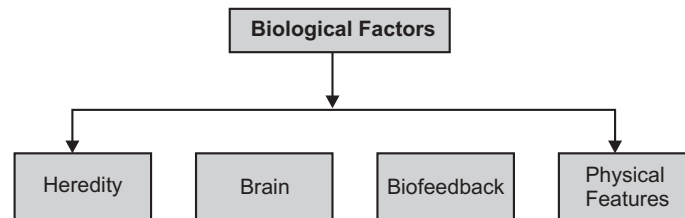


Exhibit 3.2: Biological factors

Heredity

- It refers to physical stature, facial attractiveness, sex, temperament, muscle composition and reflexes, energy level, and biological rhythms are characteristics that are considered to be inherent.
- It plays an important part in determining an individual's personality.
- Heredity approach argues that the ultimate explanation of an individual's personality is the molecular structures of the genes, which are located in the chromosomes.
- Recent research studies shows that young children lend strong support to the power of heredity and finding shows that some personality traits may be built into the same genetic code that affects factors like height and hair color.

Brain

- Brain is the second biological approach to determine personality.
- It plays an important role in determining personality.
- Electrical Stimulation of the Brain (ESB) and Split brain psychology results indicates that a better understanding of human personality and behavior might come from a closer study of the brain.
- The definite areas of the human brain are associated with pain and pleasure. Research study shows that these things are true.

Biofeedback

- It is third biological approach to determine personality.
- Physiologists and psychologists felt that biological functions like brainwave patterns, gastric and hormonal secretions, and fluctuations in blood pressure and skin temperature were beyond conscious control. Recent research shows that these functions can be consciously controlled through biofeedback techniques.
- For this purpose, individual can learn the internal rhythms of a particular body process through electronic signals that are feedback from equipment which is wired to body.

- In this process, the person can learn to control the body process through questions.
- It is one of the interesting topics to do future research work in personality.

Physical Features

- It is third biological approach to determine personality.
- It is vital ingredient of the personality, it focus an individual person's external appearance which also determined the personality.
- Physical features like tall or short, fat or skinny, black or white. These physical features will be influenced the personal effect on others and also affect self concept of individual.
- Recent research studies shows that definitely this features influence to individual personality in an organization.

In totally, heredity would be fixed at birth and no amount of experience can be altering them through creation of suitable environment. Apart from this, personality characteristics are not completely dictated by heredity. There are other factors also influenced to determining personality.

Cultural Factors

"Each culture expects, and trains, its members to behave in ways that are acceptable to the group. To a marked degree, the child's cultural group defines the range of experiences and situations he is likely to encounter and the values and personality characteristics that will reinforced and hence learned".

—Paul H Mussen

- Cultural factors are also major factors which influence to determine individual personality.
- It refers to traditional practice, customs, procedure, norms and rules and regulation followed by the society.
- It significantly influence to individual behavior compare to biological factors.
- Cultural factors determine attitudes towards independence, aggression, competition, cooperation, positive thinking, team spirit, and a host of the human being and discharge his/her duties towards valuable responsibilities to society.
- Western culture influence to Indian society. It is best example of the cultural factors also determine the personality.

Family Factors

- Family factors are also major factors which influence to determine individual personality.
- Family consists of husband and wife and their children's.
- Family role is very important for nurturing and personality development of their children.
- Family will be guided, supervised, take care of all family members, cooperation,

coordination and cooperation in work and also explained the role and responsibilities towards the family, society and real life.

- Family either directly or indirectly influence to person for development of individual personality.

Social Factors

- Social factors are also major factors which influence to determine individual personality.
- It involves the reorganization of individual's in an organization or society.
- It refers to acquiring of wide range of personality by acquiring and absorbed by themselves in the society or an organization.
- Socialization process is starting from home and extending to work environment in an organization or society.
- It focuses on good relationships, cooperation, coordination and interaction among the members in the society or an organization or a family.

In totally, environment factors consist of cultural factors, family factors, and social factors.

Situational Factors

- Situational factors also influence to determine of personality.
- Situational factors are very important to change the individual behavior in a different circumstance at different situations, it also influence to personality of individual person.
- In general term, personality is stable and consistent and it does change in different situations.

The Interaction of Personality and Situational Factors are outlined:

- Strong situational pressures
 - Personality may not predict behavior
 - Example: enforcement of rules
- Weak Situational pressures
 - Personality may predict behavior
 - Example: Customer sales representative
- A strong situation can overwhelm the effects of individual personalities by providing strong cues for appropriate behavior.

PERSONALITY THEORIES

Personality type theory aims to classify people into distinct categories. *i.e.*, the people belong to descriptive and predictive functions in psychology. In another term, it refers to elaborate speculations or hypothesis about why people behave as they do.

TYPES OF THEORIES

Good personality theory provides a meaningful context within the framework of human behavior and it can be consistently explained and interpreted.

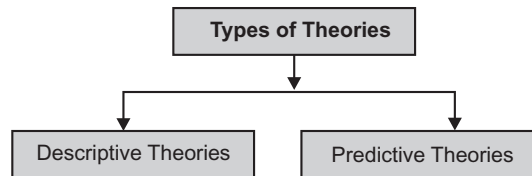


Exhibit 3.3: Types of theories

Exhibit 3.3: Types of Theories in Personality

- Descriptive Theories
- Predictive Theories

Descriptive Personality Theories

It refers to organize human behavior systematically and it renders it intelligently.

In other words, descriptive theories provides a meaningful framework for simplifying and integrating all events or set of events which are known as descriptive theories.

Descriptive theory provides a meaningful context within the framework of human behavior and it can be consistently explained and interpreted.

Predictive Personality Theories

Predictive personality theory provides a basis for the prediction of events and outcomes which have not yet occurred in reality.

This theory concept must be testable and will be confirmed or disconfirmed in real situation.

PROMINENT PERSONALITY THEORIES

Researchers have developed a number of personality theories and there is no theory complete in itself. Therefore, many prominent personalities theories can be conveniently grouped under the five heads as outlined:

- Intrapsychic Theory
- Type Theories
- Trait Theories
- Social Learning Theory
- Self Theory

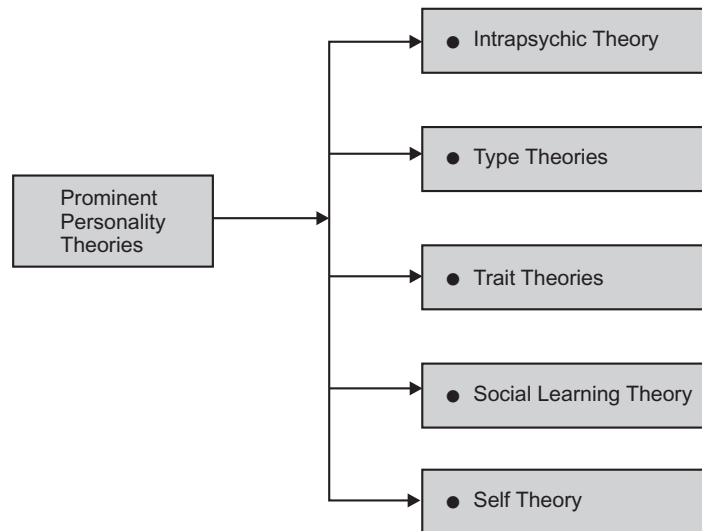


Exhibit 3.4: Prominent personality theories

INTRAPSYCHIC/PSYCHOANALYTIC THEORY

Intrapsychic/Psychoanalytic Theory have developed by Sigmund Freud. This human psychological make up comprises three structural components—Id, Ego and Super Ego.

Freud's Structure of Personality

Freud's Structure of Personality consists of Id, Ego and Super Ego. Freudian Theory is the representation of the interrelationship among the Id, Ego, and Super Ego.

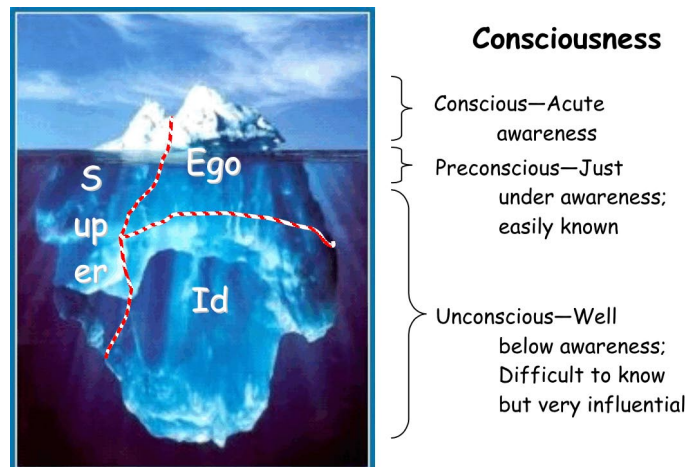


Exhibit 3.5: Freud's structure of personality

Identity (Id)

- It refers to origin of personality.
- It is irrational impulsive and obedient to the pleasure principle.
- It consists of everything psychologically that inherited and present at the time of birth.
- It refers a storehouse of all instincts, containing in its dark depths like all wishes, desires, that unconsciously direct and determine human behavior.
- It is oriented towards immediate gratification.
- *The id is selfish.*
- *The id acts without regard to consequence.*
- It is largely childish, irrational, never satisfied, demanding and destructive others.
- Reflex actions and primary process thinking are used by the Id it can be obtaining through gratification of instinctual urges.
 - Primary process refers to attempt to discharge a tension by forming a mental image of desirable means of releasing the tension. But this kind of tension release is temporary and mental and would not satisfy the real need.
 - Reflex actions refers to the tension release that is reflected in the behavior of individuals like as blinking of eyes, raising eyebrows, rubbing the cheeks, etc.
- Totally Id is instinctive, often refers to unconscious and unrecognized and unaffected by socially or culturally determined restrictions.
- It basically refers to an individual's natural urges and feelings.

Ego

- It refers to system that mediates between the id and super ego. *The ego tries to balance these two opposing forces according to reality principles.*
- Functions on 'reality principle'.
- Serves to balance the demands the Id and the Super Ego.
- Assesses what is realistically possible in satisfying the Id and/or Super Ego (*i.e.*, what society will deem acceptable).
- Ego uses defense mechanisms to protect itself.
- Ego is the coherent organization of mental processes that develops out of Id energy, has access to consciousness, and devoted to contacting reality to satisfy Id's needs.
- It adapt to outside world.
- It is said to be the executive part of the personality because it controls the gateway to action, selects the features of the environment to which it will respond and decides which instincts will be satisfied.
- It is guided by the Secondary Process (includes intellectual operations like thinking, evaluating, planning, and decision-making that determine whether certain behaviors are beneficial).

- It bridge to reality but not totally conscious.
- Ego's reaction to threatening instincts is stress/anxiety.
- So, Ego calls upon Defense Mechanisms (internal, unconscious, and automatic psychological strategies for coping and regaining control over id instincts).

Ego performs the following tasks:

- It observing accurately what exists in the outside world *i.e.*, (perceiving).
- It recording these experience carefully *i.e.*, (Remembering)
- It modifying the external world in this way to satisfy the instinctual wishes *i.e.* (acting).

Super Ego

The super ego refers to the counterweight to the id. *It internalise society's rules. It works to prevent the id from seeking selfish gratification.*

- It functions based on 'idealistic principle'.
- It refers to Our moral guide/conscience.
- It influenced by internalizing our parents' values and the voice of society.
- It works against the Id by inflicting guilt.
- Super Ego is the representation of society in personality that incorporates norms and standards of culture.
- A kid adopts society's rules, regulations, and codes of right and wrong.
- Introjection's is process where personality incorporates norms and standards of its culture through identification with or without/parents or role models of society.
- It operates according to Morality Principle (code concerning society's values).
- It refers to conscience (internal agent punishing people when they do wrong; guilt).
- It help to control Id impulses by directing energy toward inhibiting id's expression of sexual and aggressive instincts.
- It seeks to suppress needs of Id rather than satisfy them.
- It illogically striving for 100 % perfection.
- Super Ego can result in feelings of pride and self-respect through the influence of the Ego Ideal *i.e.* (positive standards in form of internal representations of idealized parental figures).

In totally, this theory indicates to personality and its structure results that are the battle for control between id, ego and super ego can be created tension, anxiety of a person restorts to defensive mechanisms in order to reduce tensions.

Defensive Mechanisms

These defensive mechanisms are listed below:

- Denial
 - It refers to denying the anxiety outright of the person.

- **Repression**
 - It is blocking out/prevention of anxiety–forcing anxiety back into unconscious.
- **Rationalization**
 - It is creating false reasons or explanations for anxiety in the form of a shortcoming.
- **Projection**
 - It is seeing in others unacceptable feelings that reside in one's own unconscious.
- **Displacement**
 - It is acting out your anxiety on an innocent party.
- **Scapegoat**
 - Reaction formation.
 - It is reversing the nature of the anxiety so that it feels like its opposite nature.
 - It is exaggerated love for someone you unconsciously hate.
 - Sublimation.
 - It is channeling anxiety into socially-acceptable activities.
 - It is focusing sexual energy into art, music, etc.

TYPE THEORIES

Type theories represent an attempt to scientifically explain personalities by classifying individual into convenient categories. Some of the examples of Type theories are listed below:

- Sheldon's Physiognomy theory
- Carl Jung's Extrovert and Introvert theory

Sheldon's Physiognomy Theory

- This theory presented by William Sheldon.
- It is a uniquely body type temperamental model which represents a link between anatomical/psychological traits and characteristics of an individual with his behavior.
- Sheldon has identifies some relationship between the physique types of individuals and their personality temperaments. He has identified three body types are listed below:

(1) Endomorph (2) Mesomorph (3) Ectomorph

Endomorph

- He is bulky and beloved person.
- The person seeks comfort, loves, fine food, eats too much, jovial, affectionate and liked by all persons.

Mesomorph

- Mesomorph person is basically strong, athletic and tough.
- He is fond of muscular activity; he tends to be highly aggressive and self assertive.




Ectomorph

- It refers to people who are thin, long and poorly developed physically. It means person should be physically weak.
- He leads the league in the intellectual department.
- He is labeled as absent-minded, shy but brilliant.

William Sheldon classified personality according to body type. He called this a person's *somatotype*.

Sheldon identified three main somatotypes are presented in Table 3.1.

Table 3.1: Sheldon Identified Three Main Somatotypes

Sheldon's Somatotype	Character	Shape	Picture
Endomorph [viscerotonic]	relaxed, sociable, tolerant, comfort- loving, peaceful	plump, buxom, developed visceral structure	
Mesomorph [somatotonic]	active, assertive, vigorous, combative	muscular	
Ectomorph [cerebrotonic]	quiet, fragile, restrained, non-assertive, sensitive	lean, delicate, poor muscles	

One of the potential demerits of this theory is the inherent generalization.

Carl Jung's Extrovert and Introvert Theory

Extrovert and Introvert theory proposed and developed by Carl Jung. This theory consists of two parts are listed below:

- Extroverts
- Introverts

Extroverts

- An extrovert refers to optimistic, outgoing, gregarious, and sociable. Extroverts is basically objective, really oriented individual who is much more doer than a thinker.

Introverts

- Introverts refer to more inward directed people.
- They are less sociable, withdrawn and absorbed in inner life.
- They will be guided by their own ideas and philosophy.
- They are rigid and less flexible and subjective oriented.

In some cases, few people are completely introverts or extroverts, although, the mixture of these two ingredients that determines the kind of overall personality of an individual. Jung theory explains the personality and it based on four dimensions. Four dimensions are as outlined:

- Thinking — it refers to logical reasoning
- Felling — it interpretation of a thing or event on a subjective scale
- Sensation — it deals with perception of thing in general sense
- Intuition — it is based on unconscious inner perception of the potentialities or events or things.

TRAIT THEORIES

Personality consists of broad dispositions which called as traits. Traits tend to lead to characteristic responses. People can be described in terms of the basic ways they behave, like as whether the outgoing and friendly, or whether they are dominant and assertive.

Basic Five Factors

1. Emotional stability
 1. Being calm rather than anxious, secures rather than insecure, self-satisfied than self-pitying.
2. Extraversion
 1. Sociable instead of retiring, fun-loving instead of sober, and affectionate instead of reserved.
3. Openness
 1. Imaginative rather than practical, preferring variety to routine, and being independent rather than conforming.
4. Agreeableness
 1. Being softhearted, not ruthless, trusting, not suspicious, and helpful not uncooperative.
5. Conscientiousness
 1. Being organized rather than disorganized, careful rather than careless, and disciplined, not impulsive.

Individualism—Giving priority to personal goals rather than to group goals; it emphasizes values that serve the self such as feeling good, personal distinction, and independence.

Collectivism—Emphasizes values that serve the group by subordinate personal goals to preserve group integrity.

A personality trait can be defined as “an enduring attribute of a person that appears constantly in a variety of situations”.

Fundamental Assumptions of Trait Theories

Certain fundamental assumptions of trait theories are listed below:

- Traits distinguish one personality from another.
- Individuals can be described in terms of construction of traits like as affiliation, achievement, anxiety, aggression and dependency.
- Traits can be quantifiable and do not defy measurements.
- Traits and amounts of each trait that a person has is assumed to be fairly stable, and the difference in personality and behavior between two individuals is assumed to be the result of differences in the amount of traits that each person has.

Type theory is an extension of trait theory. There are two most commonly known trait theories are listed below:

- Gordon Allports, and
- Raymond Cattell's

Gordon Allports Trait Theory of Personality

According to Gordon Allports has defined personality as “the dynamic organization of those internal psychophysical systems that determine a person's characteristic behavior and thought. Within the individual, personality is real: it is “what a person really is”. It relatively enduring, consistent personality characteristics and inferred from behavior.

There are three types of traits as listed below:

- Cardinal traits
 - It affect every area of the individual's life
 - It refers to Mother Theresa—altruistic
- Central traits
 - It influence many aspects of our lives, but not quite as pervasive
 - It refers to someone you think of as “kind” or “funny”
- Secondary traits
 - It affect narrower aspects of our lives
 - It refers to preference for cowboy hats or always wearing perfume.

Allports' Trait theory reflects the following things:

- A strong commitment to the assumptions of rationality, proactively, and heterostasis.
- A moderate commitment to the holism and know ability assumptions.

- A moderate commitment to the assumptions of freedom and subjectivity.
- A midrange position on the constitutionalism–environmentalism and changeability exchangeability dimensions.

It is studying of values and it is a self report for personality test. In totally, personality can be characterized by their dominant value orientation or by their particular patterns of values of a person.

SOCIAL LEARNING THEORY

Albert Bandura's social learning theory depicts psychological functioning in terms of the continuous reciprocal interaction of behavior, cognitive and environmental influences. Social learning emphasizes the particularly power of learning through social rewards and punishments, including vicarious reinforcements and modeling.

Social Learning Theory includes study of the following issues:

- Motivation
- Emotion
- Cognitions
- Social-reinforces
- Self-reinforces
- Vicarious emotional arousal
- Vicarious reinforcement
- Semantic generalization
- Rule-based learning

Efficient learning method involves the following issues:

- Attention
- Retention
- Production
- Performance (Motivation)

The social learning theory based on:

- Personality development is more a result of social variables than biological drives.
- Motives can be traced to know conscious needs and wants rather than unconscious and latent desires.

Observational Learning

- This is a key concept in social learning theory. It involves the following issues for observational learning :
 - It is more prevalent and efficient than classical or operant learning.
 - It is most human behaviors and attitudes learned through observation intentionally or accidentally.

- It begins at a very early age *e.g.*, basis of most early language acquisition.
- It can exceed imitation: the observer can learn from the model's mistakes as well as successes.
- It can result in synthesis of different behaviors, which then lead to innovative and creative behaviors.
- It can acquire internal standards for evaluating own and other's behaviors.
- Its behavior is maintained by expectancies or anticipated consequences.

Behavior is learned and ultimately repeated due to attention, retention, production and motivation.

Attention: It refers to pay attention if: Similarity; status; competence; power; attractive; simpler behaviors more readily imitated; and aggressive behaviors readily copied by young children.

Retention: It refers to use imagery, language and rehearsal to encode.

Production: It refers to capacity to produce response.

Motivation: It refers to the observer motivated to perform the behavior in terms of reinforcement, and punishment and reward systems.

Social learning theory arose in an attempt to retain behaviorism's empirical rigor and some of its basic principles at the same time as trying to expand beyond what behaviorism can be explained and predict. There are three important aspects relating of behaviorism ignores are motivation, emotion and cognition.

Furthermore, it came to be realized that so many of the things that reinforce our behavior are not related to physical needs but to psychological needs. Social reinforces like as acceptance, hugs, approval, interest, praise, attention, etc., are extremely important in making people continue to perform a particular behavior. In this sense the learning theory became very socially oriented.

Social learning theory claim that people think, plan perceive and believe is an important part of learning.

SKINNER'S BEHAVIORISTIC LEARNING THEORY OF PERSONALITY

- It is characterized by a rejection of an inner "autonomous" man as the cause of human actions and a disregard for physiological genetic explanations of behavior.
- Skinner contends that behavior is lawful determined, predictable, and environmentally controlled.
- Skinner's Basic Assumptions about Human nature are strong and explicit. Behavioristic learning theory reflects a strong commitment to determinism, elementalism, environmentalism, changeability, objectivity, reactivity and know ability.
- The basic assumptions of rationality-irrationality and homeostasis- homeostasis are not applicable to Skinner's position since he rejects internal sources of behavior.

HOW PERSONALITY DEVELOPS?/THE SHAPING OF THE PERSONALITY

Personality can develop with advancement in an individual's age passing through certain stages in a sequential order in life. Different psychologists and behavioral scientists have come out with different stages which explain how an individual's personality develops or shapes. Important research studies are outlined for discussing how personality develops and how the shaping of the personality of an individual.

- Freud's five stages of personality
- Erikson's eight life stages
- Argyris immaturity to maturity stages

Freud's Five Stages of Personality

Freud's personality stages are based on the belief that events occurred in one's childhood have their bearing on adulthood and in turn, behavior in adulthood. According to Freud, there are five stages of psychological development that shape one's personality and through the development of personality of an individual.

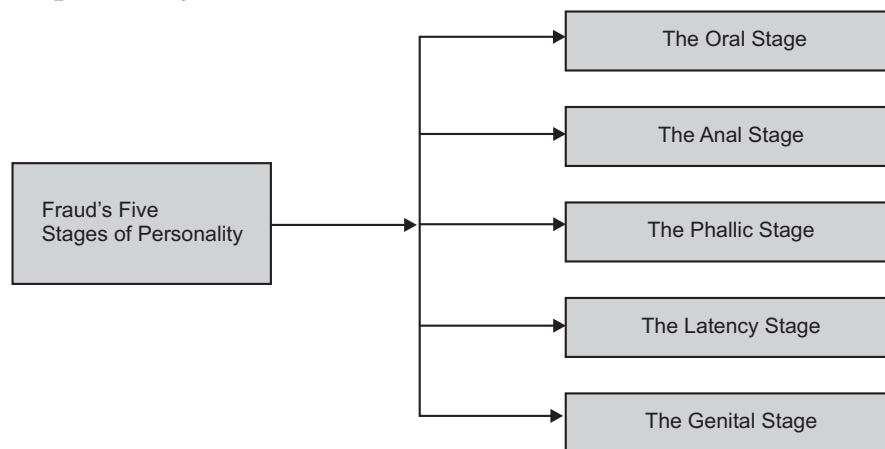


Exhibit 3.6: Freud's five stages of personality

Exhibit 3.6: Highlights the Freud's Five Stages of Personality as outlined:

- | | |
|---------------------|---------------------|
| • The Oral Stage | • The Anal Stage |
| • The Phallic Stage | • The Latency Stage |
| • The Genital Stage | |

The Oral Stage

- Oral stage refers to birth to one year of a child.
- It focuses upon satisfying needs of mouth and digestive tract; including Tongue and lips.
- Its aim for self-preservation is made possible by nourishment through mouth.

- Major characteristics are interest in oral gratification from thumbsucking, eating, mouthing and biting.
- Oral receptive personality type derived from childhood pleasures of receiving food and digesting it. Form relationships dependent upon others. Gullible interested in getting information and knowledge and material goods “will swallow anything”.
- Oral aggressive is derived from childhood pleasures of mouth, food, eating, but with or without more chewing, biting, and use of teeth. Sarcastic and argumentative. Seek to hold firmly to others. Aggressive in relationships with others.

The Anal Stage

- Anal stage refers to second and third year of a child.
- It involves sexual gratification occurs with relieving tension of full bowel and stimulating anus.
- It involves toilet training (issue of interpersonal interaction and conflict between parent and kid).
- Anal retentive is delay of final satisfactions to last possible moment. Always “save” for the future whether relating to need. Orderliness, stingy and stubborn.
- Anal expulsive is inclination to disregard accepted rules of cleanliness, orderliness, and appropriate behavior. React against others attempts to restrict them by doing what they want whenever and wherever. Messiness, sloppiness, aggressive destructiveness, tempers tantrums, emotional outbursts and cruelty.
- Major characteristics are gratification from expelling and withholding feces and toilet training.

The Phallic Stage

- Phallic stage refers to fourth and fifth years of a child.
- It involves satisfaction through masturbation.
- It is the last infantile stage.
- It provides context where two important complexes develop and critical issues of anxiety and envy become relevant.
- It basis of psychological and social identification for children.
- It involve results in psychological and sex-role differences.
- It determines development of super ego.
- This stage creates difference between boys and girls.
- In this stage, boys have possessive love for mothers and see fathers as rivals (this thinking influenced by Greek myth).
- Oedipus complex is feelings, desires, and strivings revolving around a boy’s desire for mom and hate toward dad.

- Electra complex is love of dad and hate of mom for girls.
- Final step of Oedipal complex is formation of super ego.
- Fixated male may devote life to sexual promiscuity in quest for sexual gratification not gotten as a child. Or he might get attracted to men.
- Freud believes that female super ego develops less completely than males.

The Latency Stage

- Latency stage refers to six and twelve of a child.
- This stage is notable for absence of dominant erogenous zone.
- In this stage, children lay aside attraction to parents and become sexually disinterested.
- In this stage, Libidinous instincts transformed through sublimation (process reorienting instinctual aims that are more personally and culturally acceptable).
- (Ex) teen fixed in anal stage might be interested in clay substituting earlier desires to play with feces.

The Genital Stage

- Genital stage refers to (puberty +).
- This stage, mature sexual love; directing feelings of lust and affection towards others.
- 1st 3 stages revolved around Cathexes (attachments of libidinous energy to external world objects or fantasized internal images). Pre-genital stage cathexes typified by self-centered images. Genital stage Cathexes directed less towards bodily pleasure but more to emotional.
- In this stage, one tends to seek sexual gratification through heterosexual love and attraction.
- One takes interest in opposite sex.

Erikson's Eight Life Stages

Erikson has development of personality into eight stages that are more systematic manner and identified with eight stages of human life. Erikson has asserted that each stage is overwhelmed by conflicts which need to be resolved successfully before an individual moves to the next stage. Movement from one stage to next stage, it requires development. At this times, movement can even involve regression *i.e.*, from next stage to earlier when events are of traumatic nature.

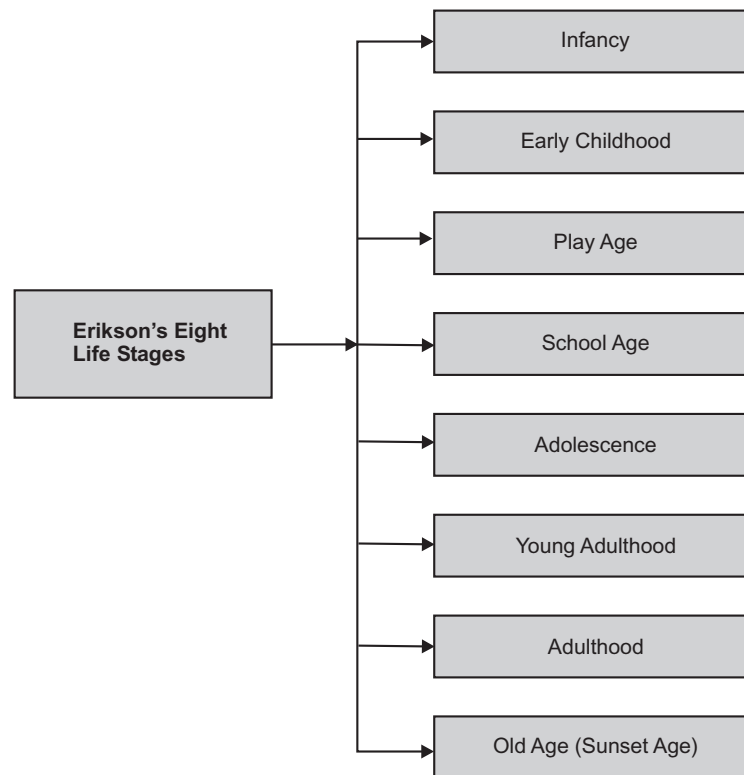


Exhibit 3.7: Erikson's eight life stages

Exhibit 3.7: Indicates the Erikson's Eight Life Stages as listed below:

- | | |
|---------------|------------------------|
| • Infancy | • Early Childhood |
| • Play Age | • School Age |
| • Adolescence | • Young Adulthood |
| • Adulthood | • Old Age (Sunset Age) |

Infancy

- It refers to first year of life of a child is characterized by trust or mistrust.
- The infants raised in loving and affectionate atmosphere learn to trust others.
- Lack of love and affection which leads into mistrust of a person.
- This bears long lasting impact on one's personality and the resultant behavior.

Early Childhood

- This stage spreads between the age of two and three years of a child.

- In this stage, the child starts to acquire independence.
- In this period, when the child is allowed to do it he feels autonomy. If disallowed, it can be created a sense of shame and a doubt develops in the child.

Play Age

- It is the age between four and five years of a child.
- In this stage, the child seeks to discover what can be done.
- In this case, the child is allowed and encouraged to do what he wants to do, the child develops a sense of initiative. In spite of this, if the child is discouraged to do, he feels lack of self confidence.

School Age

- It refers to child joins to school from age six to twelve years.
- It is useful for child to learn knowledge and skills.
- In this stage, if child makes progress compatible with his abilities, it develops child a sense of industry.
- Its opposite results in a sense of inferiority.

Adolescence

- It refers to the children during their teenage period try to gain a sense of identity for themselves in the society.
- In this case, they do not want to become confused about themselves who they are.
- In this stage, person want autonomy, initiative and industry developed in earlier stages help the teenagers gain identity for themselves.

Young Adulthood

- It refers to the young their twenties try to develop deep and permanent relationship with others to have a feeling of intimacy.
- Failing in it results in a sense of isolation.

Adulthood

- It refers to the adults in the age group of forties and fifties face the situation of generativity or self absorption.
- Adults, who are productive in terms of work, raise children with serious concern and guide to next generation are called generative.
- Self absorbed adults do not look beyond themselves in this stage.
- During this stage, they are absorbed in their career development and maintenance.

Old Age (Sunset Age)

- It refers to old age of the person. It is the adults of integrity gains a sense of wisdom.
- In old age, he/she appreciate continuity of past, present and future and become fully satisfied.
- In this stage involves fear of death is dispelled.
- In this stage, the reverse situation results in a sense of despise, fear for death, desire, desire for living second time and depressed.

ARGYRIS IMMATURITY TO MATURITY STAGES

Prof. Chris Argyris of Harvard identified distinct stages in one's personality development. He has postulated that all healthy people seek like situations which can offer them autonomy, equality, and the opportunity to show their ability and competency to with complexity.

According to him, the healthy people follow the seven dimensions to move from immaturity to maturity in the following way:

- From passivity to activity
- From dependency to independence
- From selective behavior to diverse behavior
- From shallow interest to deep interest
- From short time perspective to long time perspective
- From subordinate position to super-ordinate position
- From lack of self awareness to self awareness and control.

BIG FIVE MODEL OF PERSONALITY

Big five model of personality influence the job behavior and job performances are known as the 'Big Five Model of Personality'. These big five model of personality traits are listed in Exhibit 3.8.

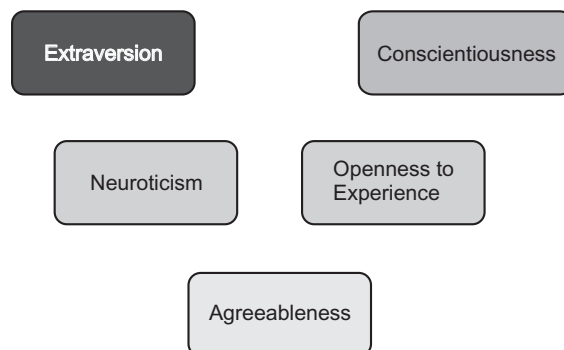


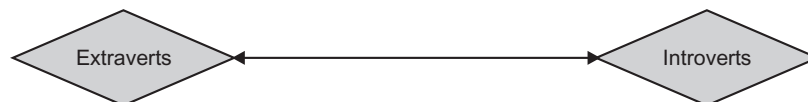
Exhibit 3.8: The big five model of personality

Exhibit 3.8: Indicates the Big Five Model of Personality as listed below:

- Extraversion
- Agreeableness
- Conscientiousness
- Neuroticism
- Openness to Experience

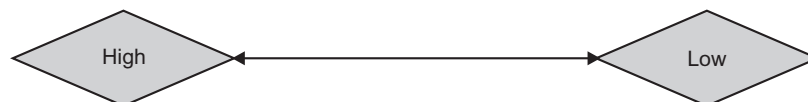
Extraversion (Positive Affectivity)

- It refers to positive affectivity factors of the big five model of personality.
- Personality trait that predisposes individuals to experience positive emotional states and feel good about themselves and the world around them.
- Extraversion classified as extraverts and introverts for positive affectivity in an organization.
- It indicates the relationship with others in an organization.
- It principally consists of sociability, talkativeness assertiveness; these are used for improvement of employee performance and their behavior in an organization.



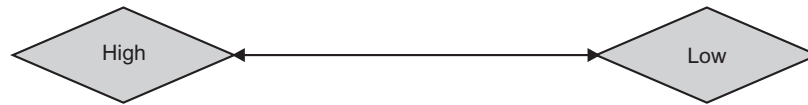
Neuroticism (Negative Affectivity)

- It refers to negative affectivity factors of the big five model of personality.
- Personality trait that reflects people's tendency to experience negative emotional states, feels distressed, and generally views themselves and the world around them negatively.
- In this case, employee performance reduced and high absence in an organization.



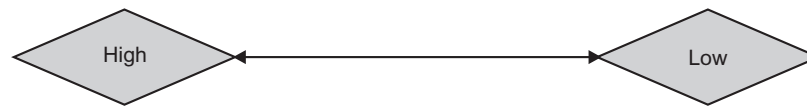
Agreeableness

- It refers to agreeable people are cooperative, warm and trusting with their behavior.
- This type trait is very important to business and its client to achieve their goals and objectives.
- Personality trait that captures the distinction between individuals who get along well with other people and those who do not know them.
- Agreeable people traits are always high and non agreeable people traits are low.



Conscientiousness

- It is one of the important factors of the big five force model.
- Personality trait that describes the extent to which an individual is careful, scrupulous, and persevering.
- It measures reliability in terms of organized, dependable and persistent in job performance.



Openness to Experience

- Personality trait that captures the extent to which an individual is
 - original,
 - open to a wide variety of stimuli,
 - has broad interests,
 - and is willing to take risks as opposed to being narrow-minded and cautious.

The “Big Five” Personality Factors

Personality structure refers to the big five personality factors. Each factor is a continuum of many related traits in this personality structure. The big five personality factors are outlined in exhibit 3.9.

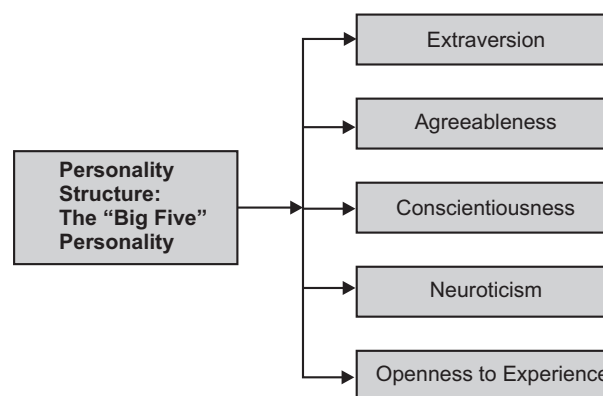
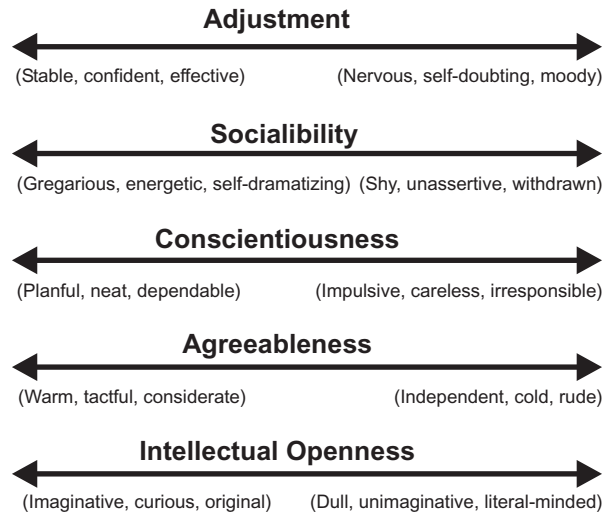


Exhibit 3.9: The “Big Five” personality factors

PERSONALITY STRUCTURE

Personality structure refers to different traits which having by the person at different circumstance.



PERSONALITY TRAITS INFLUENCING ORGANIZATION BEHAVIOR

Some of the most important personality attributes will be determined how one will have behaved in an organization. It can be explained on the next page in Exhibit 3.10:

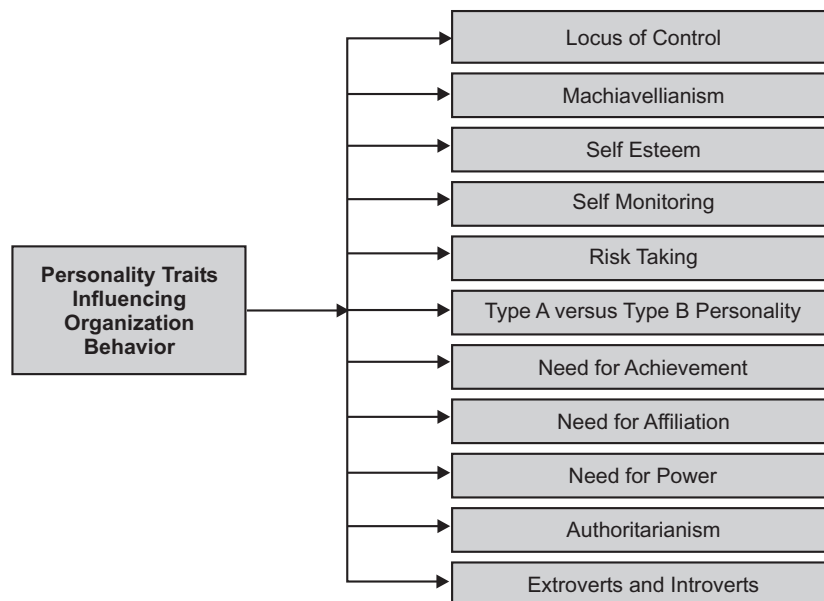


Exhibit. 3.10: Personality traits influencing organization behavior

Locus of Control

Locus of control refers to one's belief that what happens is either within one's control i.e. internal or beyond one's control i.e. external. Locus of control factors presented in exhibit 3.11.

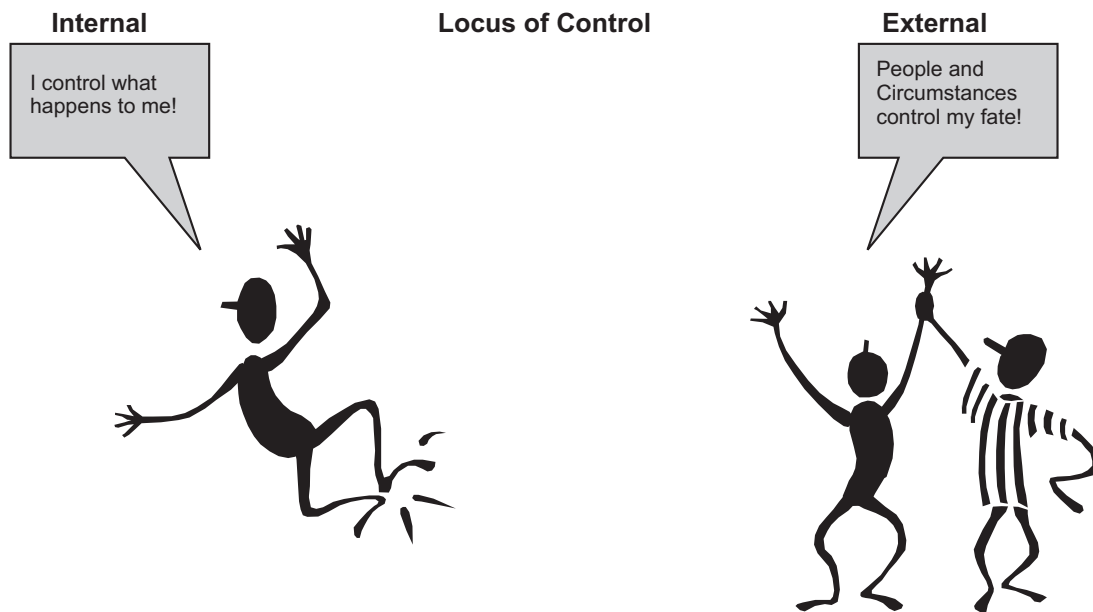


Exhibit 3.11: Locus of control

- Those who have internal locus of control, they believe that, they are the masters of their own fate and ready to control themselves.
- Those who have external locus of control, they see themselves as pawns of fate and believe that what happens to them in their lives is due to luck or factors which are beyond their control.

Machiavellianism

- Machiavellianism refers to Niccolo Machiavelle. He was the founder of Machiavellianism in Sixteenth century.
- It refers to degree to which an individual is pragmatic, maintains emotional distance, and believes that ends can justify means.
- It cannot be reforming.

Conditions Favoring High Machiavellianism is as outlined:

- Direct interaction
- Minimal rules and regulations
- Emotions distract for others

SELF-ESTEEM

In psychology, self-esteem or self-worth is a person's self-image at an emotional level; circumventing reason and logic. The term differs from ego in that the ego is a more artificial aspect; one can remain highly egotistical, while underneath have very low self-esteem.

Personality trait that describes the extent to which people have pride in themselves and their capabilities.

Definition of Self-Esteem

Self-esteem is “how much a person likes, accepts, and respects himself overall as a person”.

Characteristics of Low Self-Esteem

A teenager with low self-esteem will:

- Demean his own talents
- Feel that others don't value him
- Feel powerless
- Be easily influenced by others
- Express a narrow range of emotions
- Avoid situations that provoke anxiety
- Become defensive and easily frustrated
- Blame others for their own weaknesses

Low self-esteem has been correlated with low life satisfaction, loneliness, anxiety, resentment, irritability and depression.

Characteristics of High Self-Esteem

A teenager with high self-esteem will:

- Act independently
- Assume responsibility
- Be proud of accomplishments
- Approach new challenges with enthusiasm
- Exhibit a broad range of emotions
- Tolerate frustration well
- Feel capable of influencing others

High self-esteem has been correlated with academic success in high school, internal locus of control, high family outcome, and positive sense of self-attractiveness.

Self-Monitoring

- It refers to the extent to which people try to control the way they present themselves to others.
- A personality trait that measures an individual's ability to adjust his or her behavior to external, situational factors.

- It refers and related to the adjustment factor of the big five model.
- If self-monitoring is done job performance will be high and without self monitoring, in this case, job performance is low and low job satisfaction from work.

Self-Monitoring
Behavior based on cues from people and situations

High self-monitors	Low self-monitors
<ul style="list-style-type: none"> • flexible: adjust behavior according to the situation and the behavior of others • can appear unpredictable and inconsistent 	<ul style="list-style-type: none"> • act from internal states rather than from situational cues • show consistency • less likely to respond to work group norms or supervisory feedback

Risk Taking

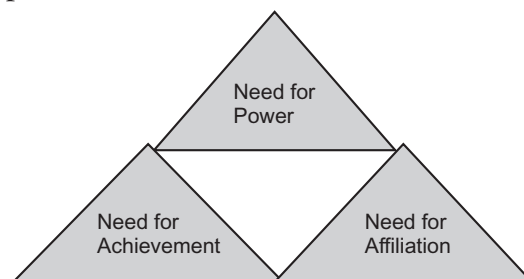
- Risk taking is different from one person task to another person tasks.
- Avoiding of risks or propensity to assume that affects a manager's behavior in making decisions.
- Research studies shown that managers that will take high risk and make more rapid decisions are required to organization. Organization doesn't like low risk taking person as managers.
- In general scenario, the propensity to assume risks varies which depending upon the nature of the job.

Type A versus Type B Personality

- Type A individuals have an intense desire to achieve, are extremely competitive, have a sense of urgency, are impatient, and can be hostile.
- Type B individuals are more relaxed and easy going.

McClelland's Learned Needs

McClelland's Learned Needs traits such as need for power, need for achievement and need for affiliation also influence to organization. For this purpose, managers should have a high need for achievement and power.



Extroverts and Introverts

- An extrovert refers to optimistic, outgoing, gregarious, and sociable. Extroverts is basically objective, really oriented individual who is much more doer than a thinker.

- Introverts refer to more inward directed people.
- They are less sociable, withdrawn and absorbed in inner life.
- They will be guided by their own ideas and philosophy.
- They are rigid and less flexible and subjective oriented.

Authoritarianism

- It refers to authoritarian role in an organization.
- It finds the negative philosophy of people in an organization.
- It intends to be rigid position in charge by the employee in an organization.
- It discourages to group and team work.
- It centralized all tasks relating with authority in an organization.
- It can be followed autocratic or directive leadership in this way individual will get high position of authority in an organization.

PERSONALITY CHARACTERISTICS IN ORGANIZATIONS

Self-Efficacy

Self-Efficacy refers to belief and expectations about one's ability to accomplish a specific task effectively.

Sources of self-efficacy as outlined:

- Prior experiences
- Behavior models (observing success)
- Persuasion
- Assessment of current physical and emotional capabilities

Self-Esteem

In psychology, self-esteem or self-worth is a person's self-image at an emotional level; circumventing reason and logic. The term differs from ego in that the ego is a more artificial aspect; one can remain highly egotistical, while underneath have very low self-esteem.

Personality trait that describes the extent to which people have pride in themselves and their capabilities.

Self-Monitoring

- It refers to the extent to which people try to control the way they present themselves to others.
- A personality trait that measures an individuals ability to adjust his or her behavior to external, situational factors.
- It refers and related to the adjustment factor of the big five model.
- If self-monitoring is done job performance will be high and without self-monitoring, in this case, job performance is low and low job satisfaction from work.

CASE 3.3 : Azim H. Premji

Chairman, Wipro

In 1966, at the age of 21, Premji took on the mantle of leadership of Wipro. He began his stint in Wipro with a simple Vision—to build an organization on a foundation of values.

Under his leadership, the fledgling \$2 million hydrogenated cooking fat company has grown to \$3 billion IT, BPO and R&D Services organization, serving customers across the globe. Wipro is the largest third party R&D Services provider in the world. Business Week ranks it among the top 100 Technology companies globally today. Forbes counts Wipro in its list of Fab. 50 Firms of Asia. Wipro's growth continues be driven by its core values.

Over the years, Azim Premji has received many honors and accolades, which he believes are recognitions for each person who has contributed to Wipro. Financial Times included him in the global list of 25 people who are “dramatically reshaping the way people live, work or think” and have done most to bring about significant and lasting social, political or cultural changes (October 2005, November 2004). Time listed him (April 2004) as one amongst 100 most influential people in the world. He was named by Fortune (August 2003) as one of the 25 most powerful business leaders outside the US, Forbes (March 2003) listed him as one of ten people globally, who have the most “power to effect change” and Business Week (October 2003) featured him on their cover with the sobriquet “India’s Tech King”. He was adjudged as the Business Leader of the Year 2004 by the Economic Times. In 2005 he became the first Indian recipient of the Faraday Medal.

The Indian Institute of Technology, Roorkee and the Manipal Academy of Higher Education have both conferred honorary doctorates on him, while XLRI, Jamshedpur has conferred the Sir Jahangir Ghandy Medal for Industrial and Social Peace, Visvesvaraya Technological University conferred Sir M. Visvesvaraya Memorial Award in Sept. 2000 and the Institute of Electronics and Telecommunication Engineers in the year 2000 conferred its highest honor the Honorary fellowship. He is a non-executive Director on the Board of the Reserve Bank of India. He is also a member of the Prime Minister’s Committee for Trade and Industry in India. In January 2005, the Government of India conferred upon him the Padma Bhushan, one of the highest civilian awards in the country.

Premji firmly believes that ordinary people are capable of extraordinary things. He believes that the key to this is creating highly charged teams. He takes a personal interest in developing teams and leaders. He invests significant time as a faculty in Wipro’s leadership development programs. Premji has a fanatical belief in delivering value to the customer through Innovation and leading-edge quality processes. This belief has driven Wipro’s pioneering efforts on Quality, culminating in the system called the “Wipro Way”. Wipro was the first Indian Company to embrace Six Sigma, the first Software Services Company in the world to achieve SEI CMM Level 5 and the world’s first organization to achieve PCMM Level 5 (People Capability Maturity Model). Wipro is also the pioneer in applying Lean methodologies to Software development and maintenance with more than 300 lean projects. The belief in Innovation has translated into the attempt to institutionalize Innovation at Wipro, and complement the spark of creativity with methodical, deliberate and sustainable processes to drive and facilitate Innovation.

In the year 2001, Premji established the Azim Premji Foundation, a not-for-profit organization with a Vision of significantly contributing to quality primary education for every child, in order to build a just, equitable and humane society. The financial resources to this foundation have been personally contributed by Premji. The current programs of the Azim Premji Foundation engage 3.2 million children in more than 17,000 schools across India. In October 2006, the Foundation was recognized as the Corporate Citizen of the year by the Economic Times.

Azim Premji is a graduate in Electrical Engineering from Stanford University, USA.

Question:

1. Explain the Azim H. Premji personality role in IT Industry in India.

Source: www.wipro.com

CASE 3.4 : Management Profile - B. Ramalinga Raju

Mr. B. Ramalinga Raju

Chairman of Satyam Computer Services Ltd.

Chairman - NASSCOM Mr. Ramalinga Raju is the Founder and Chairman of Satyam Computer Services Ltd. (NYSE:SAY). Satyam Computer Services was incorporated in 1987. The Company went public in 1992 and has since grown to become one of India's pre-eminent IT companies with a truly global presence, servicing over 144 Fortune 500 and over 390 multinational corporations.

Raju has been described by various media and other eminent people as a Visionary, a Global Business Leader, Technology and Management Thinker. Raju's vision for the company envisages an organization that is respected for its entrepreneurial spirit, global standards of quality and delivery, and the professionalism and commitment of over 21,000 people working in 45 countries across five continents.

Raju has an MBA degree from Ohio University. He is also an alumnus of the Harvard Business School. Raju has won several awards and global accolades, which include Ernst & Young Entrepreneur of the Year for Services in 1999, Dataquest IT Man of the Year in 2000, and CNBC's Asian Business Leader - Corporate Citizen of the year award in 2002. He is the recipient of the Andhra Pradesh Akademi of Sciences' Professor Y. Nayudamma Memorial Gold Medal in 1999 for his outstanding contribution in the field of computer technology.

Raju has been playing a key role in shaping policy on information technology in India and abroad. He is presently the vice-chairman of the National Association of Software and Service Companies (NASSCOM), Chairman of IT Committee in Federation of Indian Chambers of Commerce and Industry (FICCI), and a member of the International Advisory Panel of Malaysia's Multimedia Super Corridor. He speaks at several forums in India and abroad on behalf of the industry and the country.

Raju shares a social vision and has set up several trusts to aid greater social equity and providing opportunities for the under-privileged. He has been instrumental in setting up Byrraju Foundation and Satyam Foundation. Byrraju Foundation aims to aid a process of rural transformation through enhancing the health, education and the living standard of the people. It impacts close to a million people. Satyam Foundation works in the area of urban transformation. Raju is the driving force behind the Emergency Management Research Institute (EMRI). The EMRI is instituted to provide Emergency Response Services addressing about one million calls per day across India, in line with similar services (911) in the USA.

Question:

1. Explain the B. Ramalinga Raju personality and traits.

Source: <http://www.nasscomfoundation.org>

Questions for Discussion

1. Defining personality.
2. Explain the concept of personality.
3. What are the characteristic of personality?
4. Discuss the nature of personality.
5. What are the assumptions of personality?
6. What are the determinants of personality?
7. What are the personality theories/types of theories?
8. What are descriptive personality theories?
9. What are predictive personality theories?
10. What are the prominent personality theories?
11. Explain the intrapsychic/psychoanalytic theory?
12. Discuss the Freud's structure of personality?
13. Comment on defensive mechanisms.
14. What type are theories?
15. Describe the Sheldon's physiognomy theory.
16. What is Carl jung's extrovert and introvert theory?
17. What are the trait theories?
18. Explain the Gordon Allport's trait theory of personality.
19. What is social learning theory?
20. What is observational learning?
21. Comment on Skinner's behavioristic learning theory of personality.
22. How personality develops?
23. Explain the Freud's five stages of personality.
24. Explain the Erikson's eight life stages.
25. Explain the Argyris immaturity to maturity stages.
26. Comment on Big five model of personality.
27. What are the "Big Five" personality factors?
28. What is personality structure?
29. What are personality traits influencing organization behavior?
30. What is self-esteem?
31. What is self-monitoring?
32. What are personality characteristics in organizations?
33. What is self-efficacy?

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PERCEPTION

LEARNING OBJECTIVES

Major learning objectives are listed below:

- Define the term perception and importance of perception.
- Explain the components of perception.
- What is perceptual process?
- What are the factors influencing perceptual process?
- What is perceptual selectivity?
- What is a stimulus? How it selection?
- Explain the barriers to perceptual accuracy.
- What are the factors influences to perception?
- Explain the factors affecting an individual's perceptual set.
- Describe the perceptions as information processing.

INTRODUCTION

This chapter deals with the introduction. Definitions of perception, Meaning and importance of perception, Components of perception, The perceptual process, Factors influencing the perceptual process, Characteristics of the perceiver, Characteristics of perceived, Characteristics of the situation, Perceptual grouping, Perceptual selectivity, Stimuli selection, Barriers to perceptual accuracy, Stereotyping, Halo effect, Expectancy, Perceptual defense, Projection, Factors influence to perception, Factors affecting an individual's perceptual set and perceptions as information processing.

DEFINITIONS OF PERCEPTION

Perception according to Stephen P. Robbins

“A process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment.”

Perception according to Fred Luthans

“Perception is an important mediating cognitive process through which persons make interpretations of the stimulus or situation they are force with.”

Perception according to Udai Pareek and Others

“Perception can be defined as the process of receiving, selecting, organizing, interpreting, checking and reacting to sensory stimuli or data.”

MEANING AND IMPORTANCE OF PERCEPTION

- The process by which people select, organize, interpret, retrieve, and respond to information.
- Perceptual information is gathered from:
 - Sight.
 - Touch.
 - Smell.
 - Hearing.
 - Taste.
- The process of interpreting the messages of our senses to provide order and meaning to the environment.
- The process by which people select, organize, interpret, and respond to information from the world around them.
- Perception (consciously and unconsciously) involves searching for, obtaining, and processing information in the mind in an attempt to make sense of the world.
- *Selection* and *organization* often account for differences in interpretation/perception between individuals observing the same stimuli.
- A process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment.
- *People’s behavior is based on their perception of what reality is, not on reality itself.*
- *The world as it is perceived is the world that is behaviorally important.*

COMPONENTS OF PERCEPTION

There are three components are involved in perception as listed below:

Perceiver

- It refers to perceiver’s experience, needs and emotions can affect his or her perception of the target.

Target

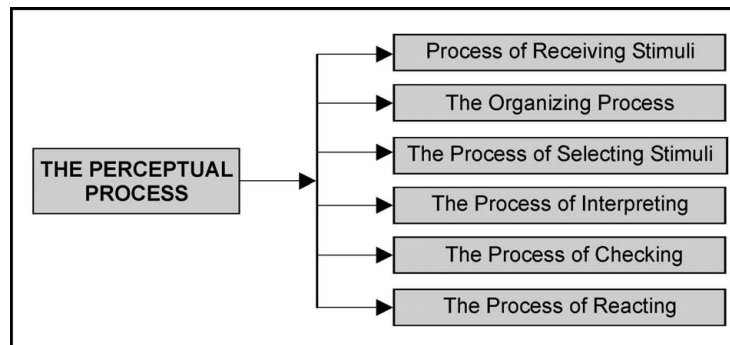
- It refers to perception involves interpretation of the target.
- It involves ambiguous targets are susceptible to interpretation.

Situation

- It refers to context (e.g. timing) can affect what one perceives.

THE PERCEPTUAL PROCESS

The perceptual process is composed of the process of receiving, selecting, organizing, interpreting, checking, and reacting to sensory stimuli or data. Each process is examined in Exhibit 4.1.

Exhibit 4.1: The Perceptual Process**The Process of Receiving Stimuli**

- Stimuli refers to data.
- Most stimuli (data) received through the five sense of organs such as *Taste, Smell, Hearing, Sight and Touch*.
- For example, one sees things, hears them, or tastes things or touches them and learns other aspects of things.

The Organizing Process

- It is the second process of the perceptual process.
- After the stimuli received, these stimuli (*Taste, Smell, Hearing, Sight and Touch*) are organized in some form.
- In order to make them systematic some sense out of data received, therefore, it is necessary to organize them.

The Process of Selecting Stimuli

- It is the third process of the perceptual process.
- After receiving the stimuli or data some are selected and some are rejected. Stimuli are either internal or external.

- It is not possible to pay attention to all the stimuli received by an individual person.
- In order to economize on the use of attention, this time, the stimuli are screened and selected for further processing.

The Process of Interpreting

- It is the fourth process of the perceptual process.
- After data received and organized, in this case, the perceiver interprets the data in various ways to find reasons for it.
- In the case perception, it is giving clear meaning about the various data and information received.

The Process of Checking

- It is the fifth process of the perceptual process.
- After the data have received and interpreted, in this case, the perceiver takes some steps of checking whether his interpretations are right or wrong.
- It is checking in the form of feedback about individual person's perceptions.
- Results of the feedback, the perceiver may slowly increase his accuracy of perceptions.

The Process of Reacting

- It is the sixth and last process of the perceptual process.
- It is acting in relation to what has been perceived by the individual.
- This stage, usually done when a person does something in relation to his perception.
- The cycle of perception is not complete unless it leads to some action as listed below:
 - (a) Covert action
 - (b) Overt action

(a) Covert Action

It refers to take action in the form of the formation of opinions or attitudes of an individual person.

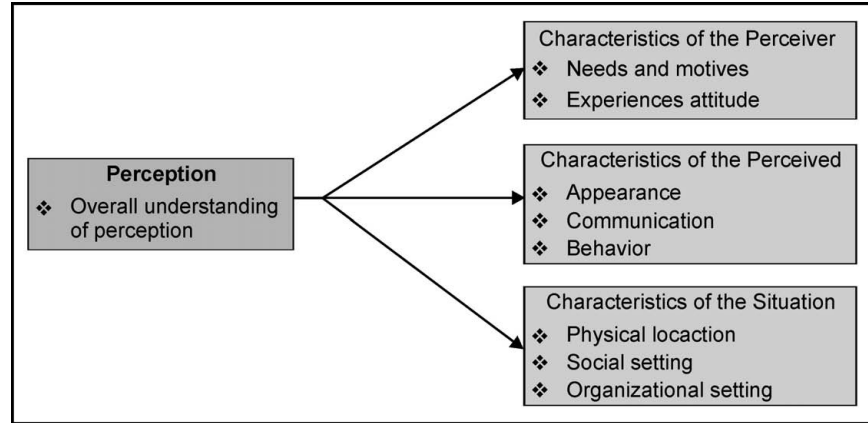
(b) Overt Action

It refers to a definite action in relation to the perception.

FACTORS INFLUENCING THE PERCEPTUAL PROCESS

It generally converts the perceptual inputs and transforms them into output. So time, people behave on the basis of what they perceive reality to be and not necessarily as what happens in reality. There are three influences on the concept of perception are described in Exhibit 4.2. These influences are listed on next page:

Exhibit 4.2: Factors Influencing the Perceptual Process

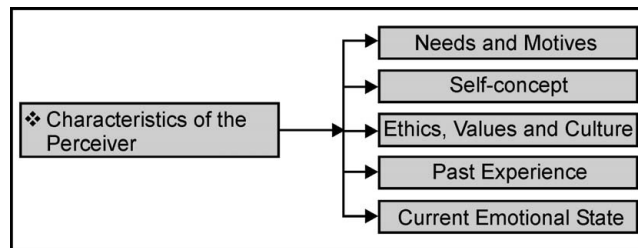


- Characteristics of the perceiver.
- Characteristics of the perceived.
- Characteristics of the situation.

Characteristics of the Perceiver

It includes a person's needs, habits, impact, past experience; ethics and values, attitudes and personality all will influence the perception process. Let us discuss in Exhibit 4.3:

Exhibit 4.3: Characteristics of the Perceiver



Needs and Motives

- It plays very important role in individual behavior of an individual.
- It finds the basic needs and how to fulfillment of these needs.
- Motives are forces which are driven by an individual perception.

Self-concept

- It plays very important role to influence perceptual process of an individual.
- It connotes how we perceive ourself, and how it influence them.
- It clearly indicates how we perceive others and situation we are in.

Ethics, Values and Culture

- It plays very important role towards the influence of individual perception.
- It upbringing and perception towards to others in society.
- A person difficult to follow the other culture perception and it raised several question himself and make judgment which based upon our values, ethics and culture ground in a society.

Past Experience

- It refers to past experience of an individual person's.
- Past experience closely associated and influence to perception process of the perceiver.
- We have considered past experience and perceive with current situation.

Current Emotional State

- It is very important for ascertainment of perceptual process.
- When individual depressed, he/she are likely to perceive the same situation differently than if the individual is elated.
- Emotional state and psychological states of the individual are also like to influence how things are perceived.

Characteristics of the Perceived

- It refers to the physical characteristics like as appearance, facial expressions, age, and gender, manner of communication as well as personality traits and forms of behaviors. For instance, people dressed in business suits are generally thought to be professionals while people dressed in ordinary clothes are assumed to be lower level employees.
- People interpret and they have selectively perceived and organized in terms of their own assumptions of people, things and situations. They make attribution in the form of interpreting data.
- In the case of individuals, who tend to be judgmental and distort information, meanwhile, interpreting the events in the form of subjectivity, which based on the judgmental attitudes distortions or totally ignoring some stimuli can be biased our interpretation of the data that we selectively perceive and organize conveniently to suit our cognitive preference in an organization.

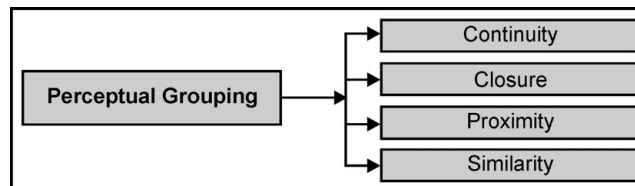
Characteristics of the situation

- It refers to physical location, social setting and organizational setting. These events occur as well as the timing of events. It can be influenced how an interpret stimuli.
- Location plays major role to be determining behavior.
- For instance, individual will behave with your boss differently at a social function than in the office. Therefore, in the social context, it takes place and it plays a significant part in how we interpret information.

PERCEPTUAL GROUPING

It refers to identify our tendencies to group several individual stimuli into a meaningful and recognizable pattern. Perceptual grouping factors are listed in Exhibit 4.4.

Exhibit 4.4: Perceptual Grouping



Continuity

- It refers to tendency to perceive objects as continuous patterns.
- It leads to inflexible and uncreative thinking.
- It is obviously continuous patterns and exists relationships will be perceive.
- Inflexible managers may be required that an employees follow a set and step by step routine leaving, in this case, no ground for implementation of out of the innovative ideas.

Closure

- It is tendency to perceive objects as a whole, even some cases, some parts of the objects are missing.
- It tends to closure the gaps to make a familiar whole.
- In the case, a manager perceives a worker who is hard worker, diligent and sincere, when worker is not sincere, not hard worker in this case manager ignore him.

Proximity

- It clearly states that a group of people or objects who are physically close to each other may be perceived as related to each other, therefore, it stand out of as a unit.
- For instance, several people working in a plant, it may be considered as single group, therefore, if the production on that particular plant is low, then the entire group would be considered responsible even though only some people in the group may be inefficient.

Similarity

- It clearly states that the greater the similarity among the objects or people in an organization.
- In the case, greater the tendency to perceive them as a common group.
- For instance, it would be our general tendency to perceive women employees as a single group.

PERCEPTUAL SELECTIVITY

It refers to the tendency to chosen certain subjects from the environment that look for attention like as objects which are consistent with our existing beliefs, values and needs. It is selectivity enhanced by two related processes is listed below:

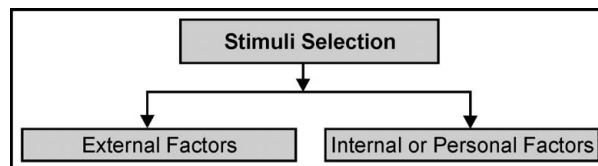
- It is believed that our senses are activated only by a certain type of stimuli so that stimuli may go unnoticed if these are not strong bright or loud enough to activate our senses.
- It relates to our ability to turn out certain stimuli to which we have been continuously exposed. It is known as 'sensory adaptation.'

When perceptual selected, in this situation stimuli must compete for attention.

STIMULI SELECTION

It involves various external and internal factors are influence to process of stimuli selection as illustrated Exhibit 4.5.

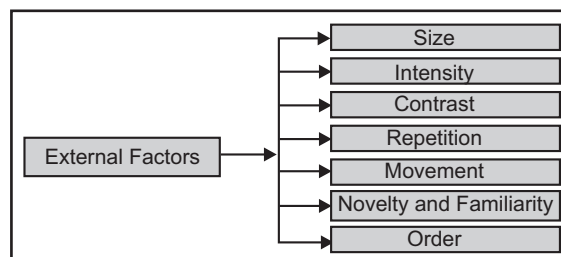
Exhibit 4.5: Stimuli Selection



External Factors

External factors consist of size, intensity, contrast, repetition, movement, novelty and familiarity and order.

Exhibit 4.6: External Factors



Size

It refers to the larger size of the object and it more likely to be noticed to person: for example, a seven and half feet tall man will be noticed in a crowd.

Intensity

It refers to brighter, louder and more colorful objects and compared to other objects around. For instance, bright lights of a theater attract attention of a person much more than ordinary lighting.

Contrast

In the case, an object in some way contrasts with its surroundings it is more noticeable. For instance, if a manager interviews twenty women and one man for a job, he would remember the man first because of the contrast.

Repetition

It refers to repeated message which is more likely to be perceived than a single message. Repetition according to Morgan and King “repetition increases our sensitivity or alertness to the stimulus”.

Movement

It refers to increase our awareness of the object before we become aware of the stationary surroundings. For instance, a flashing neon sign is more easily noticed.

Novelty and Familiarity

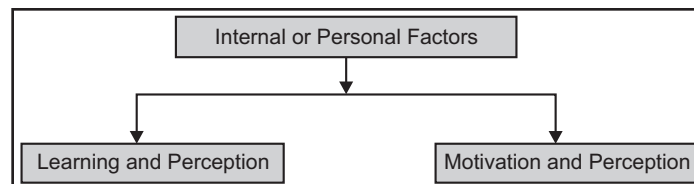
It refers to new objects in a familiar setting or familiar objects in a new setting will draw attention. For instance, people quickly notice one elephant walking along a city street.

Order

It refers to order in which the objects or stimuli are presented is an important factor in influencing selective attention. For instance, the first piece of information among many pieces received which receives the most attention.

Internal or Personal Factors

Internal or personal factors consist of learning and perception and motivation and perception as illustrated in Exhibit 4.7.

Exhibit 4.7: Internal or Personal Factors***Learning and Perception***

- Learning is an important element in developing perceptual sets.
- A perceptual set is basically what a person expects from the stimuli in the form of learning and experience which are closely relative to same or similar to stimuli.

- It is also considered as cognitive awareness which find by mind and or organized information and forms images and compares them with previous exposures to similar stimuli.

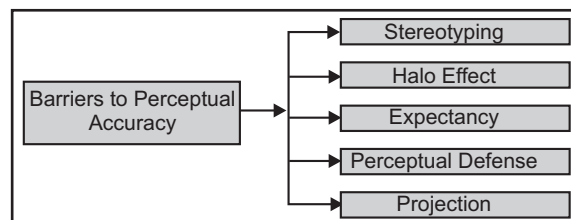
Motivation and Perception

- It plays very important role in influencing the process of perception.
- In the case, hungry person would be very sensitive to sight or smell of food than a non hungry person.
- In the case, the traditional Indian culture, sex and its visual stimulus would be very attention getter compare to others.
- In some tribal societies, nudity may not get any attention at all.

BARRIERS TO PERCEPTUAL ACCURACY

Human beings make objectives and goals for achievement of the task of the organization. Human being judgments are regarding their organization environment and its location. Either success or failure depends on the perceptual accuracy of judgment and its effect on organization. Efforts and decisions are valuable contingency towards upon the accuracy of the information as well as the accuracy of impressions. Stereotyping, Halo effect, Expectancy, perceptual defense and projection are major barriers to perceptual accuracy. These barriers are presented in Exhibit 4.8.

Exhibit 4.8: Barriers to Perceptual Accuracy



Stereotyping

- It refers to the tendency to assign attributes to someone solely on the basis of the category of people, of which that person is a member.
- It is one of the most common barriers in accurately perceiving others.
- It is involved judging someone on the basis of one's perception of the group to which that person belongs.
- The tendency is to ascribe positive or negative characteristics to others on the basis of general categorisations and perceived similarities.
- It means of simplifying the process of perception and making judgments of other people, instead of dealing with a range of complex and alternative stimuli.

Common Stereotypes

Common stereotypes may be based on –

- Nationality
- Occupation
- Age
- Physical attributes
- Education
- Social status
- Politics.

From the organizational point of view, some of the more specific applications in organizations:

❖ ***Employment Interview***

It is one of the perceptual biases of raters affect the accuracy of interviewers' judgments of applicants.

❖ ***Performance Expectations***

It is one of the self-fulfilling prophecy: The lower or higher performance of employees reflects pre-conceived leader expectations about employee capabilities.

❖ ***Ethnic Profiling***

It is a form of stereotyping in which a group of individuals is singled out and typically on the basis of race or ethnicity that for intensive inquiry, scrutinizing, or investigation.

❖ ***Performance Evaluations***

It refers to appraisal are often the subjective (judgmental) perceptions of appraisers of another employee's job performance.

❖ ***Employee Effort***

It refers to the assessment of individual effort is a subjective judgment along with subject to perceptual distortion and bias.

These stereotype impressions affect business decisions regarding hiring, promoting, and career development training programmes.

Halo Effect

- It refers to the tendency of judging the person entirely on the basis of a single trait which either favorable or unfavorable.
- For example, charming smiles will create a favorable impression about the person.
- Similarly, if we are conscious of how a person is dressed, then a poorly dressed person will create a negative and well-dressed will creates negative impression.
- Drawing a general impression about an individual on the basis of a single characteristic.

- It refers to one trait forms a general impression either positive or negative.
- It is also likely to be related to our self-image.
- It is a process whereby a person's perception is formed on the basis of a single favorable trait or impression.
- It tends to shut out other relevant characteristics of a person.
- It combines information based on the category or class to which a person, situation, or object belongs.
- It strong impact at the organization stage.
- Individual differences are obscured in an organization.
- It occurs when one attribute of a person or situation is used to develop an overall impression of the individual or situation.
- It is likely to occur in the organization stage.
- Individual differences are obscured.
- Important in the performance appraisal process.

Expectancy

- It refers to tendency to perceive people, objects or events on the basis of what we expected them to be in the first place.
- It may create certain things in the work situations which an individual can be expected to find to start with expectancy.
- It is also known as self-fulfilling prophecy.
- It is expecting certain things to happen will shape the behavior of the perceiver in such a way that the expected is more likely to happen.
- The tendency to create or find in another situation or individual that which one expected to find.
- It also called the "Pygmalion effect."
- It is to be either positive or negative outcomes.
- Managers should adopt positive and optimistic approaches to people at work place in an organization.

Perceptual Defense

- It refers to the tendency for people to protect themselves against ideas, objects, or situations that are threatening.
- It is the mental process by which people tend to protect themselves from stimuli which are emotionally disturbing or perceptually threatening.
- It tends to distort either ignore information or stimuli which are culturally unacceptable or in the conflict with our established beliefs.

Projection

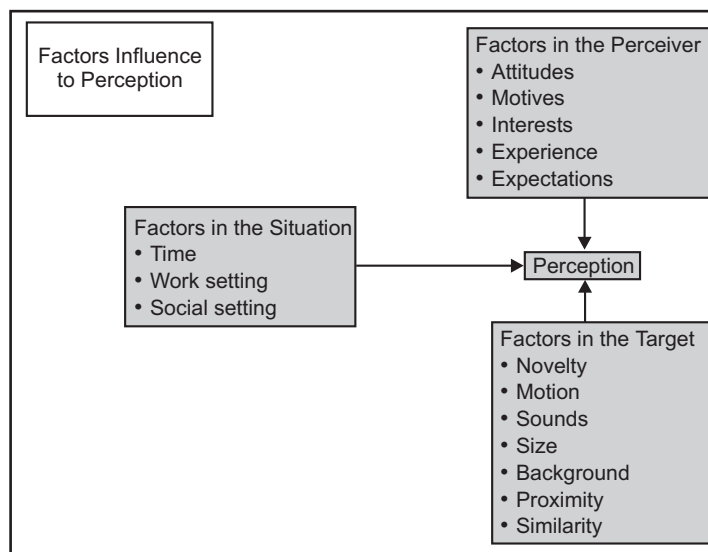
- It refers to the tendency for people to see their own traits in others.

- It deals with the assignment of one's personal attributes to other individuals.
- It happens likely to occur in interpretation stage in an organization.
- Projection can be controlled through a high degree of self-awareness and empathy towards an organization.
- It refers to be attributing one's own characteristics to other people.

FACTORS INFLUENCE TO PERCEPTION

Time, work setting, social setting, attitudes, motives, interests, experience, expectations, novelty, motion, sounds, size, background, similarity and proximity are the major and significant factors which influence perception. These influencing factors are illustrated in Exhibit 4.9.

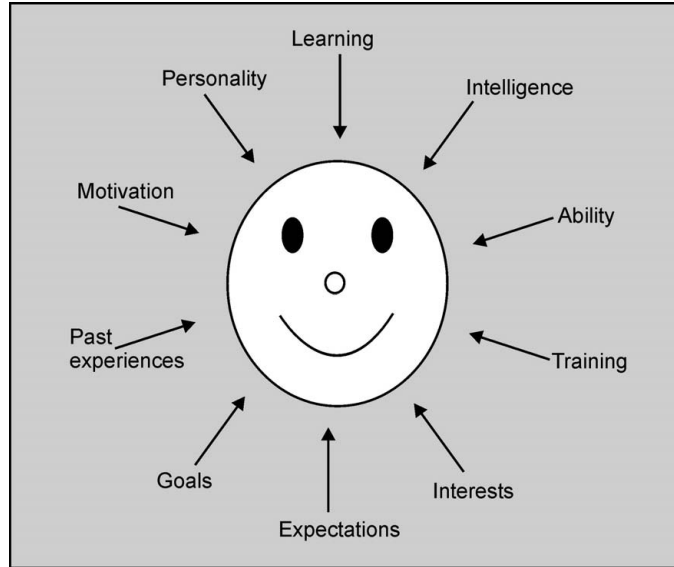
Exhibit 4.9: Factors Influence to Perception



FACTORS AFFECTING AN INDIVIDUAL'S PERCEPTUAL SET

Learning, intelligence, ability, training, interests, expectations, goals, past experiences, motivation and personality are presented in Exhibit 4.10.

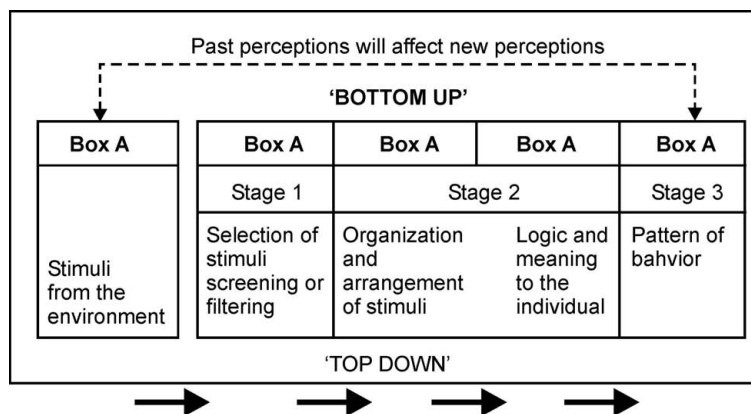
Exhibit 4.10: Factors Affecting an Individual's Perceptual Set



PERCEPTIONS AS INFORMATION PROCESSING

Perceptions as information processing in terms of stimuli from the environment, it process to stage one, two and three. Stage one refers to selection of stimuli, stage two refers to organization and arrangement of stimuli logic and meeting to the individual and third stage refers to pattern of behavior as presented in Exhibit 4.11.

Exhibit 4.11: Perceptions as Information Processing



Questions for Discussion

1. Definitions of Perception.
2. Discuss the meaning and importance of perception.
3. What are the components of perception?
4. Discuss on the perceptual process.
5. What are the Factors influencing the perceptual process?
6. What are characteristics of the perceiver?
7. What are characteristics of the situation?
8. What is perceptual grouping?
9. What is perceptual selectivity?
10. What is stimuli selection?
12. Explain the barriers to perceptual accuracy?
12. What is stereotyping?
13. What is halo effect?
14. What is expectancy?
15. What is perceptual defense?
16. What is projection?
17. What are the factors influences to perception?
18. What are factors affecting an individual's perceptual set?
19. Comment on perceptions as information processing.

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LEARNING AND ITS THEORIES

LEARNING OBJECTIVES

After reading this chapter, we shall understand the following objectives:

- Understand the learning, importance of learning and process of learning.
- Explain the reinforcement and types of reinforcement and schedules of reinforcement.
- What is contingency reinforcement?
- What is punishment and how it impact to organization?
- What are the reinforcement strategies?
- What is organization reward system? Explain the different types of reward system.
- Describe the different theories in learning.

INTRODUCTION

This chapter deals with the definitions of learning, Importance of learning, Component of learning, Determinants of learning, Learning process, Principles of learning, Reinforcement, Types of reinforcement, Schedules of reinforcement, Kinds of partial reinforcement schedule, Comparisons of schedules of reinforcement, Contingency of reinforcement, Basic components contingency of reinforcement, Categories of reinforcers, Types of contingencies of reinforcement, Punishment, How to make punishment effective, Guidelines for using effective punishment, Potential negative effects of punishment, Reinforcement strategies, Organizational reward system, Types of rewards, Extrinsic rewards, Financial rewards/monetary rewards, Performance based financial or monetary rewards, Membership based financial or monetary rewards, Non financial rewards/non monetary rewards, Rewards used by organizations, Types of learning, Learning theories, Classical conditioning theory, Operant conditioning theory, Difference between classical conditioning and operant conditioning, Cognitive learning theory and Social learning theory.

DEFINITIONS OF LEARNING

Learning According to Stephen P. Robbins

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

Learning According to Munn N.L.

“Learning is the process of having one’s behavior modified, more or less permanently, by what he does and the consequences of his action, or by what he observes”.

Learning According to Steers and Porter

“Learning can be defined as relatively permanent change in behavior potentially that results from reinforced practice or experience”.

IMPORTANCE OF LEARNING

- Learning is a relatively permanent change in knowledge or observable behavior that results from practice or experience.
- Learning is the process of acquiring knowledge or skill through study, experience or teaching. It is a process that depends on experience and leads to long-term changes in behavior potential. Behavior potential describes the possible behavior of an individual (not actual behavior) in a given situation in order to achieve a goal.
- According to the behaviorists, learning can be defined as “the relatively permanent change in behavior brought about as a result of experience or practice.”
- Behaviorists recognize that learning is an internal event. However, it is not recognized as learning until it is displayed by overt behavior.
- Gaining knowledge or skills, or developing a behavior, through study, instruction, or experience.
- Learning as a quantitative increase in knowledge. Learning is acquiring information or ‘knowing a lot’.
- Learning as memorising. Learning is storing information that can be reproduced.
- Learning as acquiring facts, skills, and methods that can be retained and used as necessary.
- Learning as making sense or abstracting meaning. Learning involves relating parts of the subject matter to each other and to the real world.
- Learning as interpreting and understanding reality in a different way. Learning involves comprehension of the world by reinterpreting knowledge.

COMPONENT OF LEARNING

Learning refers to a relatively permanent change in behavior or potential behavior as a result of direct or indirect experience. Components of learning are presented in exhibit 5.1.

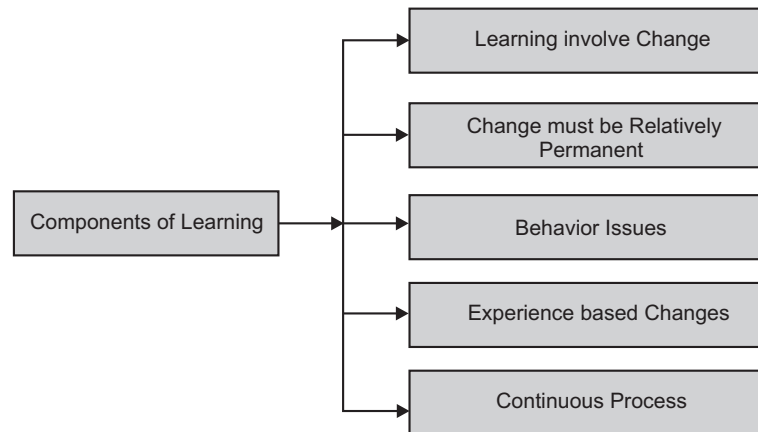


Exhibit 5.1: Components of learning

Learning involve change

It involves changes in terms of good or bad.

Change must be relatively permanent

It refers to change which must be relatively permanent. Temporary change in behavior is a result of fatigue or temporary adaptations which are not considered learning.

Behavior issues

It involves the acquiring of knowledge and information through experience which is also one way of learning, therefore, a change in individuals thought process or attitudes which is accompanied by no change in behavior that is not considered learning.

Experience base changes

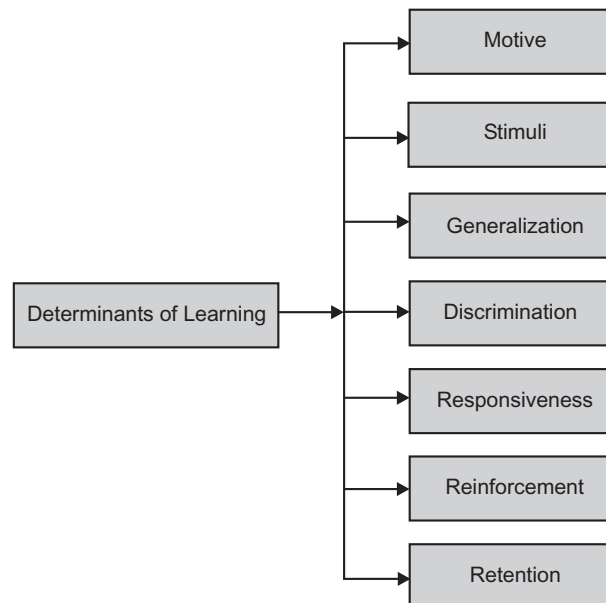
Some form of experience is necessary for learning. Experience either acquired directly through practice or observation or indirectly as through reading of information and events.

Continuous process

Learning is a continuous process in life long of an individual. An individual always get information and knowledge from experience of learning. It may be directly or indirectly closely attached with every activities of human being. It is negative or positive learning which depends on circumstances that determine the results.

DETERMINANTS OF LEARNING

Motive, stimuli, generalization, discrimination, responsiveness, reinforcement, and retention are the major determinants of learning. These determinants are presented in exhibit 5.2.

**Exhibit 5.2:** Determinants of learning**Motives**

- It is one of the determinants of the learning.
- It also called as drives.
- It refers to prompt people to action.
- Motives are primary energizers of people behavior and, mainspring of action.
- Motives are largely subjective and represent the mental feelings of human being actions.
- Motives are cognitive variables which arise continuously and determine the general direction of an individual's behavior.

Stimuli

- It refers to data or information and important determinant factor of learning.
- Stimuli are objects which are exist in the environment in which person lives.
- Stimuli increase the probability of eliciting specific responses may be directly or indirectly from a person.

Generalization

- It is one of the determinant factor of learning.
- It is one of principles of generalization and it implications for human learning.
- It take place when the similar new stimuli repeat in the environment.

- It is very important to probable of eliciting a specific response.
- It is very important to managers to make possible for a manager to predict human behavior when stimuli are exactly alike in an organization.

Discrimination

- It is one of the determinant factor of learning.
- Discrimination responses vary to different stimuli. *e.g.*, a Postgraduate in Management student may learn to respond to video teaching but not the oral lecturing by his professor.

Responses

- It is one of the determinant factor of learning.
- It refers to stimulus results in responses in terms of physical form or attitudes or perception or in other phenomena.
- It is operationally defined and preferable physically observable.

Reinforcement

- Reinforcement is a fundamental conditioning of learning.
- It can be defined as anything that both increases the strength of response and tends to induce repetitions of behavior which predicted the reinforcement.
- In this case, there is no measurable modification of behavior which can take place without reinforcement.

Retention

- Retention refers to remembrance of learned behavior overtime.
- In this case, converse is forgetting.
- Learning is forgotten over time that refers to 'extinction'.
- In the case, when the response strength returns after extinction without any intervening reinforcement that is called 'spontaneous recovery'.

LEARNING PROCESS

Learning is a continuous process in life long of an individual. An individual always get information and knowledge from experience of learning. It may be directly or indirectly closely attached with every activities of human being. It is negative or positive learning which depends on circumstances that determine the results. Learning process are cues, drives, response, reinforcement, retention, recovery, extinction as presented in exhibit 5.3.

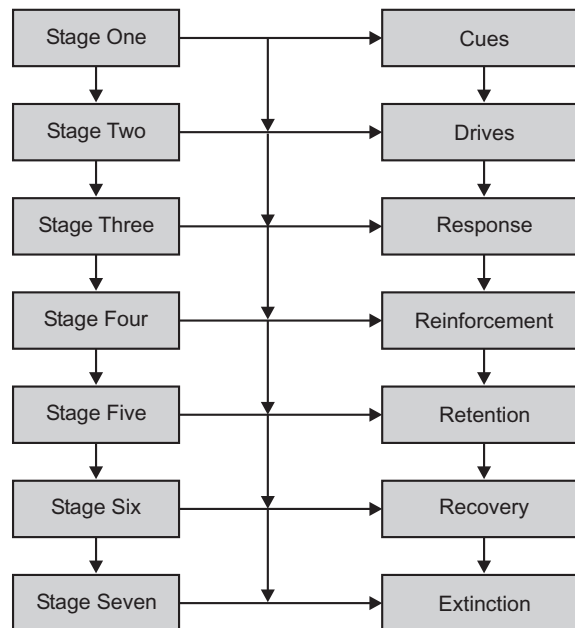


Exhibit 5.3: Learning process

Cues

- It is one of the important processes in learning.
- It refers to stimuli which draw attention of behavior of an individual.
- An individual sensory organ receives cues in environment.
- Always strong cues provide direction to human motive meanwhile weak cues is ignored.
- Generalization occurs when same cue is present but it gets into new way of information.
- The relatedness of cues, these cues are more likely to generalize the characteristics for retention.
- Discrimination is extracting a positive response to certain stimuli and ignoring the other stimuli which are more important to learn.

Drives

- It is the second and important learning process.
- Drives are the basic tool for motivation which can be based on physiological.
- Physiological drives which are related to human body and psychological drives which are related to the brain.
- Drives and motives are interdependent for learning process.

Response

- It is the third and important learning process.

- Response is the basic tool for any action or reaction that shows by the individual to the stimuli as response.
- Response may be overt (it means physically observable) or covert (it means expression of behavior).

Reinforcement

- It is the fourth and important process in learning.
- Reinforcement refers to be increasing the probability that a desired behavior will occur again in the future by applying consequences that depend on the behavior in question.
- It is an attempt to develop a desirable behavior in terms of positive consequences or negative consequences.
- It is the process by which certain types of behavior are strengthened.
- The term 'reinforcer' is any stimuli which cause certain behavior to be repeated or inhibited.

Retention

- It is the fifth and important process in learning.
- Retention refers to remembrance of learned behavior overtime.
- In this case, converse is forgetting.
- Learning is forgotten over time that refers to 'extinction'.
- In the case, when the response strength returns after extinction without any intervening reinforcement that is called 'spontaneous recovery'.

Recovery

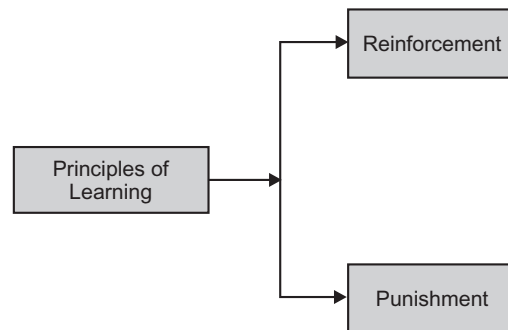
- It is the sixth and important process in learning.
- It refers to non reinforced response which is a single time response and it is known as spontaneous recovery.
- It does not create to a permanent change in behavior.

Extinction

- It is the seventh and last important process in learning.
- It refers to loss of memory.
- In the case, a response is not reinforced by individual which are likely to forget the response and slowly to the response that disappears from the mind.

PRINCIPLES OF LEARNING

Reinforcement and punishment are the major principles of learning as in exhibit 5.4.

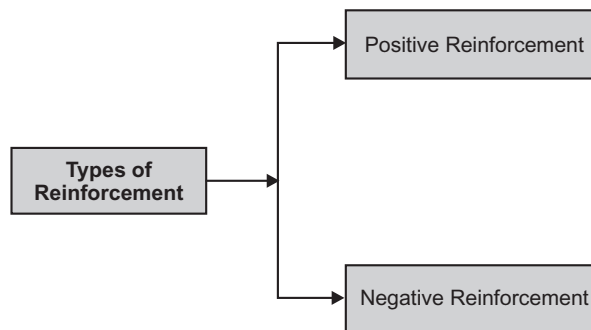
**Exhibit 5.4:** Principles of learning

REINFORCEMENT

- Reinforcement refers to be increasing the probability that a desired behavior will occur again in the future by applying consequences that depend on the behavior in question.
- It is an attempt to develop a desirable behavior in terms of positive consequences or negative consequences.
- It is the process by which certain types of behavior are strengthened.
- The term ‘reinforcer’ is any stimuli which cause certain behavior to be repeated or inhibited.

TYPES OF REINFORCEMENT

- They are two types of reinforcement as illustrated in exhibit 5.5

**Exhibit 5.5:** Principles of learning

Positive Reinforcement

- It refers to the administration of positive consequences to workers who perform desired behaviors.
- It is a reward for a desired behavior.
- The reward should be sufficiently powerful and durable, so that, it increases the probability of occurrence of desirable behavior.

- For instance of positive reinforcement: pay, promotions, interesting work, praise, awards.

Negative Reinforcement

- Negative reinforcement refers to the removal of negative consequences when workers perform desired behaviors.
- It is also known as ‘escape conditioning’ or ‘avoidance learning’.
- It results from withholding a threatened negative consequence when a desired behavior occurs.
- For example of Negative Reinforcement: nagging, complaining.

SCHEDULES OF REINFORCEMENT

An analysis of reinforcement explains that schedules of reinforcement are not provided in a consistent manner. The various ways by which reinforcement can be administered and categorized into two groups are illustrated in exhibit 5.6.

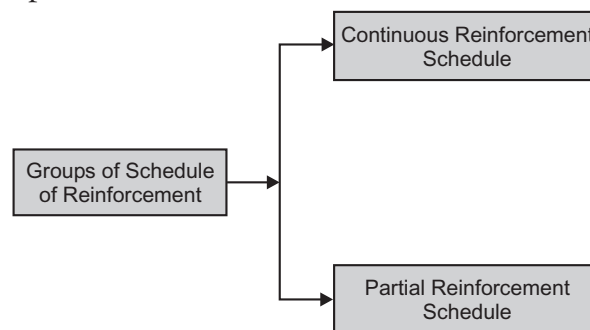


Exhibit 5.6: Groups of schedules of reinforcement

Continuous Reinforcement Schedule

- Continuous reinforcement schedule occurs after every occurrence of a behavior.
- It is one in which the desirable behavior is reinforced every time it occurs and the reinforcement is immediate.
- It is not always feasible in the organizational environment where continuous observation of behavior is not possible due to time constraints imposed upon management.

Partial Reinforcement Schedule

- Partial reinforcement schedule occurs only a portion of the time that behavior occurs.
- It is believed that ‘behavior tends to be persistent when it is learned under conditions of partial and delayed reinforcement.

Kinds of Partial Reinforcement Schedule

There are four kinds of partial reinforcement schedule as illustrated in exhibit 5.7.

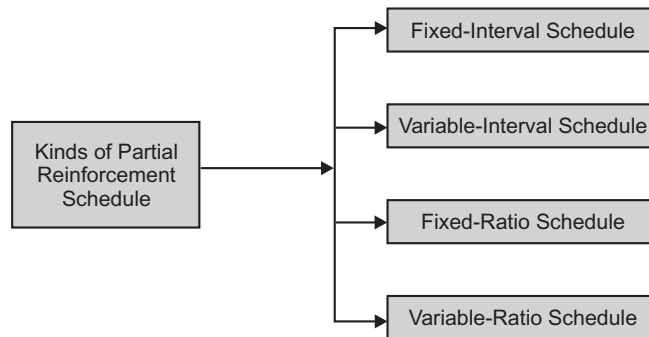


Exhibit 5.7: Kinds of partial reinforcement schedule

Fixed-interval Schedule

- The period of time between the occurrences of each instance of reinforcement is fixed or set.
- It produces an uneven pattern of responses.
- In this case, the highest rate of response occurs fairly close to the time when reinforcement occurs.

Variable-interval Schedule

- The amount of time between reinforcements varies around a constant average.
- In this type of schedule, the reinforcement is administered at random times that can be predicted by the employee.

Fixed-ratio Schedule

- A certain number of desired behaviors must occur before reinforcement is provided.
- In this case, reward is consistently tied to the output.
- The individuals can determine that reinforcement and it is based upon the number of responses and perform the responses as quickly as possible in order to receive the reward.

Variable-ratio Schedule

- The number of desired behaviors that must occur before reinforcement varies around a constant average.
- The variable ratio schedule elicits a rapid rate of response.
- The value of the reward and its unpredictability keeps the behavior at high level desirability.

COMPARISONS OF SCHEDULES OF REINFORCEMENT

Schedule	Form of Reward	Influence on Performance	Effects on Behavior
Fixed interval	Reward on fixed time basis	Leads to average and irregular performance	Fast extinction of behavior
Fixed ratio	Reward tied to specific number of responses	Leads quickly to very high and stable performance	Moderately fast extinction of behavior
Variable interval	Reward given after varying periods of time	Leads to moderately high and stable performance	Slow extinction of behavior
Variable ratio	Reward given for some behaviors	Leads to very high performance	Very slow extinction of behavior

Exhibit 5.8: Comparisons of schedules of reinforcement

CONTINGENCY OF REINFORCEMENT

Contingency of reinforcement refers to the relationship between a behavior and the preceding and following environmental events that influence that behavior.

BASIC COMPONENTS CONTINGENCY OF REINFORCEMENT

There are three components involved in contingency of reinforcement.

- Antecedent
 - It refers to the stimulus that precedes the behavior.
- Behavior
 - It refers to the behavior emitted in response to the stimulus.
- Consequence
 - It refers to the positive or negative consequence of the behavior.

Important Note: Managers *can often control the contingencies of reinforcement* influencing their subordinate's behavior, and thereby, the behavior itself.

CATEGORIES OF REINFORCERS

All reinforcers are classified into two broad categories like as primary reinforcers and secondary reinforcers as illustrated in exhibit 5.9.

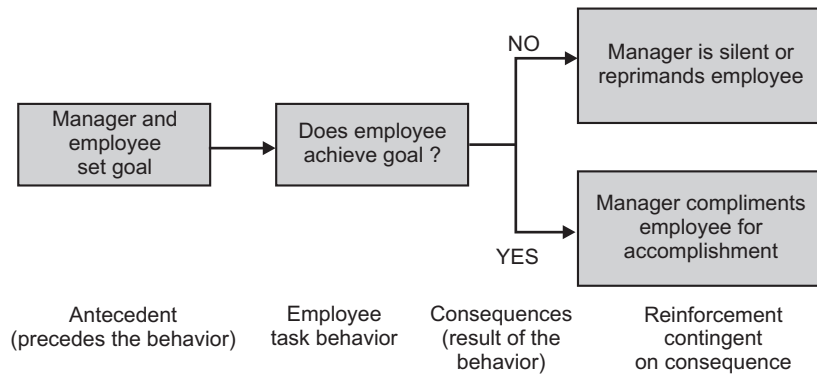


Exhibit 5.9: Example of contingent reinforcement

Primary Reinforcers

Primary Reinforcers are based upon the satisfaction of physiological needs, such as food, water, air, sex, escape from pain, etc.

Secondary Reinforcers

Secondary Reinforcers are learned reinforcers; the text defines this as “*an event that once had neutral value but has taken on some positive or negative value for an individual because of past experience.*”

TYPES OF CONTINGENCIES OF REINFORCEMENT

Types of contingencies of reinforcement are based on the event which are pleasant, unpleasant, added and removed events which are relating with the positive and negative contingencies of reinforcement.

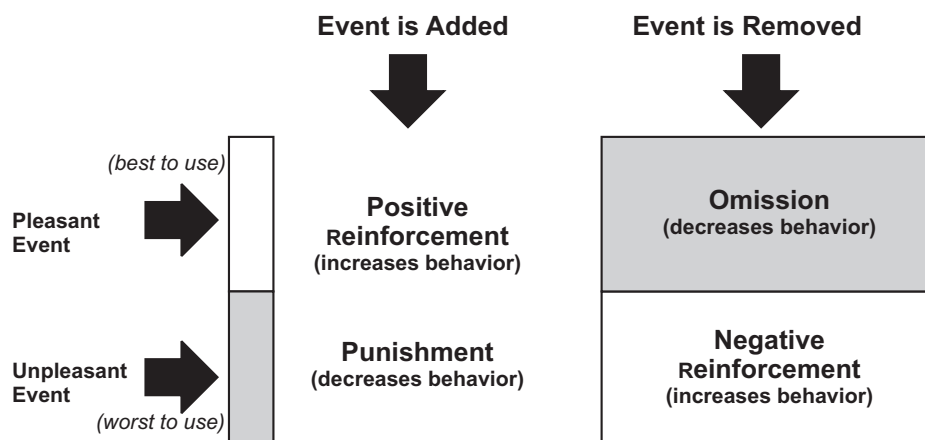


Exhibit 5.10: Types of contingencies of reinforcement

Negative Reinforcement

It refers to an unpleasant event is occurring which can be removed by emitting the desired behavior. It differs from punishment, but may result from the fear of punishment. It can be identified with two types as listed below:

Escape Learning

It refers to an unpleasant event occurs until the employee emits an “escape response” to terminate it.

Avoidance Learning

It refers to an employee prevents an unpleasant event from occurring by emitting the proper behavior.

PUNISHMENT

Punishment according to B.F. Skinner

“Punishment is still the most common techniques of behavior control in today’s life when a child misbehaves, he is spanked. If a person does not behave as the society or law wants him to behave, he is punished by arrest and jail”.

Punishment and Interpersonal Relations

The *inappropriate use of punishment* increases with the following things:

- Anger and/or frustration on the part of the manager
- Inadequate interpersonal communication

In such cases, this *inappropriate punishment creates long-term interpersonal problems like :*

- Reducing trust
- Stifling motivation
- Undermining and/or destroying relationships

How to make Punishment Effective

It is the responsibility of managers to make effective punishment with skills: *Managers should* do the following skills to strategically to achieve goals and objectives.

- Use the principles of contingent punishment, immediate punishment, and punishment size
- Praise in public, punish in private
- Develop alternative desired behavior
- Balance the use of pleasant and unpleasant events
- Use “*positive discipline*” (*i.e.*, change behavior through reasoning, with an emphasis on personal responsibility or “self control,” rather than by imposing increasingly severe punishments).

Guidelines for Using Effective Punishment

Managers should make proper guidelines for using effective punishment techniques:

- Not reward all employees the same (*i.e.*, take individual differences into account to reward employees with consequences that they personally value, within the constraints of perceived equity)
- Consider consequences of both actions and non-actions
- Make employees aware of what behavior will be reinforced (and then be sure to reinforce it uniformly)
- Let employees know what they are doing wrong
- Not punish in front of others
- Make their response equal to workers' behavior

Potential Negative Effects of Punishment

Potential negative effects of punishment are presented in exhibit 5.11.

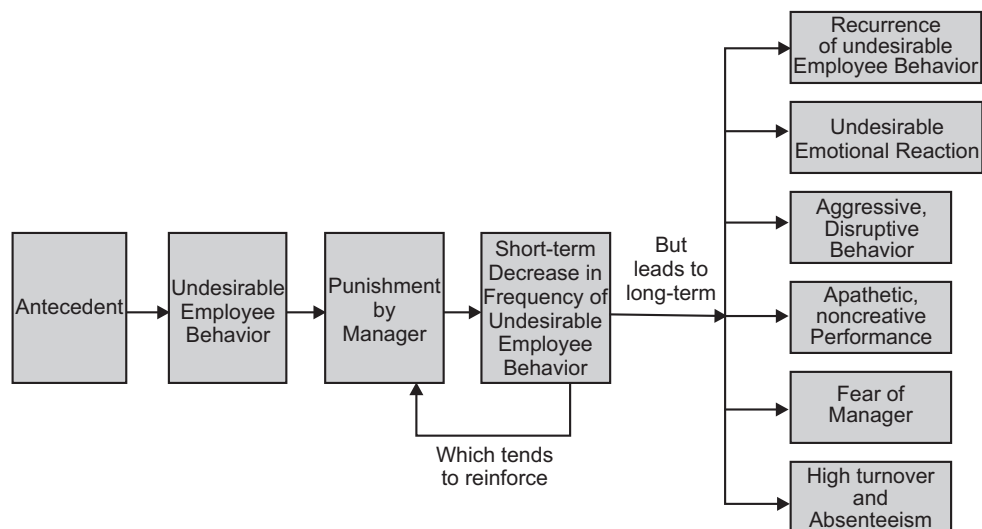


Exhibit 5.11: Potential negative effects of punishment

REINFORCEMENT STRATEGIES

Positive reinforcement, negative reinforcement, punishment and extinction are four basic reinforcement strategies which are illustrated in exhibit 5.12.

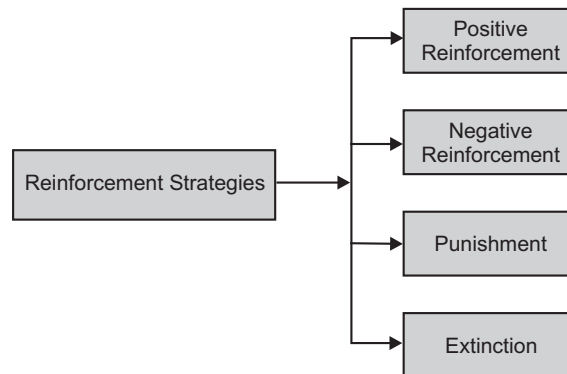


Exhibit 5.12 : Reinforcement strategies

ORGANIZATIONAL REWARD SYSTEM

- Organization reward system refers to the payroll system to employees of an organization.
- Reward refers to compensation to work that done by the employees in an organization.
- It refers to be rendering services to be an organization.
- It is based on the performance of the employees in an organization.
- Best reward package always motivated to employees to do best work performance in an organization.

TYPES OF REWARDS

Rewards can be classified into two broad categories such as intrinsic and extrinsic rewards as illustrated in exhibit 5.13.

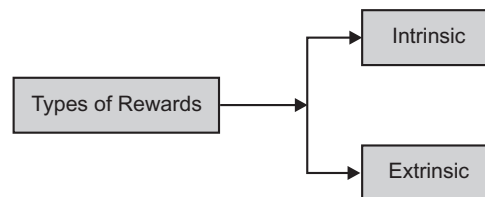


Exhibit 5.13: Types of rewards

Intrinsic Rewards

Intrinsic rewards are those rewards which are the satisfiers that the employees that get from the job itself in an organization. These rewards are helpful to job enrichment and improvement of productivity and satisfaction level to employees in an organization as listed on the next page:

- Participating in decision-making
- Job freedom, autonomy
- More responsibility towards the job
- Pride and attachment towards job
- Feeling in job accomplishment
- Job enrichment and team member
- Provide opportunities for personal growth
- Diversity of activities which are happens in an organization.

Extrinsic Rewards

Extrinsic rewards are those rewards which are wage or salary, fringe benefits, welfare measures promotions and incentives, etc. These rewards are external to be job and it come from the management.

Extrinsic Rewards are further classified into two broad categories as presented in exhibit 5.14.

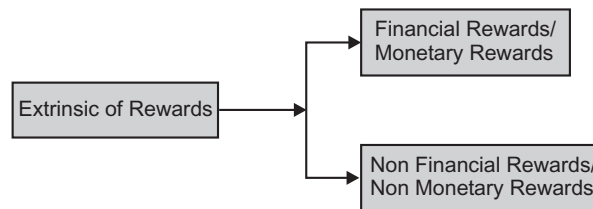


Exhibit 5.14: Extrinsic rewards

Financial Rewards/Monetary Rewards

Financial rewards are also considered as monetary rewards. It refers to reward that can be payable in terms of money. The financial rewards/monetary rewards are further classified into two broad categories as in exhibit 5.15:

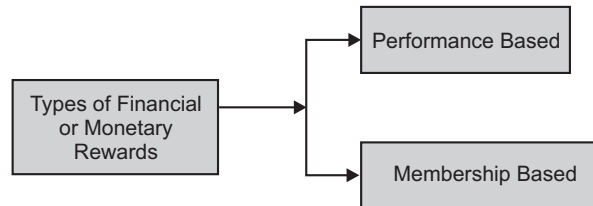


Exhibit 5.15: Types of financial or monetary rewards

Performance based financial or monetary rewards

Performance based financial or monetary rewards include:

- Piece work
- Commission

- Incentive pay
- Performance bonus
- Merit pay plans
- Group bonuses

Membership based financial or monetary rewards

Membership based financial or monetary rewards include:

- Basic pay
- Dearness allowance
- House rent allowance
- Protection programmes
- Pay to time not worked

Non financial rewards/Non Monetary Rewards

Non Financial Rewards/non monetary rewards include:

- Medical care
- Conveyance facilities
- Impressive job titles
- Own secretary
- Preferred leaves
- Flexible work schedules
- Preferred office furnishing
- Treats (like tea, coffee, lunch, dinner, etc.)
- Social reorganization in terms of friendly greeting, smiles and also awards and certificate
- Tokens like movie tickets, vacation trips, money coupons, redeemable at stores, anniversary like birthday, marriage, etc.
- Job responsibilities, training, assignments, etc.

Rewards Used by Organizations

Material rewards, supplemental benefits, status symbols, social/interpersonal rewards, rewards from the task and self administered rewards are presented in exhibit 5.16:

Material Rewards	Supplemental Benefits	Status Symbols
<ul style="list-style-type: none"> • Pay • Pay raises • Stock options • Profit sharing • Deferred compensation • Bonuses/bonus plans • Incentive plans • Expense accounts 	<ul style="list-style-type: none"> • Company automobiles • Health insurance plans • Pension contributions • Vacation and sick leave • Recreation facilities • Child care support • Club privileges • Parental leave 	<ul style="list-style-type: none"> • Corner offices • Offices with windows • Carpeting • Drapes • Paintings • Watches/Rings • Rings • Private rest-rooms

Contd...

Social/inter-Personal Rewards	Rewards From The Task	Self-administered Rewards
<ul style="list-style-type: none"> • Praise • Developmental feedback • Smiles, pats on the back and other nonverbal signals • Requests for suggestions • Invitations to coffee or lunch • Wall plaques 	<ul style="list-style-type: none"> • Sense of achievement • Jobs worth more responsibility • Job autonomy/self-direction • Performing important tasks 	<ul style="list-style-type: none"> • Self-congratulation • Self-recognition • Self-praise • Self-development through expanded knowledge/skills • Greater sense of self-worth

Exhibit 5.16: Rewards used by organizations

TYPES OF LEARNING

There are three types learning as presented in exhibit in 5.17.

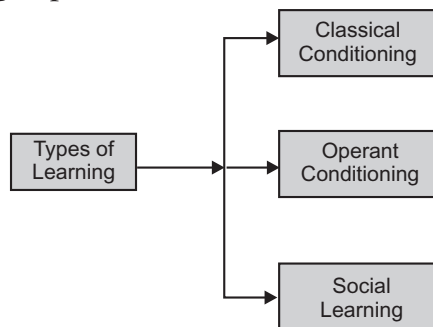


Exhibit 5.17: Types of learning

Classical Conditioning

- It refers to the learning of “*involuntary*,” *reflexive behavior*, like as emotional reactions.
- Classical conditioning further classified as unconditioned stimulus like as food and conditioned stimulus as metronome. These outputs are to be considered as reflex response like as salivation.

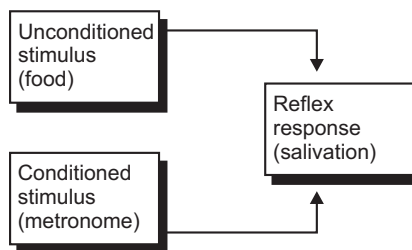


Exhibit 5.18: Classical conditioning

Operant Conditioning

It refers to the learning of *voluntary, goal-directed behavior* through the direct experience of consequences of a person.

Social Learning

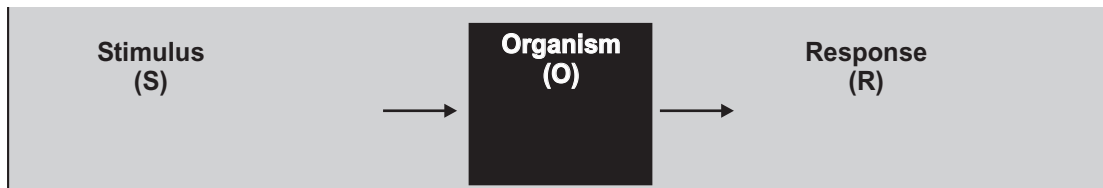
It refers to the learning of *voluntary, goal-directed behavior* through observation and imitation of others.

LEARNING THEORIES

The most basic purpose of learning theory like any other and it is to explain in terms of better to describe as how learning theory. Psychologists and behavioral scientists were developed theories in learning. Important issues in learning theories are listed below:

- The term “learning theory” is often associated with the behavioral view.
- The focus of the behavioral approach is on how the environment impacts overt behavior.
- Remember that biological maturation or genetics is an alternative explanation for relatively permanent change.
- The feedback loop that connects overt behavior to stimuli that activate the senses has been studied extensively from this perspective.
- Notice that the behaviorists are only interested in that aspect of feedback that connects directly to overt behavior.
- Behaviorists are not interested in the conscious decision of the individual to disrupt, modify, or go against the conditioning process.

The behavioral learning theory is represented as an S-R paradigm. The organism is treated as a “black box.” We only know what is going on inside the box by the organism’s overt behavior.



There are four general approaches to learning as discussed below:

1. Classical conditioning theory
2. Operant conditioning theory
3. Cognitive learning theory
4. Social learning theory

CLASSICAL CONDITIONING THEORY

This theory developed by Pavlov. He was studying the digestive system of dogs and became intrigued with his observation that dogs deprived of food began to salivate when one of his assistants walked into the room. He began to investigate this phenomenon and established the laws of classical conditioning.

This theory based on Pavlov experiments to teach dog to salivate in response to the ringing of a bell. When Pavlov presented meat (Unconditioned stimulus) to the dog, he noticed a great deal of salivation (conditioned response). But, when merely bell was rung, no salivation was noticed in the dog. Then, when next Pavlov did was to link the meat and the ringing of the bell. He did this several times. Afterwards, he merely rang the bell without presenting the meat. Now, the dog began to salivate as soon as the bell rang. After a while, the dog would salivate merely at the sound of the bell, even if no meat was presented. In effect, the dog had learned to respond *i.e.* salivate to the bell.

Skinner renamed this type of learning “respondent conditioning” since in this type of learning, one is responding to an environmental antecedent. This theory involves the following things:

- It refers to the: Stimulus (S) elicits to Response (R)
- Classical conditioning starts with a reflex (R): It is an innate, involuntary behavior.
- This involuntary behavior is elicited or caused by an antecedent environmental event.
- For example, if air is blown into your eye, you blink. You have no voluntary or conscious control over whether the blink occurs or not.

Classical conditioning is a stimulus will naturally (without learning) elicit or bring about a reflexive response.

Classical conditioning introduces a simple cause and effect relationship between stimulus and one response. It also makes the responsive, reflexive or involuntary after the stimulus – response relationship has been established as presented in exhibit 5.19.

Examples are listed below:

- Child is harassed at school
- Child feels bad when harassed
- Child associates being harassed and school
- Child begins to feel bad when she/he thinks of school

In order to extinguish the associated of feeling bad and thinking of school, the connection between school and being harassed must be broken.

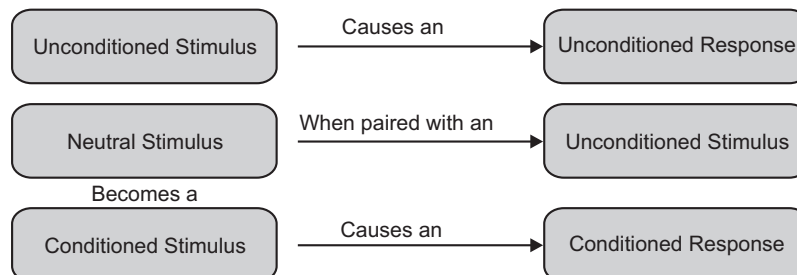


Exhibit 5.19 : Classical conditioning

Limitations

Major limitations of classical conditioning theory as outlined:

- Human beings are more complex than dogs but less amendable to simple cause and effect conditioning.
- The behavioral environment in organization is also complex.
- The human decision making process being complex in nature makes it possible to override simple conditioning.

OPERANT CONDITIONING THEORY

Operant conditioning theory was developed by B.F. Skinner. According to him, it includes a voluntary change in behavior and learning occurs as a 'consequence' of such change. It is also known as reinforcement theory and it suggests that behavior is a function of its consequences. It is based on upon the premise that behavior or job performance is not a function of inner thoughts, feelings, emotions or perceptions but is keyed to the nature of the outcome of such behavior.

- Operant conditioning is the study of the impact of consequences on behavior.
- With operant conditioning we are dealing with voluntary behaviors.
- The details of operant conditioning are presented separately.
 - The conditions in which a response more likely by:
 - Positive reinforcement
 - Negative reinforcement
 - Avoidance learning
 - The conditions in which a response less likely by:
 - Punishment
 - No reinforcement

For details, you refer reinforcement in this chapter.

Difference between Classical Conditioning and Operant Conditioning

Classical Conditioning	Operant Conditioning
<ul style="list-style-type: none"> • A change in stimulus elicit a particular response • The strength and frequency of classically conditioned behaviors are determined mainly by the frequency of eliciting stimulus • The stimulus serving as reward is present every time • Responses are fixed to stimulus 	<ul style="list-style-type: none"> • Stimulus serves as a cue for a person to emit the response • The strength and frequency of operantly conditioned behaviors are determined mainly by the consequences • The reward is presented only if the organism gives the correct response • Responses are variable both in type and degree

COGNITIVE LEARNING

Cognitive learning is one of the vital theories in learning. Cognitive learning is considered as the outcome of the deliberate thinking about the problem or situation both intuitively and based upon known facts and responding in an objectives and goal oriented manner.

- It is the act of knowing an item of information and concern knowledge that affects the behavior of the person who have to provide cognitive cues which towards the expected goals.
- This theory experimented by Kohler. He has presented two sticks to monkey in the cage. Both sticks were too short to reach a banana lying outside the cage.
- This produced an experience, or say, cognition inside the mind of the monkey. What the monkey did without any prior exposure joined both the sticks together and pulled the banana inside the cage.
- It clearly learning took place inside the mind of the monkey.
- The learning process involved in this case is putting or organizing bits of information in a new manner perceived inside the mind.
- This type of learning is very important in organization behavior of changing attitudes by the individuals.
- That is why; researchers are currently interested in knowing the relationship between cognition and organizational behavior.

SOCIAL LEARNING THEORY/OBSERVATIONAL LEARNING

- It refers to learning that viewed as knowledge acquisition through the mental processing of information.
- Individuals learn voluntary behaviors by observing the behavior/consequences of others, cognitively processing that information, and then imitating, or not repeating, that behavior.
- It is also called as Social Learning Theory.
- In this theory, we not only learn through direct experience, but also by observing and imitating others (through modeling).
- It is not simple, automatic, requires attention and sometimes motivation.
- The term “learning theory” is often associated with the behavioral view.
- The focus of the behavioral approach is on how the environment impacts overt behavior.
- We have learned so far came from watching our models like parents, teachers, peers, superiors, motion pictures and television. So that, in this theory, learning through observation and direct experience has been called social learning theory.

- Social learning integrates the cognitive and operant approaches to learning.
- It recognizes that learning does not take place only because of environmental stimuli like as classical and operant conditioning or individual determinism like cognitive approach but it is relating with all these views.

Explanation of the Five Dimensions of Social Learning Theory

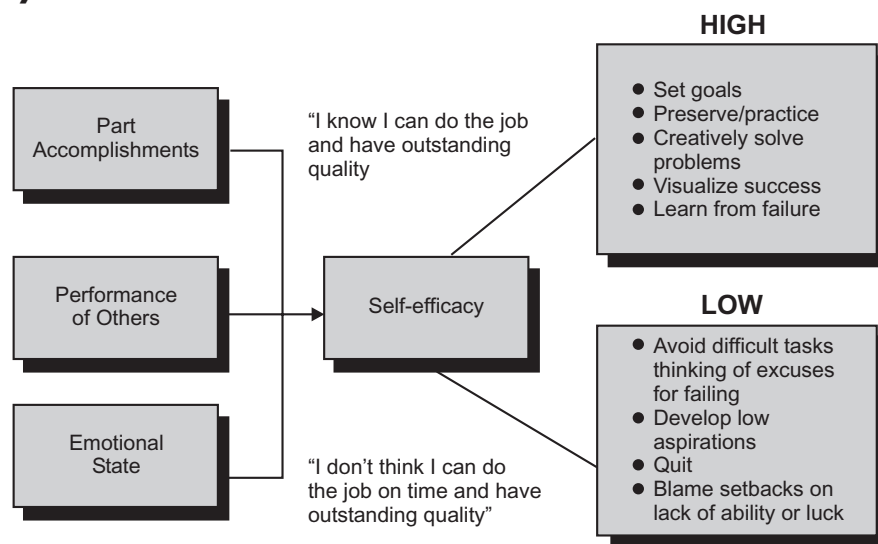
- People use *symbols* as cognitive models that serve to guide their behavior.
- People use *forethought* to anticipate, plan, and guide their behaviors and actions.
- People learn *vicariously* (indirectly) by observing the behavior of others and the real or imagined consequences of those behaviors.
- People exhibit *self-control* by taking personal responsibility to learn new behavior even though there is no external pressure to do so.
- People have differing levels of *self-efficacy*, which differentially influences their learning and behavior.

Self-efficacy

It refers to the individual's confidence in their ability to perform a specific task in a specific situation:

- Varies by people and tasks
- Strongly influences learning, with higher levels facilitating learning by enhancing goal setting, effort, and persistence toward success
- Managers can and should influence subordinate's self-efficacy levels

Self-efficacy at Work



How Managers can Apply Social Learning Theory in an Organization

Managers should do the following things to manage work self efficiency in an organization:

- Identify behaviors that lead to improved performance
- Select an appropriate model
- Make sure that employees have requisite skills
- Create a positive learning situation
- Provide positive consequences for successful performance (*i.e.*, reinforcement)
- Develop organizational support for new behaviors (*i.e.*, maintain proper contingencies of reinforcement)

Questions for Discussions

1. What is learning?
2. Explain the importance of learning.
3. What are the component of learning?
4. Describe the determination of learning.
5. Explain the learning process.
6. Discuss the principles of learning.
7. What is reinforcement? What the types of reinforcement?
8. What are the reinforcement strategies?
9. What is organizational reward system? What are types of rewards?
10. What are the types of learning?
11. Describe the social learning theory?
12. Describe the operant conditioning theory?
13. What is self-efficacy?
14. Discuss the self-efficacy at work?

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ATTITUDE AND VALUES

LEARNING OBJECTIVES

In this Chapter, we will address the following questions:

- What is attitude? Explain the concept and characteristics of attitude.
- What are attitude components? Briefly discuss the components.
- Explain the formation of attitude and changing of attitude in an organization.
- Describe the types of attitude and its result to an organization.
- What value and value system in an organization?
- Explain the types, formation of values in an organization.
- What are the similarities between values and attitudes in an organization?

INTRODUCTION

In this chapter, we shall discuss about the meaning of attitude, concept of attitude, characteristics of attitudes, attitudes and components, functions of attitude, formation of attitude, changing attitudes, Some of the possible ways of changing and measurement of attitudes, barriers to attitude, change, types of attitude, dimensions of job satisfaction, outcomes of job satisfaction, effects of work factors on job satisfaction, job involvement, organizational commitment, components of organizational commitment, values, value system, types of values, classification of values, formation of values, values and ethics, values and attitudes, similarities of values and attitudes and difference between attitude and values.

MEANING OF ATTITUDE

The attitude is the evaluative statements or judgments concerning objects, people, or events.

More precisely attitudes can be defined as a persistent tendency to feel and behave in a particular way toward some object which may include events or individuals as well.

Attitude According to Gordon Allport

“Attitude as a mental and neutral state of readiness, organized through experience, exerting a directive or dynamic influence upon the individual’s response to all objects and situations with which it is related”.

Attitude According to PR Lawrence

“Attitude represents the cluster of beliefs, assessed feelings and behavioral intentions toward an object”.

Attitude According to Munn

“Attitudes are learned predispositions towards aspects of out of environment. They are positively or negatively directed towards certain people, services or institutions”.

Attitude According to Smith and Smith

“An attitude is any cognitive representation that summarizes our evaluation of an object which may be the self, other people, things, actions, events or ideas”.

In totally, 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 a readiness with an appropriate response. Attitudes are also known as a “frames of reference”.

An attitude is a mental state of readiness, organized through experience, exerting a specific influence upon a person’s response to people, objects and situation with which it is related.

CONCEPT OF ATTITUDE

Attitude is a tendency to feel and behave in a particular way towards objects, people or events.

Characteristics of Attitudes

Attitude can be characterized in the following ways:

- An attitude is the predisposition of the individual psychological structure of beliefs which are to be evaluated a favorable or an unfavorable manner.
- They tend to persist unless something is done to change them.
- Attitudes can fall anywhere along a continuum from very favorable to very unfavorable.
- Attitudes are directed toward some object about which a person has feelings (sometimes called “affect”) and beliefs.
- Attitudes are different from values. Values refers to the ideals, whereas attitudes are narrows, they are feelings, thoughts and behavioral tendencies toward a specific object or situation.

- Attitude is a predisposition to respond to a certain set of facts.
- Attitudes are evaluating statements either favorable or unfavorable which concerned about the objects and people or events.

ATTITUDES AND ITS COMPONENTS

Attitudes are evaluative statements or judgments concerning objects, people, or events in an organization.

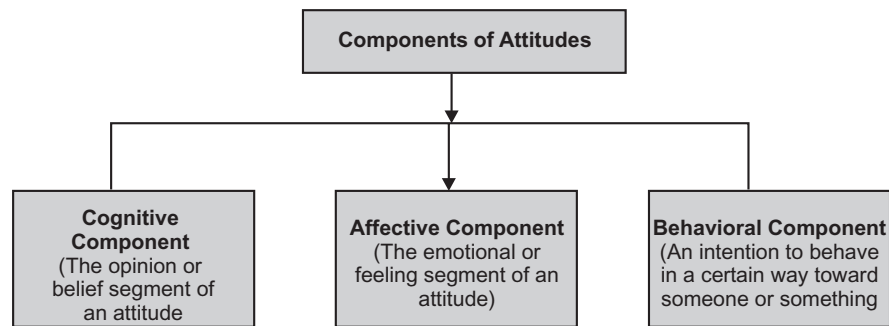


Exhibit 6.1: Attitudes and components

Exhibit 6.1: Indicates the Components of Attitudes as outlined:

- Cognitive Component
- Affective Component
- Behavioral Component

Cognitive Component

Cognitive Component of Attitude refers to opinion or belief part of attitude. When you form your opinion or judgment on the basis of available information and decide whether you have a favorable or unfavorable opinion on that, is the cognitive part of attitude we are talking about.

Affective Component

Affective Component of Attitude refers to the emotional aspect of attitude. This is perhaps the most often referred part of attitude and decides mostly the desirable or undesirable aspect attitude.

Behavioral Component

Behavioral Component of Attitude refers to the behavioral part of attitude. If we have a positive attitude for a particular object, it is likely to be translated into a particular type of behavior, such as buying or procuring that object.

FUNCTIONS OF ATTITUDE

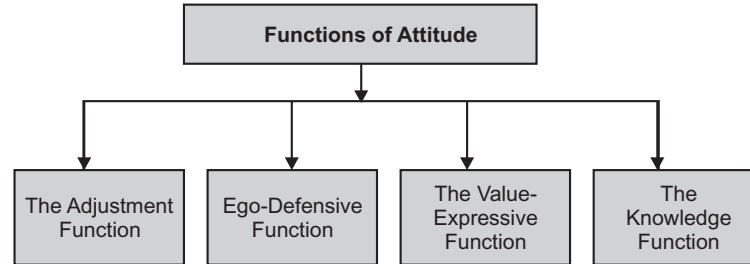


Exhibit 6.2: Functions of attitude

Exhibit 6.2: Highlights the Functions of Attitude are listed below:

- The Adjustment Function
- Ego-Defensive Function
- The Value-Expressive Function
- The Knowledge Function

According to Katz, attitudes serve four important functions from the viewpoint of organizational behavior. These are as follows:

The Adjustment Function

- Attitudes often help people to adjust to their work environment.
- Well-treated employees tend to develop a positive attitude towards their job, management and the organization in general while berated and ill treated organizational members develop a negative attitude.
- In other words, attitudes help employees adjust to their environment and form a basis for future behavior.

Ego-Defensive Function

- Attitudes help people to retain their dignity and self-image.
- When a young employee member in organization who is full of fresh ideas and enthusiasm, joins the organization, the older members might feel somewhat threatened by him.
- But, in this case, they tend to disapprove his creative ideas as ‘crazy’ and ‘impractical’ and dismiss him altogether.

The Value-Expressive Function

- Attitudes provide individuals with a basis for expressing their values.
- For example, a manager who values hard and sincere work will be more vocal against an employee who is having a very casual approach towards work.

The Knowledge Function

- Attitudes provide standards and frames of reference that allow people to understand and perceive the world around him.
- If one has a strong negative attitude towards the management, whatever the management does, even employee welfare programmes can be perceived as something 'bad' and as actually against them.

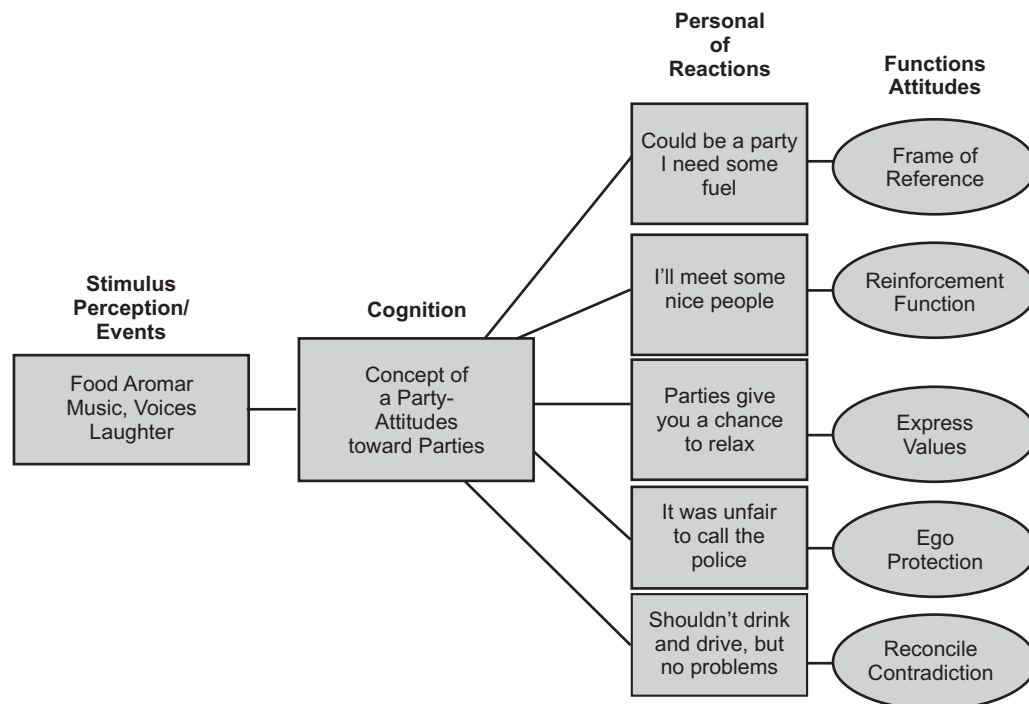


Exhibit 6.3: Functions served by attitudes

FORMATION OF ATTITUDE

Individuals acquire attitudes from several sources but the point to be stressed. It is that the attitudes are acquired but not inherited. While formulation of attitude, several important questions are raised below:

- How attitudes are formed?
- How do you develop your attitude?

Essentially attitudes are the outward manifestation of your inner values and beliefs. These develop over time. The most important sources of acquiring attitudes are direct experience with the object, association, family, neighbourhood, economic and social positions and mass communications.

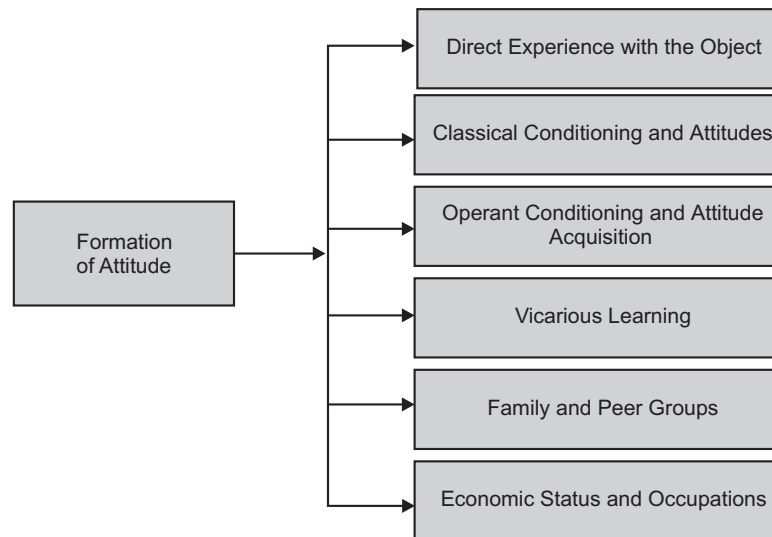


Exhibit 6.4: Formation of attitude

Exhibit 6.4: Focus on the Formation of Attitudes as outlined:

- Direct experience with the object
- Classical conditioning and attitudes
- Operant conditioning and attitude acquisition
- Vicarious learning
- Family and peer groups
- Economic status and occupations

Direct Experience with the Object

- It is one way to be developed from a personally rewarding or punishing experience with an object.
- In this case, employees form attitudes about jobs on their previous experience in a job.

Classical Conditioning and Attitudes

- It is one of the basic processes underlying attitude formation.
- It can be explained on the basis of learning principles.
- It learns through people and develops attitudes with associations between various objects and the emotional reactions that accompany them.

Operant Conditioning and Attitude Acquisition

- In this case, attitudes are reinforced either verbally or nonverbally and it tends to be maintained.

- It involves to person who states an attitude which elicits ridicule from others may modify or abandon the attitude.

Vicarious Learning

- It involves to a person who learns something through the observance of others.
- It can also account for attitude development particularly when the individual has no direct experience with the object about which the attitude is held.
- It is through vicarious learning processes that children pickup the prejudices of their parents or adults.

Family and Peer Groups

- A person may learn attitudes through imitation of parents.
- If parents have a positive attitude towards an object and the child admires his parents, he or she is likely to be adopt a similar attitude, even without being told about the object and even without having direct experience.
- Similarly attitudes are required form peer groups in colleges and organizations.

Economic Status and Occupations

- Our economic and occupational positions also contribute to attitude formation.
- People are determined their attitudes towards unions and management and our belief that certain laws are “good” or “bad”.
- Our socio economic background influences our present and future attitudes.

CHANGING ATTITUDES OF EMPLOYEES

Employees’ attitudes can be changed and sometimes it is in the best interests of managements in an organization and its employees.

For example, if employees believe that their employer does not look after their welfare, in this case, the management should try to change their attitude and develop a more positive attitude towards their employees.

- To provide new information to employees.
- Threatening to employees.
- Resolving differences with employees.
- Involving people in problem-solving.
- To provide right feedback to each person in an organization.

However, the process of changing the attitude is not always easy task to management. In this circumstance, there are some barriers which have to be overcome if one strives to change somebody’s attitude in an organization.

Some of the possible ways of changing attitudes are described below.

Some of the Possible Ways of Changing and Measurement of Attitudes

Some of the possible ways like providing new information, use of fear, resolving discrepancies, influence of friends and peers and co-opting.

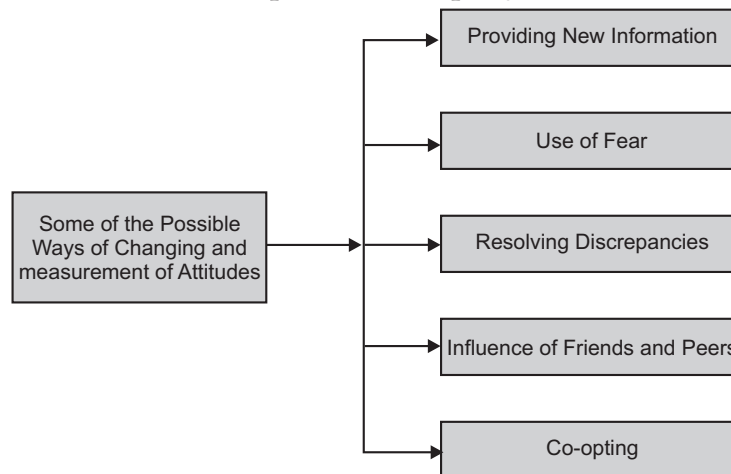


Exhibit 6.5: Some of the possible ways of changing and measurement of attitudes

Exhibit 6.5: Explains the some of the Possible Ways of Changing Attitudes as outlined:

- | | |
|-----------------------------|----------------------------------|
| • Providing New Information | • Use of Fear |
| • Resolving Discrepancies | • Influence of Friends and Peers |
| • Co-opting | |

Providing New Information

- Sometimes a dramatic change in attitude is possible only by providing relevant and adequate information to the person concerned.
- Scan ty and incomplete information can be a major reason for brewing negative feeling and attitudes.

Use of Fear

- Attitudes can be changed through the use of fear.
- People might resort to change their work habit for the fear of unpleasant consequences.
- However, the degree of the arousal of fear will have to be taken into consideration as well.

Resolving Discrepancies

- It refers to the people; whenever they face a dilemma or conflicting situation they feel confused in choosing a particular course of action.
- In the case, where one person is to choose from between two alternative courses of action, it is often become difficult for him to decide which is right for him. Even when he chooses one over the other, he might still feel confused.
- If some one helps him in pointing out the positive points in favor of the chosen course of action, the person might resolve the dilemma.

Influence of Friends and Peers

- A very effective way of changing one's attitude is through his friends and colleagues. Their opinion and recommendation for something often proves to be more important.
- For example, they are all praise for a particular policy introduced in the work place; chances are high that an individual will slowly accept that even when he had initial reservations.

Co-opting

- If you want to change the attitude of somebody who belongs to a different group, it is often becomes very effective if you can include him in your own group.
- In the case of the union leader who are all the time vehemently against any management decision, can be the person who takes active initiative in implementing a new policy when he had participated in that decision-making process himself.

BARRIERS TO ATTITUDE CHANGE

Change of attitude is needful and basic requirement of all employees in an organization. Whenever changes are done many barriers appear. Barriers to attitude change are discussed below:

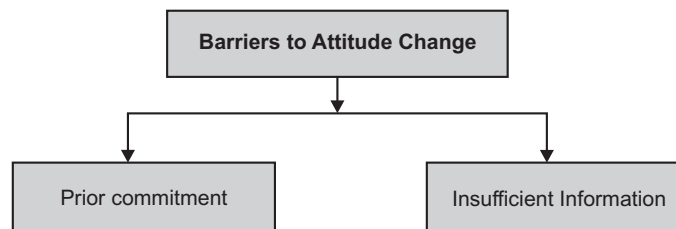


Exhibit 6.6: Barriers to attitude change

Exhibit 6.6: Barriers to Attitude Change

There are two major categories of barriers as listed below:

- Prior Commitment
- Insufficient Information

Prior commitment

- Prior commitment, when people feel that a commitment towards a particular course of action which have already been agreed upon. Thus it becomes difficult for them to change or accept the new ways of functioning in this way of changing attitudes.

Insufficient information

- Insufficient information also acts as a major barrier to change attitudes. Sometimes people simply see any reason to change their attitude due to unavailability of adequate information in this way of changing attitudes.

TYPES OF ATTITUDE

Job satisfaction, job involvement and organizational commitment are basic essential tools which are adopted by all employees in an organization then the organization will expect good results in terms of profit, survival, growth and development.

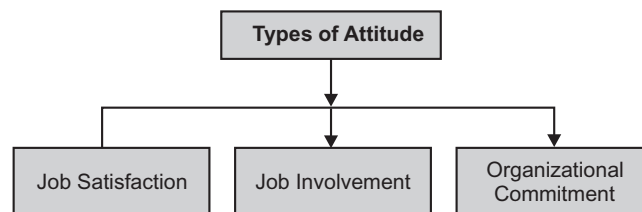


Exhibit 6.7: Types of attitude

Exhibit 6.7: Indicates the Types of Attitude as outlined:

- Job Satisfaction
- Job Involvement
- Organizational Commitment

Job Satisfaction

- It is a collection of positive and/or negative feelings that an individual holds toward his or her job.
- Refers to an individual's general attitude towards his or her job.

- Results when an individual perceives that his job provides him with what is important to him.
- It refers to one's feeling towards a collection of either positive or negative towards one's job.
- Job satisfaction is one of the types of attitude. Apart from this, the terms job satisfaction and job attitudes are principally used as interchangeably.
- Job satisfaction is a set of favorable or unfavorable feelings towards employees in an organization.
- Job satisfaction has been defined as a pleasurable emotional state resulting from the appraisal of one's job or job experiences his positive feeling results from the perception of one's job as fulfilling or allowing the fulfilment of one's important job values, provided these values are compatible with one's needs. Given that values refer to what one desires or seeks to attain, job satisfaction can be considered as reflecting a person's value judgment regarding work-related rewards.
- *Locke and Henne* defined, job satisfaction as the pleasurable emotional state resulting from the achievement of one's job values in the work situation.
- According to *Mottaz*, satisfaction with one's job reflects a person's affective response resulting from an evaluation of the total job situation.
- In sum, the job satisfaction construct can be considered to be a function of work-related rewards and values.
- Job satisfaction is an emotional response to a job.
- Depends on the extent to which outcomes meet his expectations.
- Reflects other attitudes of employees.

Framework of Understanding of Job Satisfaction

An organization make effective framework for understanding of job in this way achieve job satisfaction and effective organizational commitment so that all employees in an organization can love and happy to work.

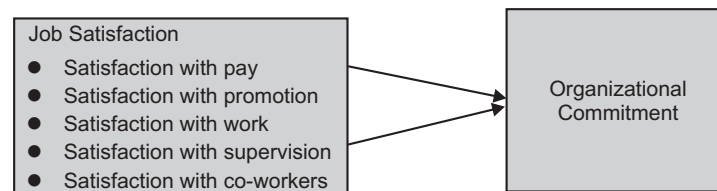


Exhibit 6.8: Framework of understanding of job satisfaction

Work rewards reflect the intrinsic and extrinsic benefits that workers receive from their jobs. Two important groups of work rewards which have been identified and it includes task, and organizational rewards.

Task rewards refer to those intrinsic rewards directly associated with doing the job. They include factors like as interesting and challenging work, self-direction, and responsibility, variety and opportunities to use one's skills and abilities.

Organizational rewards refer to the extrinsic rewards provided by the organization for the purpose of facilitating or motivating task performance and maintaining membership. They represent tangible rewards that are visible to others and include such factors like pay, promotions, fringe benefits, security, and comfortable working conditions.

The relative importance of the various rewards for determining job satisfaction depends on the individual's work values.

Work values refer to what the workers wants, desires, or seeks to attain from work.

According to Loscocco every working person has a certain order of priorities with regard to what he or she seeks from work. It is generally assumed that individuals value economic (extrinsic) as well as intrinsic job reward. Some workers may strongly emphasize both types of rewards, some may place little value on either, and others may emphasize one type and deemphasize the other. Nevertheless, both forms of rewards contribute to job satisfaction.

A job that entails high pay, high security, greater promotional opportunities, interesting work, and fair and friendly supervision, all of which is judged as a way to achieve work and non-work goals, should lead to positive feelings of well-being. Therefore, the greater the perceived congruence between work rewards and work values, the higher the job satisfaction.

Dimensions of Job Satisfaction

Dimensions of job satisfaction according to C. Smith, L.M. Kendall, C.L. Hulin

- The work itself/Nature of work
- Pay
- Promotion opportunities
- Supervision
- Co-workers
- Working conditions

Outcomes of Job Satisfaction

- The major outcomes are satisfaction and Productivity in all departments and each process in organization.
- When employees are satisfied that circumstances employee's turnover will be high.
- When employees will get satisfaction that point of time employees will reduce absenteeism in work in an organization.
- Other effects are cooperation, coordination, task and project completion within the schedule, proper guidance and effective lead to an organization.

Effects of Work Factors on Job Satisfaction

The general attitude toward a job, it is not directly related to performance, but it is related to turnover, absenteeism, and health.

Job satisfaction is enhanced when:

- Work is challenging and interesting but not tiring.
- Rewards are equitable and provide feedback.
- Working conditions match physical needs and promote goal attainment.
- Self-esteem is high.
- Others in the organization hold similar views and facilitate reward attainment.
- If policies and procedures are clear there is no conflict, and it aid goal attainment.

Job Involvement

- It is identifying with the job, actively participating in it, and considering performance important to self-worth.
- It refers to individual work performance in an organization.
- High level job involvement will reduce absence and lower resignation rates in an organization.
- Low level job involvement will increase the absence and higher resignation rates in an organization.

Organizational Commitment

- It is identifying with a particular organization and its goals, and wishing to maintain membership in the organization.
- It refers to individual person who identifies with her/his organization and commitment towards the job and pride to work in an organization.
- It refers to attachment and sentiment of employee towards to an organization and its nature of work.
- Refers to the strength of an employee's involvement in and identification with the organization.
- Strong organizational commitment entails:
 - Strong belief in/acceptance of an organization's goals and values in an organization.
 - Willingness to exert considerable effort on behalf of the organization.
 - Strong desire to maintain membership in the organization.
- Higher commitment is negatively related to absenteeism and turnover, and positively related to productivity in an organization.

Components of Organizational Commitment

Components of organizational commitment consist of affective commitment, continuance commitment and normative commitment discussed on the next page:

Affective Commitment

- It concerns with the employees emotional attachment and involvement with the organization.

Continuance Commitment

- It is influenced by the costs that could accrue to the employee if he leaves the organization.

Normative Commitment

- Refers to the extent to which an employee feels obligated to continue the organization.

Changes in Organizational Commitment over Time

It refers to initial commitment and subsequent commitment towards to an organization.

Initial Commitment

- It is determined by individual characteristics and degree of congruence between their expectations and organizational realities in an organization.

Subsequent Commitment

- It is influenced by job experiences, including many of the same factors which influence job satisfaction in an organization like as pay, interpersonal relationships, working conditions, advancement opportunities, etc.

VALUES

Values refer to 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 or end-state of existence.

Always values are tinged with moral flavor, involving an individual's judgment's of what is right, is it either good or desirable. In totally, the values involve the following things of the individual behavior:

- It provides standards of competence and morality.
- These are fewer in number than attitudes of individual.
- It transcends specific objects, situations or persons.
- These are relatively permanent and resistant to change.
- These are most central to the core of a person in an organization.

Values According to Ronald and David A Bednar

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".

Value System

A hierarchy based on a ranking of an individual's values in terms of their intensity.

Importance of Values

- Provide understanding of the attitudes, motivation, and behaviors of individuals and cultures.
- Influence our perception of the world around us.
- Represent interpretations of “right” and “wrong.”
- Imply that some behaviors or outcomes are preferred over others.

Types of Values

A value is a standard or yardstick to guide actions, attitudes, evaluations and justifications of the self and others. Types of values are presented in exhibit 6.9.

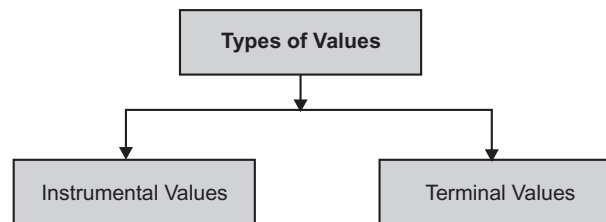


Exhibit 6.9: Types of values

Instrumental Values

Instrumental values relate to a single belief which always takes the form like as honesty, courage, etc., is personally and socially preferably in all situations with respect to all objects. In another words, it is a tool or means of acquiring a terminal value. It is preferable modes of behavior or means of achieving one's terminal values.

Terminal Values

It is desirable end-states of existence; the goals that a person would like to achieve during his or her lifetime. It takes it in the form of a comparable form like as salvation, world at peace etc., are personally and socially worth for striving of individual values.

Classification of Values

Another way of classifying values is presented in exhibit 6.10:

Formation of Values

- Basically values are learned and acquired primarily through experiences with people and social institutions.
- For instance, parents will influence on their children's values. Apart from this, environment is also influence to people.

- Parents and environment provides an opportunity to know which values either good or bad.
- In this case, which values either acceptable or unacceptable and which one is either important or unimportant to people.

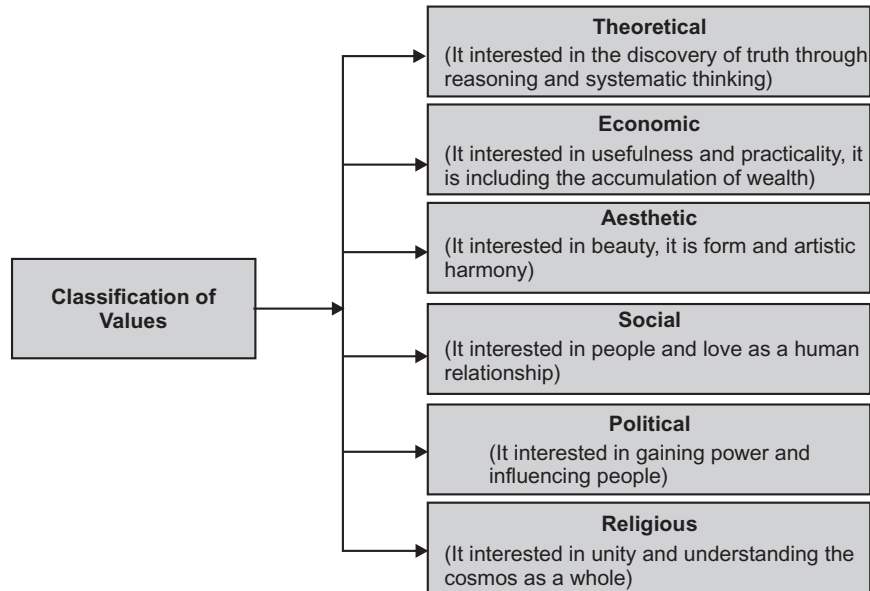


Exhibit 6.10: Classification of values

- Majority of the case, values are also taught and reinforced in schools, religious organizations and social groups in society.
- When child grows his/her values and its sources are influenced and contribute for formation of values.
- Culture finally decides about which one either good or bad.

Values and Behavior

Values can be affected through behavior of employees view, it constitutes right or wrong in an organization. However, the diversity of work forces in an organization which makes it imperative that time managers can be understand difference in values. On the whole thing, we can understand of values, it is useful to manage in the following ways:

Values serve as foundations for attitudes

It refers in practice, when individuals enter into an organization with a preconceived notion of what must do and what don't do in an organization. These notions are depending on value laden in organization.

Individuals hold their own interpretation of right and wrong

It refer situations would shade objectivity and rationality of individual behavior.

Values affect both attitude and behavior

This concept can be explained through instance: if person enters room with a view to salary, he will get salary on piece-rate system, is right and on time-rate basis is wrong. He is likely to be regretted if the company allocates salary on time-rate basis. His disappointment is likely to breed his job dissatisfaction. This will, affect the both attitude and behavior due to paying policy of an organization.

Re-examining the established values poses challenges for modern management

It refers to “the value-based management” has been receiving increasing attention in recent years due to re-examining the established values that poses serious problems and challenges for modern management.

Values and ethics

Some times, some of the researcher have consider that values and ethics synonymous and use them interchangeably. However, some of researchers have felt that the two have different meanings. The major distinction between the two is that values are beliefs that affect an individual’s judgmental ideas about what is good or bad. The ethic is the way the values are acted out. Ethical behavior is acting in ways consistent one’s personal values and the commonly held values of the organization and society.

Values and attitudes

Both values and attitudes are tinged with morale in an organization.

There are some similarities and some dissimilarity exists between the values and attitudes.

Similarities between values and attitudes

The major similarities between values and attitudes are listed below:

- (i) Both are learned or acquired from the same sources in terms of experience with people, objects and events in an organization.
- (ii) Both affect cognitive process and behavior of people in an organization.
- (iii) Both are endurable and difficult to change in an organization.
- (iv) Both influence each other and more often than not, are used interchangeably in an organization.

Differences between Value and Attitude

Value	Attitude
1. Value represents judgment idea like what is right or wrong.	1. It exhibit predisposition to respond in an organization.
2. It represents single belief focussed on objects or situations.	2. It refers to several beliefs which are relating to a specific object or situation.
3. Values are derived from social and cultural moves.	3. It is one’s personal experience.

Questions for Discussions

1. What is attitude?
2. Describe the concept of attitude.
3. What are the characteristics of attitudes?
4. Explain the components of attitude?
5. What are the functions of attitude?
6. How to be formation of attitude?
7. Describe the changing attitudes of employees?
8. Discuss the barrier to attitude change.
9. What are the types of attitudes?
10. What is job satisfaction?
11. Explain the framework of understanding of job satisfaction.
12. Explain the dimensions of job satisfaction.
13. What is values?
14. What are the types of values?
15. Explain the formation of values.
16. What are the differences between value and attitude?





MANAGEMENT OF MOTIVATION AND ITS THEORIES

LEARNING OBJECTIVES

We will address the following Questions:

- What is motivation? Explain the nature, importance and determination of motivation in an organization.
- What is work motivation? Describe the five concepts in work motivation.
- What are work challenges and rewards in organization?
- Describe the Maslow's need theory.
- Describe the Douglas McGregor theory x and theory y.
- Explain the Herzberg's theory of motivation.
- Describe the Victor Vroom's expectancy theory.
- What do you understand about McClelland's need for achievement theory?
- What are essentials of a sound motivational system?

○ ***Motivation according to Michael J. Jucius***

“The act of stimulating someone or oneself to get a desired course of action.”

○ ***Motivation according to Lewis Allen***

“Motivation is the work a manager performs to inspire, encourage and impel people to take required action.”

○ ***Motivation according to Dubin***

“Motivation is the complex of forces starting and keeping a person at work in an organization. To put it generally, motivation starts and maintains an activity along

a prescribed line. Motivation is something that moves the person to action, and continuous him in the course of action already initiated.”

- **Motivation according to William G. Scott**
“Motivation means a process of stimulating people to action to accomplish desired goals.”
- **Motivation according to Koontz and O’ Donnell**
“Motivation is a general term applying to the entire class of drives, needs, wishes and similar forces.”
- **Motivation according to Brch**
“Motivation is a general inspiration process which gets the members of the team to pull their weight effectively, to give their loyalty to the group, to carry out properly the tasks they have accepted and generally to play an effective plan in the part in the job that the group has undertaken.”
- **Motivation according to Dalton E. McFarland**
“Motivation refers to the way in which urges, drives, desires, aspirations, striving or needs direct, control or explain the behavior of human beings.”
- **Motivation according to Stephen P. Robbins**
“Motivation represents an unsatisfied need, which creates a state of tension, or disequilibrium, causing the individual to move in a goal directed pattern towards restoring a state of equilibrium by satisfying the need.”
- **Motivation according to Tolman**
“The term motivation has been called an intervening variable. Intervening variables are internal and psychological process which are not directly observable and which, in turn, account for behavior.”
- **Motivation according to the Encyclopedia of Management**
“Motivation refers to the degree of readiness of an organism to pursue some designated goal, and implies the determination of the nature and locus of the forces, including the degree of readiness.”
- **Motivation according to Mamoria**
“Motivation is a willingness to expend energy to achieve a goal or reward. It is a force that activates dormant energies and sets in motion the action of the people. It is the function that kindles a burning passion for action among the human beings of an organization.”

INTRODUCTION

We shall discuss about the—

- Meaning of motivation,
- Nature and characteristics of motivation,
- Why is motivation important?,

- Motivation in organizations,
- Determinants of motivation,
- Definition of work motivation and challenges,
- Five concepts in work motivation,
- Managerial issues and work challenges in motivation/benefits of motivation,
- Motivation and rewards,
- Extrinsic rewards,
- Intrinsic rewards,
- Assumptions of motivation theories,
- Three types of motivation theory,
- Major theories of motivation,
- Maslow's need-hierarchy theory of motivation,
- Douglas McGregor theory X and theory Y,
- Comparison of theory X and theory Y,
- Herzberg's theory of motivation,
- Comparison of Herzberg's two-factor theory,
- Victor Vroom's expectancy theory,
- McClelland's need for achievement theory, and
- Essentials of a sound motivational system.

MEANING OF MOTIVATION

- The term motivation is derived from Latin word "movere" which means—to move Forces "acting either on or within a person to initiate behavior."
- Motivation is the term used to describe the forces within the individual that account for the level, direction, and persistence of effort expended at work.
- It is an incentive.
- It is the drive that makes you act in a certain way to human being in an organization.
- Motivation is a psychological process that causes the arousal, direction, and persistence of voluntary actions that are goal directed.
- The willingness to exert high levels of *effort to reach organizational goals*, and it conditioned by the effort's ability to satisfy some *individual need*.
- Motivation can grow, leave or change an individual.
- It refers to desire to accomplish a goal or participate in an endeavor.
- It refers to feelings that drive someone toward a particular objective.
- It refers to the need or desire that determines an individual's effort, behaviors and actions.
- It refers to the forces either internal or external to a person that arouse enthusiasm and persistence to pursue a certain course of action.

- Motivation is multifaceted.
- People are motivated by more than just money.
- The amount of effort that an individual puts in to do something.
- Motivation is the process of arousing and sustaining goal-directed behavior.
- Motivation is the term used to describe the forces within the individual that account for the level, direction, and persistence of effort expended at work.

NATURE AND CHARACTERISTICS OF MOTIVATION

Motivating is the work of a manager in an organization to perform to inspire, encourage and impel people to take required action. The process of motivation is characterized in the following way:

Motivation is an Internal Feeling

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

Motivation is Related to Needs

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

Motivation Produces Goal Oriented Behavior

- Goals are anything which will alleviate a need that reduces a drive.
- An individual's behavior is directed towards a attainment of goals.

Motivation can be Either Positive or Negative

- Positive and negative motivation based on incentives or reward system in an organization.
- According to Flipppo, "positive motivation is a process of attempting to influence others to do you will through the possibility of gain or reward".
- Negative or fear motivation based on force or fear of an individual.
- Fear causes persons to act in a certain way they are due to afraid of the result if they don't want result in a task.
- Positive motivation like praise and credit for work done, wages and salaries, appreciation and delegation of authority and responsibility.

WHY IS MOTIVATION IMPORTANT?

- Under optimal conditions, effort can often be increased and sustained.
- Delegation without constant supervision is always necessary.
- Employees can become self-motivated.
- Motivated employees can provide competitive advantage by offering suggestions and working to satisfy customers.

MOTIVATION IN ORGANIZATIONS

- To provide quality circles or employee involvement programs are forms of participative management and are good ways to get people involved in an organization.
- An organization introduce variable pay programs as listed below:
 - ❖ Piece work plans.
 - ❖ Commission sales.
 - ❖ Gain-sharing programs.
 - ❖ Profit-sharing programs.

DETERMINANTS OF MOTIVATION

Expectancy, valence and other determinants like skills, abilities, role and opportunities in an organization.

Expectancy

It refers to the belief that one's efforts will positively influence one's performance.

It links with an individual's beliefs regarding the likelihood which being rewarded in accordance with his or her own level of performance in an organization.

Valence

It refers to the value a person place on the rewards he or she expects to receive from an organization.

Other Determinants

Other determinants are listed below:

- Skills and abilities,
- Role perceptions, and
- Opportunities to perform.

DEFINITION OF WORK MOTIVATION AND CHALLENGES

Work motivation is a set of energetic forces that originate both within as well as beyond an individual's being, to initiate work-related behavior, and to determine its form, direction, intensity, and duration.

Dimensions of Work Motivation

Directions, Intensity, Persistence are closely associated with Motivation. It depends on the following factors:

- Human Relations
- Vision, and
- Personality.

Motivation produces motivation in work for develops a framework of motivational strategies that can apply in an organization in the following manner:

- It helpful in planning and selecting instructional strategies in organizational elements like human being and its work nature.
- It helpful in tasks and activities for you and your students during the class.
- It determines the ways that individual evaluate employee in organization and apply recognition.

Dimensions of Motivation

There are four dimensions of motivation:

1. Interest
2. Relevance
3. Expectancy
4. Satisfaction

These dimensions are very useful to determine the following issues in an organization:

- Develop a comprehensive approach to motivation.
- Adjust motivational strategies to your instructional situation in organization.
- Build motivational issues into all levels of your instructional planning in organization.
- Capture employee interest in the subject-matter in an organization.
- Highlight the relevance of the subject-matter and work culture in an organization.
- Vary individual instructional strategies throughout the lesson to maintain interest for the best interest of job.
- Plan for active work involvement in an organization.
- Select strategies that capture appropriate work curiosity.
- Select strategies and present material with appropriate degree of challenge and difficulty in work.
- Group employees for specific tasks.
- Design the work design to promote an employee into success form.
- Allow an employee to control work.
- An individual express interest in the content and project enthusiasm in an organization.
- Provide opportunities to learn.
- Support students' attempts to understand.

Motivational Strategies Concerning Evaluation and Feedback work issues are as follows:

- Establish evaluation expectations and criteria.
- Select procedures for monitoring and judging.
- Decide when to give feedback and rewards.
- Select the types of feedback and rewards.
- Help students to feel satisfied with their learning outcomes.
- Use mistakes and redoing work as learning opportunities.
- Press students to think.

Managerial Applications in Work Motivation

- It clarify people's expectancies that their effort will lead to performance in an organization.
- Administer rewards that are positively valuable to employees in an organization.
- It clearly link valued rewards and performance.

One important functions of management is to motivate staff for following reasons:

- Job performance (ability),
- Productivity (skills),
- Job satisfaction, and
- Employee extension.

Motivation through Job Design in an Organization

There are five core dimensions of work for job design in an organization as listed below:

1. **Skill variety:** It refers to the variety of activities required in carrying out the work.
2. **Task identity:** It refers to the completion of a "whole" and identifiable piece of work.
3. **Task significance:** It determines how substantial an impact the job has on the lives of other people.
4. **Autonomy:** It involves the freedom, independence, and discretion that one has to do the job.
5. **Job feedback:** It determines how much performance feedback the job provides to the worker.

Ways to Motivate People

Motivation plays vital role for motivate to people in the following ways:

- Training,
- Coaching,
- Task assignments,
- Rewards contingent on good performance, and
- Valued rewards available.

FIVE CONCEPTS IN WORK MOTIVATION

There are five concepts in work motivation which influence job design and job enrichment in an organization. Five concepts in work motivation as listed below:

1. Behavior

- It refers to action from which we infer motivation; it is one of the important concepts in work motivation.
- Study of individual behavior play vital role in determination of work motivation in organization.

2. Performance

- It refers to evaluation of behavior an individual in organization.
- Performance which determining the monetary and non-monetary reward to individual in an organization.
- It based on the ability and standard roles and responsibility towards an organization.

3. Ability

- It refers to the determinant of behavior of an individual in organization.
- It is able to determine that an individual is ability to work in different work.
- Environment and in this way achievement of tasks and goals which are specified in an organization.

4. Situational Constraints

- It refers to determinant of behavior in organization.
- Situational constraints are very important to understand the different types of behavior obtained from different situation.
- It is also very essential to evaluate motivational factors in terms of monetary and no monetary benefits to an employee in organization.

5. Motivation

- It is determinant of behavior in organization, group, and individual personal operation.
- It is the force to individual person who will put risk and also good salary.

MANAGERIAL ISSUES AND WORK CHALLENGES IN MOTIVATION/BENEFITS OF MOTIVATION

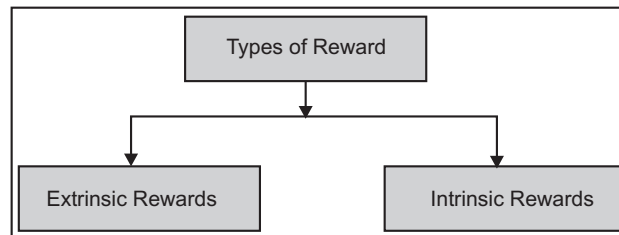
Manager's primary task is to motivate others to perform the tasks efficiently and effectively in an organization. It is one of challenges in an organization. Managers must find the major keys to manage and guide, supervise of subordinates to come to work regularly and on time, to work hard, and to make positive contributions towards the effective and efficient achievement of organizational objectives. Motivation is effective instruments in

the hands of a manager for inspiring the work force and creating confidence in it. Managers motivating the work force in management and creates 'will to work' which is necessary for the achievement of organizational goals. The various managerial issues and work challenges in motivation are listed below:

- Motivation is one of the important elements in the directing process in organization. Managers are motivating the workers manage the workers and directs or guides the workers' and their actions for the desired result for accomplishing the major tasks of the organization.
- Working will tend to be as efficient as possible by improving upon their skills and knowledge so that they are able to contribute to the progress of the organization thereby increasing productivity. Therefore, it is key focus area in an organization.
- Managers will bring organizational effectiveness, it becomes to degree a question about the management and its ability to motivate its employees for this purpose to direct at least a reasonable effort towards the goals of the organization.
- Effective motivation contributes to good industrial relations in the organization; this is only possible and when the workers are motivated, contented and disciplined. If the frictions between the workers and management the motivation skills will be reduced conflicts between workers and management.
- Motivation is the best remedy for resistance to changes in an organization. If the changes are introduced in an organization, it will be created resistance from the workers and management. But if the workers of an organization are motivated this circumstance they will accept, introduce and implement the changes whole heartily and help to keep the organization on the right track of progress.
- Motivation facilities like incentives and morale to the maximum utilization of all factors of production human, physical and financial resources and thereby contributes to higher production in this way achieved to maximum growth and development of an organization.
- Motivation promotes a sense of belonging among the workers in an organization that creates good feel to workers about the performance of enterprise and interest of the enterprise.
- Many organizations are now beginning to pay increasing attention to developing their employees as future resources as asset in an organization which can draw as they grow and develop in an organization.

MOTIVATION AND REWARDS

A reward is a work outcome of positive value to the individual that is provided in an organization. There are two types of reward as illustrated in Exhibit 7.1:

Exhibit 7.1: Types of Reward**Extrinsic Rewards**

- Extrinsic rewards are those rewards, which are externally administered for example pay and verbal praise; the motivational stimulus originates outside the person.
- Extrinsic rewards are given by another person.
- Payoffs (external) granted to the individual by others in the form of money, employee benefits, promotions, recognition, status symbols and praise.

Improving Performance with Extrinsic Rewards

- Rewards must satisfy individual needs in the form of Cafeteria compensation: it is a plan that allows employees to select their own mix of benefits getting from an organization.
- Employees must believe that effort will lead to an attainable reward in an organization.
- Rewards must be personally and socially equitable in an organization.
- Rewards must be linked to performance (results) such that desired behaviors are encouraged in an organization.

Intrinsic Rewards

- Intrinsic rewards are those rewards which are self-administered; they occur “naturally” as a person performs a task.
- The feelings of competency, personal development, and self-control people experience in their work.
- An intrinsic reward is satisfactions a person receives in the process of performing a particular action.
- Self-granted and internally experienced payoffs in the form of Sense of accomplishment, self-esteem and self-actualization.

Both Intrinsic and Extrinsic rewards can help the manager to lead effectively through motivation, and to achieve maximum motivational impact, it is necessary to effectively identification with performance and way of determining of rewards for this purpose we shall consider the following issues:

- Respect diversity and individual differences in an organization.
- A manager can clearly understand what people want from work in an organization.

- Proper allocate rewards to employee in an organization in this way satisfy the interests of both individuals and the organization.

ASSUMPTIONS OF MOTIVATION THEORIES

Major assumptions which are relating to motivation theories as outlined:

- Behavior has a starting point, a direction, and a stopping point.
- Focus is on voluntary behavior under the control of the person.
- Behavior is not random. It has purpose and direction.

THREE TYPES OF MOTIVATION THEORY

1. Content Theory

- It refers to needs which are physiological and psychological deficiencies that an individual feels some compulsion to eliminate.

2. Process Theory

- It refers to people who give meaning to rewards and the work opportunities available to them.

3. Reinforcement Theory

- It refers to people's who's behavior is influenced by its environmental and its consequences.

MAJOR THEORIES OF MOTIVATION

Motivation to work is very complex tool in an organization. There are many internal and external environmental variables which are affecting the motivation to work in an organization. Behavioral scientists started to search new facts and techniques for motivation. The most important theories are explained below:

I. Need Approaches/Content Theory

- Maslow's Hierarchy of Needs
- Alderfer's ERG Theory
- Herzberg's Two Factor Theory
- McClelland's Learned Needs Theory

II. Cognitive Approaches/Process Theory

- Expectancy Theory
- Equity Theory/Social Comparison
- Goal Setting Theory

III. Reinforcement Theory or Operant Conditioning

We shall discuss only important theories in motivation:

MASLOW'S NEED-HIERARCHY THEORY OF MOTIVATION

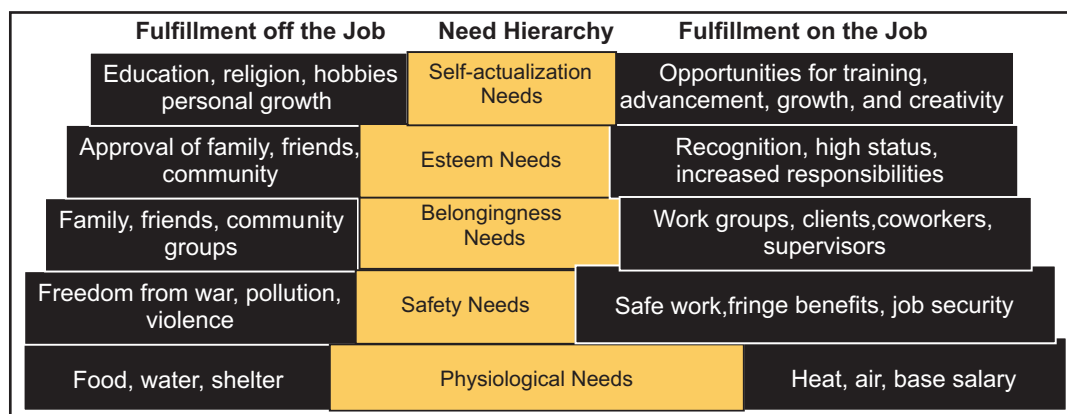
Dr. Abraham Maslow developed this theory in 1940. Need Hierarchy theory based on four major assumptions. Four assumptions as outlined:

1. Only unmet needs motivate.
2. People's needs are arranged in order of importance (basic-complex).
3. Lower-level needs must be met first.
4. There are 5 classifications of need.

Dr. Abraham Maslow developed a five-step process which describes man's behavior in terms of the needs the experiences. These needs are presented in Exhibit 7.2:

- Maslow's theory of motivation that is based on five needs.
- These needs are arranged in order of importance.
- Each level must be at least minimally satisfied before motivation to satisfy a higher level will occur. Needs are :
 - ❖ Physiological needs,
 - ❖ Safety needs,
 - ❖ Social needs,
 - ❖ Esteem needs, and
 - ❖ Self-actualization

Exhibit 7.2: Maslow's Hierarchy of Needs Theory



- Food and shelter (basic needs).
- Safety such as security, protection and avoidance of harm and risk.
- Belongingness.
- Ego status—receiving some special recognition.
- Self-actualization, such as being given assignments which are challenging.

Hierarchy of Needs

1. *Physiological*

- It refers to primary or basic needs, i.e., air, food, shelter, sex and relief or avoidance of pain, heat, and base salary.

2. *Safety*

- Once the physiological needs are met, the individual is concerned with safety and security.
- *For example:* Freedom from war, pollution, violence, safe work, fringe benefits, job security.

3. *Belongingness*

- After safety needs, people look for love, friendship, acceptance, and affection.
- *Example of social needs:* Family, friends, community groups, work groups, clients, co-workers and supervisors.

4. *Esteem*

- After social needs, the individual focusses on ego, status, self-respect, recognition for accomplishments and feeling of self-confidence and prestige.
- *For example:* Approval of family, friends, community, recognition, high status and increased responsibilities.

5. *Self-actualization*

- It refers to highest level of need is to develop one's full potential. To do so, one seeks growth, achievement, and advancement.
- *For example:* Education, religion, hobbies, personal growth, Opportunities for training, advancement, growth and creativity.

Table 7.1: Maslow's Hierarchy of Needs

Basic Need	Elements
Physiological	Hunger, Thirst, Sleep, Comfort Maslow's Hierarchy of Needs
Safety	Physical, Emotional Security, Routine and Rhythm, Fairness, Justice
Social/Love	Love (both giving and receiving separate from sex), Affection, Belonging, Friendship

DOUGLAS MCGREGOR THEORY X AND THEORY Y

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

Theory X according to Douglas McGregor

The “Theory X” management theory holds that the average employee has little ambition, dislikes work and must be coerced, controlled and directed to achieve organizational objectives.

Those in management who believe the behavioral assumption of “**Theory X**” take an **autocratic approach** to get work done.

Theory X Assumptions

- Manager is responsible for organizing the elements of productive enterprises like money, material, equipment; people are in the interest of economic ends.
- People do not like work and try to avoid it.
- Managers have to control, direct, coerce, and threaten employees to get them to work toward organizational goals.
- People prefer to be directed, to avoid responsibility, and to want security; they have little ambition.
- He lacks ambition, dislikes responsibility and prefers to be led.
- He is inherently self-centered, in different to organizational needs.
- He is by nature resistant to change.
- He is gullible, not very bright.

Theory Y according to Douglas McGregor

The “Theory Y” management theory holds that the average employee does not dislike work, is self-directed, is creative and imaginative, accepts responsibility and is committed to achieving organizational needs and objectives.

“**Theory Y**” encourages managers to **support** and **encourage employees** in efforts to higher achievement.

Theory Y assumptions

- People seek both seek responsibility and accept responsibility under favorable conditions.
- People can be innovative in solving problems.
- People are bright, but under most organizational conditions their potentials are underutilized.
- The work conditions are favorable and also an average human being does not inherently dislike work.
- Here, man can exercise self-control and self-direction in the services of objectives to which he is committed.
- Commitment to objectives is a result of the rewards associated with their achievement. People select goal for themselves if they see the possibilities of some kind of reward that may be material or even psychological.

Comparison of Theory X and Theory Y

Table 7.2: Comparison of Theory X and Theory Y

Theory X	Theory Y
● It assumes human beings inherently dislike work and distasteful towards work	● It assumes that work is as natural as play or rest
● It emphasis that people do not have ambitions and they shirk responsibilities	● It is just the reverse
● It assumes that people creativity	● It assumes to have little capacity for is widely distributed in the population creativity
● People lack self-motivated and require to be externally controlled	● Theory Y people are creative
● It emphasizes upon centralization of authority in decision-making process	● Theory Y emphasizes decentralization and greater participation

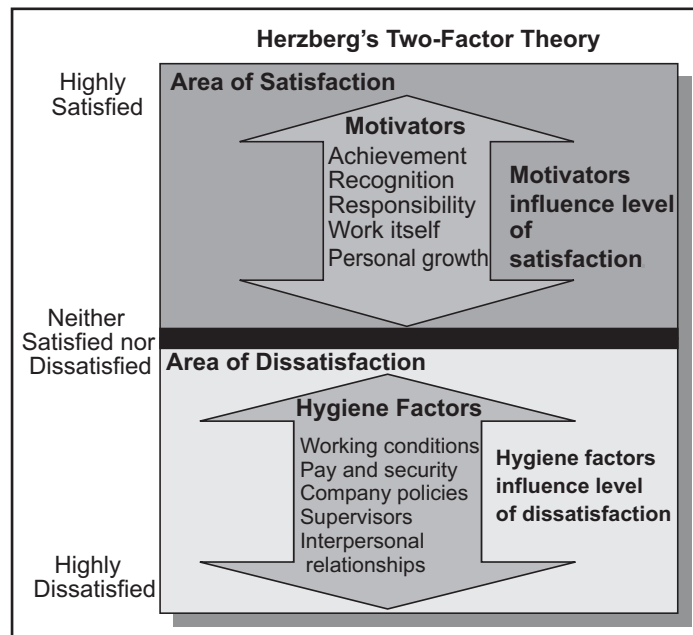
HERZBERG'S THEORY OF MOTIVATION

Herzberg's two-factor theory developed in the 1960s. It is based on two levels of needs are listed below:

1. Lower-level: Hygiene or Maintenance,
2. Higher-level: Motivators

In this theory, People are motivated by motivators rather than by maintenance factors.

Exhibit 7.3: Herzberg's Two-Factor Theory



Herzberg's Theory Rests on Two Assumptions

1. Job satisfaction is equivalent to being motivated (influence of Human Relations) and assumption that the happy worker is a productive worker.
2. Job satisfaction and dissatisfaction are separate concepts with unique determinants.

Frederick Herzberg's "Motivation-Hygiene Theory"—defined two independent categories of needs as listed below:

- Hygiene factors,
- Motivators.

Hygiene Factors/Maintenance/Extrinsic Factors

- It refers to salary, fringe benefits, security (Civil Service), rules and regulations and supervision.
- Motivation comes from outside the person and the job itself.
- Include: pay, job security, title, working conditions, fringe benefits, and relationships.
- All factors related to lower-level needs

Motivators/Intrinsic Factors

- It refers to challenging assignment, increased responsibility, recognition for work and individual growth.
- Motivation comes from within the person through the work itself.
- Include: achievement, recognition, challenge, and advancement.
- All factors related to higher-level needs.

Comparison of Herzberg's Two Factor Theory

Table 7.3: Comparison of Herzberg's Two Factor Theory

'Hygiene' Factors (Determinants of Job Dissatisfaction)	'Motivator' Factors (Determinants of Job Satisfaction)
• Pay, fringe benefits	• Work itself, responsibility
• Working conditions	• Advancement
• Quality of supervision	• Recognition
• Interpersonal relations	

Contributions of Herzberg Theory

- First to argue that job content/job design was important.
- Job enrichment as a motivational strategy.
- Model appealing, easy to understand.
- Explained why "more" hygiene factors did not increase motivation.

Criticisms of Herzberg Theory

- Some individual differences, like desire for pay, rejected as a motivator. Not everyone wants an enriched job.

- Assumes satisfaction = motivation.
- May be “method-bound” by self-serving bias.

VICTOR VROOM’S EXPECTANCY THEORY

Expectancy theory was developed by Victor H. Vroom. It based on the notion that human behavior depends on people’s expectations concerning their ability to perform tasks and to receive desired rewards. This theory argues that the strength of a tendency to act in a certain way depends in the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of the outcome to the individual.

Expectancy Theory Relating with the following Issues in Expectancy Theory

- Motivation depends on individuals’ expectations about their ability to perform tasks and receive desired rewards.
- It concerned not with identifying types of needs but with the thinking process that individuals use to achieve rewards.
- It based on the effort, performance, and desirability of outcomes.

Basic Assumptions of the Expectancy Theory

- Individuals decide their own behaviors in organizations.
- Different individuals have different needs and goals, and want different rewards.
- Individuals decide among alternatives based on their perceptions.

Expectancy theory Variables

It includes three variables which Vroom refers as listed below:

Expectancy

Expectancy is a person’s perception of the probability of accomplishing an objective. It refers to a person’s belief that working hard will result in a desired level of task of performance.

To maximize expectancy in the following ways:

- Select workers with ability,
- Train workers to use ability,
- Support work effort, and
- Clarify performance goals.

Instrumentality

It refers to a person’s belief that successful task performance will be followed by rewards and other potential outcomes.

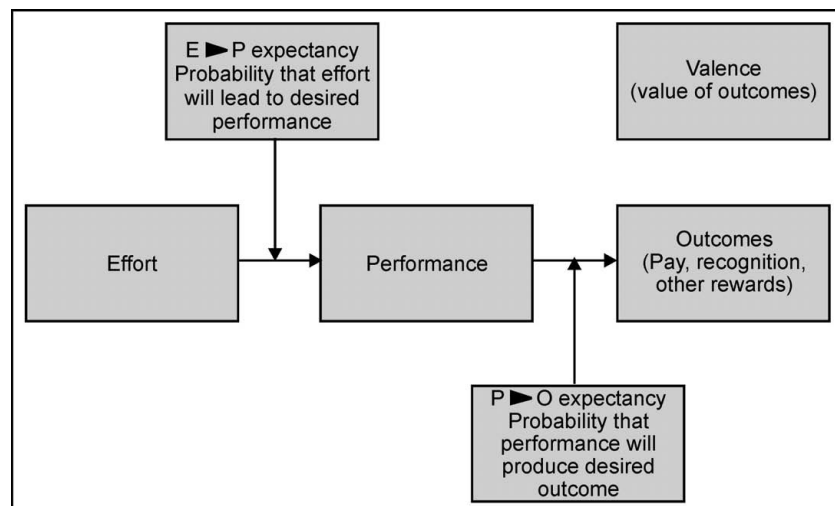
To maximize instrumentality in the following ways:

- Clarify psychological contracts.
- Communicate performance-outcome possibilities.
- Demonstrate what rewards are contingent on performance.

Valence

- It refers to the value a person places on the outcome or reward.
- The value a person assigns to possible rewards and other work-related outcomes.
To maximize valence in the following ways:
 - ❖ ID needs and adjust rewards to match.
 - ❖ Clearly define objectives and the necessary performance needed to achieve them.
 - ❖ Tie performance to rewards.
 - ❖ Be sure rewards are of value to the employee.
 - ❖ Make sure your employees believe you will do as you.
 - ❖ Promise.

Vroom's formula: Motivation = Expectancy × Valence.

Exhibit 7.4: Vroom's Expectancy Theory**MCCLELLAND'S NEED FOR ACHIEVEMENT THEORY**

David C. McClelland, a Harvard Psychologists developed in the 1940s. He has proposed that there are three major relevant motives most needs in work place situations. According to him, the motives are listed below:

- The need for achievement i.e., strive to succeed.
- The need for affiliation i.e., warm relationships with others.
- The need for power i.e., control other people.

The Need for Achievement

Important issues which are relating with the need for achievement as listed on the next page:

- A person wants to take personal responsibility for solving problems.
- It is based on goal oriented; set moderate, realistic, attainable goals.
- A person seeks challenge, excellence, and individuality.
- A person take calculated, moderate risk.
- A person desire concrete feedback on their performance.
- A person willing to work hard.
- A person tasks must be challenging with clear attainable objectives.
- Fast and frequent feedback a must require by a person.
- Continued increases in responsibility towards by individual person.

Need for Achievement and Behavior

Money is important to both high and low achievers, but for different reasons as below:

- High achiever wants concrete feedback about performance.
- Making a profit, or receiving a bonus, is a statement about success or failure.
- Symbol of success and feedback about job performance.
- High achiever wants a challenging job and responsibility for work.
- Want to feel successful at doing something over which they have control.
- Low achiever views monetary reward as an end in itself.
- Get increased performance from low need for achievement person by rewarding with money.
- Managers and executives usually have a stronger need for achievement than people in other occupations.
- Evidence points to strong need for achievement as an entrepreneur characteristic.
- Nature of need for achievement behavior fits well with such role demands.

The Need for Affiliation

Strong **need for affiliation** people look for the following issues:

- Focusses on “establishing, maintaining, and restoring positive affective relations with others.”
- An individual want close, warm interpersonal relationships.
- An individual seek the approval of others, especially those about whom they care.
- Like other people, want other people to like them, and want to be in the company of others.
- An individual seek close relationship with others.
- An individual want to be liked by others.
- An individual enjoy lots of social activities.
- Seek to belong; join groups and organizations.
- Must work as part of a team.
- Satisfaction derived from people, not the task.
- Needs lots of praise and recognition in organization.
- Delegate responsibility for training and orientation in organization.
- Good buddies and/or mentors required in an organization.

The Need for Power

- Need to be able to plan and control.
- Inclusion in decision-making necessary, especially when affected.
- Best performance alone with in team.
- Assign whole tasks, not parts.
- Want to control the situation.
- Want influence of control over others.
- Enjoy competition and winning; do not like to lose.
- Willing to confront others.

Relationship between Need for Achievement and Need for Power

Some relationships are discussed below:

- Strong **Need for Achievement** person would be :
 - ❖ Task centered,
 - ❖ Future oriented, and
 - ❖ Performs to internal standard of excellence.
- Strong **Need for Power** person would be :
 - ❖ Draws attention,
 - ❖ Risk taking,
 - ❖ Present oriented, and
 - ❖ Assesses situations for change potential.
- Both types of people are important for successful survival of an organizations.
- Strong **Need for Achievement** managers keep an organization going in well form in associated with power and affiliation.
- Strong **Need for Power** people bring dramatic change and innovation for change and development of an organization.

ESSENTIALS OF A SOUND MOTIVATIONAL SYSTEM

A careful comparison and integration of the above theories of motivation suggest the essential of a sound motivational system as outlined:

- It should be adopt a positive, purposeful a progressive view of man i.e., it is capable of be moulded to offer constructive co- operation to task requirement of an organization.
- It is able to recognise individual differences in terms of perceptions, values, needs and abilities as also their dynamic nature role in organization.
- It is able to relate the goals of the organization within the individual goals of participants.
- It will give due weightage to group dynamic, motivation is not a mere individual phenomenon but is very much influenced by inter-personal situations. Similarly, other environmental influences are also to be taken into consideration in a sound motivational system.
- It will incorporate aspects of training and development of people, sound leadership and supervision, wholesome working conditions, redesign of jobs to make them

more meaningful and participation of people in processes of decision-making and implementation.

- There should be an appropriate combination of monetary and non-monetary incentives; also structure of motivating factors should be equitably designed at different levels of the organization.
- The system will rule out manipulator devices to motivate people by such superficial gimmicks of socialization, paternalism and patronizing attitudes and so on towards people.
- There should be adequate and efficient mechanism for feedback on performance. People should be informed periodically on how they perform and how they can further improve their performance.
- Efforts should be made to monitor the attitudes and behavior of people; both as individuals and as members of groups.
- The linkages between abilities and efforts and performance efforts and rewards need to be clarified in unmistakable terms.
- There should be contingent provisions for penalty for persistently unacceptable performance and behavior on the part of some people.

Questions for Discussion

1. Define meaning of motivation.
2. Explain nature and characteristics of motivation.
3. Why is motivation important?
4. Comment on motivation in organizations.
5. What are factors determinants of motivation?
6. Comment on definition of work motivation and challenges.
7. Discuss on five concepts in work motivation.
8. What are the managerial issues and work challenges in motivation/benefits of motivation?
9. Explain the motivation and rewards.
10. Discuss the extrinsic rewards.
11. Discuss the intrinsic rewards.
12. What are the assumptions of motivation theories?
13. What are the three types of motivation theory?
14. Explain the major theories of motivation.
15. Describe the Maslow's need-hierarchy theory of motivation.
16. Explain the Douglas McGregor theory X and theory Y.
17. Describe the comparison of theory X and theory Y.
18. Explain the Herzberg's theory of motivation.
19. Describe the comparison of Herzberg's two-factor theory.
20. Explain the Victor Vroom's expectancy theory.

21. Discuss on McClelland's need for achievement theory.
22. What are essentials of a sound motivational system?

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TEAM BUILDING AND GROUP DYNAMICS

LEARNING OBJECTIVES

After going through this chapter, you will be able to understand the following issues:

- Importance of team
- Team intention & scope
- Features of successful teams
- Basic team rules
- Team meeting responsibilities
- What is a good team?
- Team functions
- Team management
- Definition of team management
- Team effectiveness
- Understanding group behavior in an organization
- What is a group?
- Features of a group
- Characteristics of a mature group
- Types of work groups
- Team dynamics
- Importance of group dynamics
- Group norms
- Group cohesiveness

- Factors influencing group cohesiveness,
- Group development/stages of group's formation,
- Types of groups,
- Advantages of group decisions,
- Disadvantages of group decisions,
- Effectiveness and efficiency of group decision making,
- Techniques for improving group decision making,
- Turning groups into effective teams and developing and managing effective teams.

INTRODUCTION

In this chapter, we shall discuss about the Definition of team, Importance of team define, Team intention & scope, Features of successful teams, Basic team rules, Team meeting responsibilities, What is a good team?, Team functions, Team management, Definition of team management, Team effectiveness, Understanding group behavior in an organization, What is a group?, Features of a group, Characteristics of a mature group, Types of work groups, Team dynamics, Importance of group dynamics, Group norms, Group cohesiveness, Factors influencing group cohesiveness, Group development/stages of group's formation, Types of groups, Advantages of group decisions, Disadvantages of group decisions, Effectiveness and efficiency of group decision making, Techniques for improving group decision-making, Turning groups into effective teams and Developing and managing effective teams.

DEFINITION OF TEAM

Team according to The Wisdom of Teams published by Harvard Business School Press in 1993.

“A team is a small number of people with complementary skills who are committed to a common purpose, performance goals, and approach for which they hold themselves mutually accountable.”

- A team comprises any group of people or animals linked in a common purpose. A group in itself does not necessarily constitute a team.
- A team is a small group of people with complementary skills committed to a common purpose and set of specific performance goals.
- It consist of two or more individuals who co-ordinate activities to accomplish a common task or goal.
- It is a group of people with a goal.
- It refers to a group of people who work well together.

Importance of Team

- Build commitment to your team purpose and partnership by reviewing issues critical to their development.
- Develop guidelines for team productivity by addressing norms for decision-making and limits of authority.
- Create a collective vision of what your team can become in the next year.
- Build an action plan to move them toward sustained team effectiveness.
- Team members must “get on the same page” regarding areas critical to performance.
- Teams must revisit their missions and their role to ensure continued high performance teams play an important role in operationalizing the strategic management process in organizations. They facilitate streamlining the process and increasing its efficiency and effectiveness. Building an effective management team entails consideration of several critical things in an organization.
- A team and its work can be influenced by the predominant emotions of its team members. And teams can improve their emotional intelligence by understanding the tendencies of the group as a whole and learning to manage them effectively
- New teams can avoid the usual confusion of a “team start-up,” enabling them to solidify more quickly into a focussed and unified work group.

Team Intention & Scope

- It select team members and specify each team members functions, duties in a team.
- It clearly defines roles and responsibilities of all members in team.
- It right to identify external customer needs, expectations and requirements in this way achieve customer satisfaction.
- It identify internal customer needs, expectations and requirements in this way achieve employee satisfaction in team.
- It involves complete preliminary feasibility study of projects and its impact and benefits towards to an organization.
- It is identifying costs, timing and constraints in a team and its project.
- It identify documentation process and method that involved during the time of project process in an organization.
- It develop program plan (if project is a go) or other intended plan for start and will complete a pre-defined schedule in an organization.

FEATURES OF SUCCESSFUL TEAMS

- Successful teams are involved in proper management, directed and focused to particular task in team.
- Each successful team have to build their own identity to get project, plan project, start project, and finish project and management of projects in an organization.
- Team’s performance and efforts are based one accountable and measurements in terms of quality, quantity, and price in an organization.

- Teams have corporate champions to achievement of a project and getting of new project which is happen only in the influence of the previous project performance.
- Teams should have to fit into the Organization rules, regulation and work culture.
- Teams are ready to handle cross-functional duties and responsibility towards the projects and accomplishment of project tasks and goals with in stipulated time.
- Teams have proper planning in policy formulation, implementation, and control of project.
- Teams should estimate the cost and benefit analysis of each projects and measurement of performance in terms of monetary benefits and non-monetary benefits to team members in a team.
- Proper guidance, suggestion, recommendation come from team members about projects that relating with the details and completion of project with cent per cent quality.
- Proper interaction with among the team members is essential to work in a team.
- Coordination and cooperation of among the members in an team and an organizational or client.

BASIC TEAM RULES

Basic team rules are listed below:

- Determine if there should be a meeting in an organization.
- Decide who should attend meeting, work and important authorizations towards job in an organization.
- Provide advance notices to team members and project managers in an organization.
- Maintain meeting minutes or records in an organization and its detail and approval from team members.
- Establish ground rules for essential requirement for the project which is relating with job.
- Provide and follow an agenda in a meeting.
- Evaluate meetings results and focus on main objectives and tasks in on organization.

TEAM MEETING RESPONSIBILITIES

- Clarify goals and objectives of the meeting.
- Participate all team members in an organization.
- Listen all members views and opinion in an meeting.
- Summarize all issues in meeting.
- Stay on track on meeting tasks and objectives.
- Manage time in meeting.
- Test for consensus all team members in an organization.
- Evaluate meeting process in systematic manner and finds reasons for results.
- Proper communication establish among the team and its members.

- Team person consults the group, then makes the final decision.
- Team or group makes decision based upon majority rule or consensus.

WHAT IS A GOOD TEAM?

Good team is one which is followed the following issues for welfare of the project and an organization:

- Commitment to common objectives: goals, mission and vision of an organization.
- Defined roles and responsibilities: clearly specified nature of work, project and terms and conditions which are relation with the job.
- Effective decision systems, communication and work procedures; these are very important to lead the team with success.
- Good personal relationships among the team members and client in an organization.
- Good teams define the problem before jumping to solutions.
- Good teams have some types of structure with defined roles.
- Good teams encourage new ideas and allow issue related conflict and solution of the conflict.
- First step is to get to know each other in team members and client details and project details with used for carefully planning for formulation of policy, implementation of policy and control project task for accomplishment of goals and objectives in an organization.

TEAM FUNCTIONS

A team is a group of people working towards a common goal. Team building is a process of enabling them to achieve that goal. Team involves the intelligent scanning of the environment, Awareness of the functioning of the team, Flexibility or readiness to change, Tolerance of ambiguity and difference within the team, a preparedness to accept uncertainty as change occurs.

Facilitation

- ❖ Team leaders are in a tough spot. Most are managers who have been given new roles as their departments have evolved into functional and cross-functional teams. Unfortunately, the skills that helped them be successful as managers don't necessarily apply in an organisation.
- ❖ Through practice and feedback, team leaders must learn the skills they need to effectively maximize a team's energy, thinking, and resources. This helps empower teams as they meet to move forward on issues, solve problems, and make decisions.

The purpose of assembling a team is to accomplish bigger goals than any that would be possible for the individual working alone. The aim and purpose of a team is to perform, get results and achieve victory in the workplace and marketplace. The very best managers are those who can gather together a group of individuals and mould them into a team. Here are ten key differentials to help you mould your people into a pro-active and productive team.

1. **Understandings:** In a group, members think they are grouped together for administrative purposes only. Individuals sometimes cross purpose with others. In a team, members recognise their independence and understand both personal and team goals are best accomplished with mutual support. Time is not wasted struggling over “Turf” or attempting personal gain at the expense of others.
2. **Ownership:** In a group, members tend to focus on themselves because they are not sufficiently involved in planning the unit’s objectives. They approach their job simply as a hired hand. “Castle Building” is common. In a team, members feel a sense of ownership for their jobs and unit, because they are committed to values based common goals that they helped establish.
3. **Creativity and contribution:** In a group, members are told what to do rather than being asked what the best approach would be? Suggestions and creativity are not encouraged. In a team, members contribute to the organisation’s success by applying their unique talents, knowledge and creativity to team objectives.
4. **Trust:** In a group, members distrust the motives of colleagues because they do not understand the role of other members. Expressions of opinion or disagreement are considered divisive or non-supportive. In a team, members work in a climate of trust and are encouraged to openly express ideas, opinions, disagreements and feelings. Questions are welcomed.
5. **Common understandings:** In a group, members are so cautious about what they say, that real understanding is not possible. Game playing may occur and communication traps be set to catch the unwary. In a team, members practice open and honest communication. They make an effort to understand each other’s point of view.
6. **Personal development:** In a group, members receive good training but are limited in applying it to the job by the manager or other group members. In a team, members are encouraged to continually develop skills and apply what they learn on the job. They perceive they have the support of the team.
7. **Conflict resolution:** In a group, members find themselves in conflict situations they don’t know how to resolve. Their supervisor/leader may put off intervention until serious damage is done, i.e., a crisis situation. In a team, members realise conflict is a normal aspect of human interaction but they view such situations as an opportunity for new ideas and creativity. They work to resolve conflict quickly and constructively.
8. **Participative decision-making:** In a group, members may or may not participate in decisions affecting the team. Conformity often appears more important than positive results. Win/lose situations are common. In a team, members participate in decisions affecting the team but understand their leader must make a final ruling whenever, the team cannot decide, or an emergency exists. Positive win/win results are the goal at all times.
9. **Clear leadership:** In a group, members tend to work in an unstructured environment with undetermined standards of performance. Leaders do not walk, the talk and tend

to lead from behind a desk. In a team, members work in a structured environment, they know what boundaries exist and who has final authority. The leader sets agreed high standards of performance and he/she is respected *via* active, willing participation.

- 10. Commitment:** In a group, members are uncommitted towards excellence and personal pride. Performance levels tend to be mediocre. Staff turnover is high because talented individuals quickly recognise that.

TEAM MANAGEMENT

Definition of Team Management

Team management is the direction of a group of individuals that work as a unit in an organization. Effective teams are results-oriented and are committed to project objectives, goals and strategies in an organization.

TEAM EFFECTIVENESS

Team effectiveness based on the performance of team and its members in task and objectives in an organization:

- Teams are proliferating in business organization because of their ability to achieve quality results quickly and effectively.
- Team is ready to push to “get the job done,” and provide excellence in work in client organization.
- It achieve towards goals of an organization.
- It provides an opportunity to share leadership qualities among the team members in a team.
- It involved in effective decision-making process in an organization.
- Building Team Effectiveness engages team members in a focussed discussion about their work as a team and how the team achieves success.
- It is gaining clarity and commitment regarding the team’s purpose, partnership, and productivity yields better team relationship.

Performance Needs

Performance needs is very important to determine the team effectiveness in an organization:

- To build commitment to member of team’s purpose and partnership by reviewing issues critical to their development in an organization.
- To develop guidelines for team productivity by addressing norms for decision-making and limits of authority in team.
- To create a collective vision of what your team can become in the next year.
- To build an action plan to move them toward sustained team effectiveness.

Application

Team **application** is very important and significant towards the team effectiveness in an organization as listed below:

- Team members must “get on the application i.e. relating a project” regarding areas critical to performance
- Teams must revisit their missions and their role to ensure continued high performance in an organization.
- New teams can avoid the usual confusion of a “team start-up,” enabling them to solidify more quickly into a focused and unified work group.

Facilitation

Facilitation is one of major key and significant towards the team and its effectiveness in an organization:

- Team leaders are in a tough spot. Most are managers who have been given new roles as their departments have evolved into functional and cross-functional teams. Team and its members are facility to achieve to planned performance in organization.
- Through practice and feedback, team leaders must learn the skills they need to effectively maximize a team’s energy, thinking, and resources. This helps empower teams as they meet to move forward on issues, solve problems, and make decisions.

Work groups are a playing significant and very important role within today’s business world. Work can be restructured around all types groups and groups are needed to all kind of organizations. Managers can be understood the needs of the groups and its behavior concept in an organization in order to appreciate what groups can and cannot do within organizations and how groups function within and outside of an organization. Any one member in group can influence the behavior of the individuals in the group and teamwork in an organization. We will examine some basic characteristics of groups including the types of work groups, the development of informal groups, and the manner in which groups operate in business world.

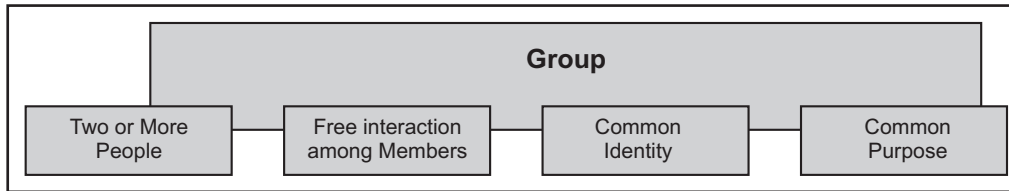
UNDERSTANDING GROUP BEHAVIOR IN AN ORGANIZATION

Groups have exhibited different behavior in an organization. In this section, we’re going to look at various aspects of group behavior like as group, group concepts, types of groups, stages of group developments and group dynamics.

What is a Group?

- A group is defined as two or more interacting and interdependent individuals who come together to achieve particular objectives in an organization.
- Two or more freely interacting individuals who share a common identity and purpose.
- Groups have interdependence, interaction, or common goal in an organization.
- Groups differ from organizations due to that involve systematic efforts and are engaged in the production of goods and services.

- Teamwork occurs when groups are able to work efficiently and effectively together to achieve organizational goals.



Features of a Group

- Groups differ from mere aggregates of individual because the latter have no interdependence, interaction, or common goal.
- Groups differ from organizations because the latter involve systematic efforts and are engaged in the production of goods and services.
- Teamwork occurs when groups are able to work efficiently and effectively together to achieve organizational goals.

Characteristics of a Mature Group

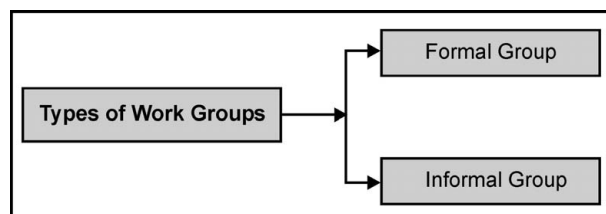
Major characteristics of a **mature group** as outlined:

- Team members are aware of each other's assets and liabilities.
- In the team, individual differences are accepted.
- The group's authority and interpersonal relationships are recognized in the team.
- Group decisions are made through rational discussion in an organization
- Conflict is over group issues, not emotional issues in the team.
- Members are aware of the group's processes and their own roles in an organization. and its project.

Types of Work Groups

There are two types of **work groups** as illustrated in Exhibit 8.1.

Exhibit 8.1: Types of Work Groups



Formal Group

- A formal group is a group officially planned and created by an organization for a specific purpose.

- A command or functional group is a formal group consisting of a manager and all the subordinates who report to that manager.
- Formal groups include command and task groups.
- Each identifiable work group consisting of manager and subordinates is a command group.
- A linking is an individual who provides a means of coordination between command groups at two different levels by fulfilling a supervisory role in the lower-level group and a subordinate role in the higher-level group.
- Informal groups are natural social formations that appear in the work environment.

Informal Group

An informal group is a group that is established by employees, rather than by the organization, in order to serve group members' interests or social needs. An informal groups are unplanned groups.

- An interest group is an informal group created to facilitate employee pursuits of common concern.
- Informal groups include interest and friendship groups.
- A friendship group is an informal group that evolves primarily to meet employee social needs.

TEAM DYNAMICS

- **Team dynamics** are the unseen forces that operate in a team between different groups of people.
- For example, in a small team of six people, there may be two people who have a particularly strong friendship.

IMPORTANCE OF GROUP DYNAMICS

- Formal and informal work groups are becoming increasingly important competitive factors in an organizations due to changes in an organization.
- Teamwork is the result of groups working together to effectively and efficiently achieving organizational tasks, vision and mission.
- In the case of formal groups include command and task groups in an organization.
- In the case of informal groups include interest and friendship groups.
- Group dynamic is a useful way to analyze groups as systems that use inputs and engage in various processes or transformations, and produce outcomes in an organization.
- Managers ready to help and bring about higher performance from formal work groups by weighing the characteristics of members who assign to particular groups.
- Group members should have task-relevant expertise and appropriate interpersonal skills for accomplishment of tasks.
- Group dynamic is a degree of diversity among group members that usually adds to performance in project.

- Group training, particularly for diverse groups which has been found to be useful and helpful to other members in a team.
- Team members may be attracted to a group for a number of reasons like as liking other members of the group, liking the activities of the group, the goals or purposes of the group, the group satisfies an individual's need for affiliation, and the group can help an individual achieve a goal outside the group.
- In the case of the absence of attraction can prevent the group from achieving high performance in an organization.
- Team member roles in groups like as group task roles, group maintenance roles, and self-performance.
- The size of the group has also plays significant role in improving the group's performance.
- In the case of mid-sized groups, it consists of five to seven members that seem to be an optimum size in an organization.
- In the case of smaller groups can often intensify individual differences in team work.
- In the case of large groups which tend to be when working in groups than when working alone.
- Provide free riding is particularly likely when members exhibit individualism rather than collectivism.
- In the case of the team, a manager can combat social loafing by several methods and assign few extra people to do the work, it is one key method to achieve task in team.
- Team dynamic is using other methods for measuring team performance like as making each individual's work visible, providing for individual feedback, have to work with team people with respect, to measure standards to actually what is the group performance, and making suitable rewards to individual members in the team for enhance of group performance.

Team Synergy

Team work performance is dependence on the performance of team members in an organization. Sometimes team performance is low due to negligence of team and its members and sometimes performance is high due to planned, organized and controlled by the team and its members. This process is called *synergy*.

Positive synergy is the force that results when the combined gains from group interaction (as opposed to individuals operating alone) are greater than group process losses.

Negative synergy is the force that results when group process losses are greater than any gains achieved from combining the forces of group members.

There are three key characteristics of the group that determine the synergy levels. These are listed below:

- ❖ Group norms
- ❖ Group cohesiveness, and
- ❖ Group development.

Group Norms

It refers to the standards (degrees of acceptability and unacceptability) for conduct that help individuals judge what is right or good or bad in a given social setting.

- Group's norms are culturally derived and vary from one culture to another.
- Group's norms are usually unwritten, yet have a strong influence on individual behavior.
- Groups norms may go above and beyond formal rules and written policies.
- Norms are the behaviors of group members that are acceptable to the group.
- Norms stem from explicit statements by supervisors and co-workers, critical events in a group's history, primacy, and carryover behaviors.

Work groups norms are related to the performance, appearance, social measurement and allocation of resources.

Performance Norms

It refers to how much of hard effort has to be put by all the team members in team and how work can be done, what is the team output contribution towards an organization.

Appearance Norms

It refers instructions on the appropriate dress code which followed by the team and its members in an organization. It is based on the type of work can be done by the executives and different rank of employees in an organization.

Social Arrangement Norms

It refers to informal work groups and it concerned with regulating the social interaction with the group.

Allocation of Resources Norms

It refers to resource allocation in organization in terms of pay, assignment of difficult jobs and allocation of new tools and equipment utilized for team in an organization.

Reasons for Groups Enforce Norms

- It helps to facilitate the survival of the group.
- It is to simplify or clarify role expectations.
- It is to help group members avoid embarrassing situations.
- It is to express key group values and enhance the group's unique identity.

Group Cohesiveness

- It refers to consequences for the group communication, satisfaction, performance, hostility and aggression toward other groups, and a group's willingness to innovate and change.
- Major factors are influencing the amount of cohesiveness in a group like as members of the group share attitudes and values, the amount and severity of external threats to the group.
- It is share the group experiences in terms of recognizable successes, the degree of difficulty encountered in joining the group, and the size of the group.

Factors influencing Group cohesiveness

Group size, degree of dependency, physical distances, time spent together, severity of initiation, co-operation, threat history of past successes are the major factors are influencing the group cohesiveness in an organization. We shall discuss about the above factors below:

Group Size

- Small group size is a greater probability of being cohesive than large groups in an organization.
- When team size increases, in this circumstance, possibility of agreement towards the common goal and mutual interaction decreases.
- When team increases it restricts inter-group and intra-group communication and encourages for formation of sub-groups.

Degree of Dependency

- It is a positive between degree of cohesiveness and dependency in an organization.
- It requires greater attractiveness towards goals in an organization.
- Greater the degree of dependency which will be greater attraction and consequently higher group cohesiveness in an organization.

Physical Distance

- It is very important when people working together at a very close distance are likely to have greater opportunity for interaction in an organization.
- It enhances the free exchange of ideas, sharing the problems and prospects in an organization.
- Therefore, it develops closeness among the team members who leading to greater cohesiveness.

Time Spent Together

- Time spent together and cohesiveness are positively related people who met frequently and spend time together for develop mutual attraction and interpersonal interaction.
- Team members are developing friendship and communication among members in an organization.

Severity of Initiation

- It is positively correlated towards with cohesiveness.
- When strict admission procedures are prescribed for entry into group that is create severity of initiation.
- In this case, the group becomes unique and elite in the eyes of other teams in an organization.
- It arises out of natural human tendency which share among the team members and get benefits for their efforts in an organization.

Cooperation

- It is the team spirit that is developed by all the team members in team.

- It helps to share their personal opinion, suggestion, and recommendation relating to group tasks, reward system in a team and team work.
- Well-designed organization structure promotes greater cooperation in this way cohesiveness is enhanced.

Status

- Status and cohesiveness are positively related in an organization.
- Status is identity of the team and team members and their tasks in an organization.
- Status will come to reward dedication, achievement, growth and development of organization.

Threat

- It is also consider determining factors of cohesiveness.
- External threat is unpredictable and uncontrollable.
- Internal threat can be predictable and controllable.
- It impact on group, its identity, and process in an organization.
- United and strong team can easily to face threat in an organization.

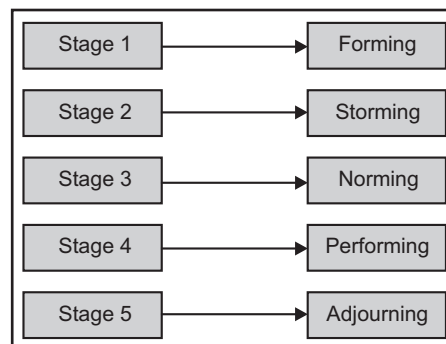
History of Past Successes

- It is very important factors influencing the group cohesiveness in an organization.
- Past result, performance, growth and development is the step stone towards the future goals and mission and vision of an organization.
- Team will be evaluated the past results and analysis and interpret future result for survival and growth and development of an organization.

GROUP DEVELOPMENT/STAGES OF GROUP'S FORMATION

There are five stages of Group Development as shown Exhibit 8.2:

Exhibit 8.2: Group Development/Stages of Group's Formation



There are five stages are involved for **development of groups**: forming, storming, norming, performing, and adjourning.

Stage 1: Forming

It involves the following activities are listed below:

- **Forming** occurs as group members attempt to assess the ground rules that will apply to a task and to group interaction.
- First stage is forming which determine define team, determine individual roles, develop trust and communication forming defined the task its problem and strategy which identify the information which is needed for forming of team.
- It defines the team leader's role like as encourage and maintains open communication that help to the team develops and follows team norms which help to the team focus on the task deal constructively with conflict.
- It defines the team role like as keep a record of team meetings, maintain a record of team assignments, maintain a record of the team's work.
- It involves contacting resource people outside of the team and correspond with the team's mentor work to maintain good communication among team members and client.
- It defines the team norms and it raises questions like as how do we support each other? What do we do when we have problems? What are my responsibilities to the team?

Stage 2: Storming

Storming occurs as group members experience conflict with one another as they locate and attempt to resolve differences of opinion. Storming is the second stage for formation of team.

During the storming stage, team members involves the following activities:

- Team members realize that the task is more difficult than they imagined;
- Team members have fluctuations in attitude about chances of success;
- It may be resistant to the task; and
- It involves have poor collaboration.

Storming diagnosis is raising the following activities for formation of team:

- Do we have common goals and objectives?
- Do we agree on roles and responsibilities?
- Do our task, communication, and decision systems work?
- Do we have adequate interpersonal skills?

It involves the negotiating conflict in the following sense:

- It separates issues from problem and people in an organization.
- It can be soft on people, hard on problem.
- It looks for underlying needs, goals of each party rather than specific work towards in an organization.

It addressing the problem in the following issues in an organization:

- It states team members views in clear non-judgmental language.
- It clarifies the core issues in an organization.

- It focuses to listen carefully to each person's point of view.
- It checks understanding by restating the core issues in an organization.

Stage 3: Norming

Norming occurs as group members begin to build group cohesion, as well as develop a consensus about norms for performing a task and relating to one another. During this stage members accept the following issues:

- their team;
- team rules and procedures;
- their roles in the team;
- the individuality of fellow members;
- team members realize that their role and behavior in an organization;
- team members develop competitive relationships which become more co-operative;
- there is a willingness to confront issues and solve problems;
- teams develop the ability to express criticism constructively; and
- there is a sense of team spirit in an organization.

Stage 4: Performing

Performing occurs as energy is channeled toward a task and as norms support teamwork. During this stage, team members have the following qualities to perform job at an organization:

- It determines to gain insight into personal and team processes in an organization.
- A better understanding of each other's strengths and weaknesses in a team and its members.
- Gained the ability to prevent or work through group conflict and resolve differences among the team members in team in an organization.
- It will be developed a close attachment towards the team.

Stage 5: Adjourning

Adjourning occurs as the group members prepare for disengagement as the group nears successful completion of its goals.

It involves the following issues are listed below:

- Recipe for successful team commitment that to shared goals and objectives.
- Clearly define roles and responsibilities towards team, members and team work.
- Use best skills of each member in team.
- Allows each member can be participated to develop new ideas and solution for problems in all areas.
- Provide effective systems and processes in an organization.
- Clear communication among the members in an organization.
- Beneficial team behaviors like as well-defined decision procedures and ground rules.
- Balanced participation in team decisions.

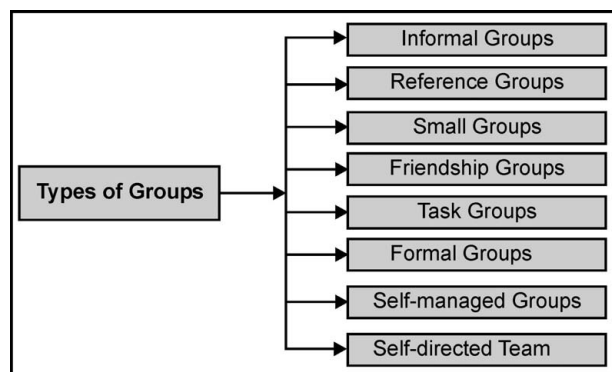
- Awareness of the group process in an organization.
- Good personal relationships among the team members in an organization.

GROUP DYNAMICS IN ORGANIZATIONS

Types of Groups

There are two types of groups listed in Exhibit 8.3.

Exhibit 8.3: Types of Groups



Informal Groups

- It refers to a collection of people seeking friendship and acceptance that satisfies esteem needs.
- These members who are belonging to various divisions or sections irrespective of their jobs.
- These groups are formed for solving any serious problems in an organization.

Formal Groups

- It refers to a collection of people created to do something productive that contributes to the success of the larger organization.
- It can form line authority in a team.
- These teams are formed for specific purpose in an organization.

Reference Groups

- Reference groups are one type of groups in an organization.
- These members who act as a reference for individuals and formed group on the basis of reference individual from outside of an organization and frame personality by reference members of a team.
- These reference groups are directly or indirectly affect the individual's attitude who are either belonging to member or not members in an organization.

Small Groups

- It is consist of two to five.
- It is highly effectively for decision-making process in an organization.
- Team members are limited.
- Communication is very fast among the team members in an organization.
- This type of groups will take very speed decisions in an organization.

Friendship Group

- It is one type of groups in an organization.
- It is formed by friends of an organization.
- These groups are formed only meet the needs like belongingness and security in an organization.

Task Groups

- Task groups are one type of groups in an organization.
- It is only concentrate of task of an organization.
- These types of groups are ready to decisions for achievement of major tasks in an organization.

Self-managed Teams

- Self-managed teams are one type of groups in an organization.
- These teams will be defined their own goals and task for this purpose formed this type groups outside of an organization.

Self-directed Team

- It is one type of groups in an organization.
- These team members are working together in an organization and they are self-directed towards a common goal that will define discipline, compensation and achievement of an organization.

Advantages of Group Decisions

Group decisions have certain advantages over individual decisions.

- Provide more complete information.
- Generate more alternatives.
- Increase acceptance of a solution.
- Increase legitimacy.

Disadvantages of Group Decisions

- Time consuming.
- Minority domination.
- Pressures to conform, which can lead to group think.
- Ambiguous responsibility.

Effectiveness and Efficiency of Group Decision-making

It depends on the following criteria used for defining effectiveness:

- Group decisions tend to be more accurate.
- Individual decisions are quicker in terms of speed.
- Group decisions tend to have more acceptances.
- The effectiveness of group decisions tends to be influenced by the size of the group.
- Groups should not be too large.
- Groups also are not as efficient as individual decision makers.

Techniques for Improving Group Decision-making

- Brainstorming is an idea-generating process that encourages alternatives while withholding criticism.
- Nominal group technique is a group decision-making technique in which group members are physically present but operate independently.

TURNING GROUPS INTO EFFECTIVE TEAMS

Work teams are formal groups made up of interdependent individuals, responsible for attaining goals. Most of us are probably familiar with the concept of a team. However, we may not be as familiar with work teams. All work teams are groups, but only formal groups can be work teams.

There are different types of teams. Four characteristics can be used to distinguish different types of teams.

- Teams can vary in their *purpose* or goal.
- The *duration* of a team tends to be either permanent or temporary.
- *Team membership* can be either functional or cross-functional.
- Finally, teams can either be *supervised* or *self-managed*.

Given these four characteristics, some of the most popular types of teams used today include the following:

- *A functional team is a type of work team that is composed of a manager and his or her subordinates from a particular functional area.*
- *A self-directed or self-managed team is one that operates without a manager and is responsible for a complete work process or segment that delivers a product or service to an external or internal customer.*
- *A virtual team is one that uses computer technology to link physically dispersed members in order to achieve a common goal.*
- *Finally, a cross-functional team is one in which individuals who are experts in various specialties (or functions) work together on various organizational tasks.*

DEVELOPING AND MANAGING EFFECTIVE TEAMS

Teams aren't automatically going to magically perform at high levels. We need to look more closely at how managers can develop and manage effective teams.

There are eight characteristics associated with effective teams:

1. Clear goals,
2. Relevant skills,
3. Mutual trust,
4. Unified commitment,
5. Good communication,
6. Negotiating skills,
7. Appropriate leadership, and
8. Internal and external support.

What's Involved with Managing Teams?

- In planning, it's important that teams have clear goals and that these goals be clear to and accepted by every member of the team.
- Organizing tasks associated with managing a team include clarification of authority and structural issues.
- Leading issues include such things as determining what role the leader will play, how conflict will be handled, and what the best communication process is.
- Two important controlling issues include how to evaluate the team's performance and how to reward to team members.

One popular approach to group incentive plans is **gain-sharing**, which is a program that shares the gains of the efforts of group members with those group members.

In conclusion, a **Team** is a temporary or ongoing task group whose members are charged with working together to identify problems, form a consensus about what should be done, and implement necessary actions in relation to a particular task or organizational area.

Teams differ from task forces in two ways:

- Teams identify problems rather than merely reacting to problems identified by others.
- Teams decide on a course of action and implement it, rather than leaving the implementation to others.
- Teams are widely used today and are often, but not always, task groups from across command groups.
- An entrepreneurial team is a group of individuals with diverse expertise and backgrounds who are brought together to develop and implement innovative ideas aimed at creating new products or services or significantly improving existing ones.
- Self-managed teams, or autonomous work groups, are work groups given responsibility for a task area without day-to-day supervision and with authority to influence and control both group membership and behavior.

- ❖ Assessment of the situation is critical in that self-managing teams are not successful in all situations.
- ❖ Group make-up and proper allocation of needed resources is important.
- ❖ Team training and guidance in cultivating appropriate norms are important.
- ❖ Managers need to remove performance obstacles and assistance to help the group continue to learn.

Questions for Discussion

1. Define the team.
2. What is importance of team ?
3. Explain team intention and scope?
4. What are the features of successful teams ?
5. What are the basic team rules?
6. Explain the team meeting responsibilities.
7. What is a good team?
8. What are team functions?
9. What is team management?
10. What is definition of team management?
11. What is team effectiveness?
12. Comment on understanding group behavior in an organization.
13. What is a group?
14. What are the features of a group?
15. What are characteristics of a mature group?
16. Describe the types of work groups.
17. What is team dynamics?
18. What is importance of group dynamics?
19. What is group norms?
20. What is group cohesiveness?
21. What are the factors influencing group cohesiveness?
22. What is group development/stages of group's formation?
23. Explain the types of groups.
24. Explain the advantages of group decisions.
25. Explain the disadvantages of group decisions.
26. Describe the effectiveness and efficiency of group decision-making.
27. Comment on techniques for improving group decision-making.
28. How to turning groups into effective teams?
29. Explain developing and managing effective teams.

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CHANGE AND CONFLICT MANAGEMENT

LEARNING OBJECTIVES

After reading this chapter, we shall able to understand the following objectives:

- To understand the nature of strategic change management.
- To know the organizational politics and power.
- To examine the conflict and its solution in an organization.

INTRODUCTION

In this chapter, we shall look at strategic change management, organizational politics and conflict affect of an organization of overcome inertia. It influence decision-making and change its strategy and structure. This chapter focuses on political indication of the decision-making for success or failure of the organization.

This chapter considers the sources of the organization change in politics and discusses how individuals, departments, and division seek to increase their power so that they can influence the organizational decision-making. Soon after we investigation of the nature of the organizational conflict and make note how managers must deal with conflict to make better strategy structure choice available.

NATURE OF STRATEGIC CHANGE MANAGEMENT

To change is to move from the present to the future, from known information to relatively unknown information. Therefore, change can be defined as “to make or become different,

give or begin to have a different form". For example post war recovery of Iraq and Afghanistan. Change also refers to dissatisfaction with the old values, beliefs and systems and hence adapts to new values, beliefs and systems. The deficiency also reflects the inability of the system to respond to environmental changes. Change signifies a qualitatively different way of perceiving, thinking and behaving to make improvement over the past and present trends of the business management.

Change line context of an organization can be termed as a process of bringing about relatively enduring alteration in the present status of an organization or its components or interrelationships among the components and their differentiated and integrated functions in totally or partially. Therefore, changes in organization have attained greater adaptability and viability with reference to the current and emerging environmental developments in the world.

Strategic change in organization has signifies alteration in the objectives, goals and strategies, procedures for converting input into outputs, its specified features, structures and human resource. Changes in these are, however, inter-related in organization. Thus, it may include product and process restructuring, mergers and alliances, diversification and installing new systems. It may also mean change in attitudes and skills of organizational human resource, tasks and technology of the enterprise, alteration in customs responsive, norms and culture. These changes are essential and needed to business enterprise.

In view of its pervasive nature, change at anyone level is interrelated with changes at other levels of the enterprise. Therefore, it is essential for the management to assess organization with wide implications of any change is going to be affected. Further, these changes need to be reviewed on continuous basis to cope with ever changing environmental developments in business enterprise.

All changes are happened either in reaction to it as driving forces or a proactive. Changes have been planned and initiated by an organization. Therefore, reactive change happens in response to an event or series of events relating to business. The failure of existing process or system is a powerful mode for change in business. Reactive change being unplanned is hardly welcomed because it usually results in poorly coordinated, inefficient management. It plays havoc with virtually any strategic plan. Proactive changes take place when an organization's managers have concluded that a change would be beneficial to business. Proactive change is more orderly, more efficient because it is planned, structured and organized.

A change in organization is directed at the micro level. It focused on units/subunits/components within an organization and brought in gradually are incremental changes. It is beneficial to an organization and built new skills and beliefs in the organization. These changes are efficient and acceptable by an organization. Many argue that such incremental development can be proactively managed; organization will keep in touch with the environment development and anticipate needs for change. This can be achieved through process of changing of current operating business system. Others argue that while it is not always possible to anticipate the need for major strategic changes, therefore, organizations

react to external competitive or environmental pressures. Corporate managers may not perceive the need for major changes. In addition, adapt the existing paradigms and extent ways of operations.

However, incremental time changes may not be beneficial to the organization. Because such changes are based on the condition by the existing paradigms and routines of the organization even when the environmental developments are so cataclysmic and forceful systems and procedures in terms of basic assumptions, culture, technology, etc. of the organization. These changes are transformational in character. Therefore, transformational change refers to change that cannot be handled within the existing paradigms and organizational change; it may be taken from the granted assumptions. Transformational change may also take from as result of either reactive or proactive process. If strategic drift has occurred or if external stakeholders are not happy due to the adequacy of current objective and strategy to meet external threat of the organization. For this situation, management may be in a forced transformational position. Likewise, if other changes happened in the organizational environment are very powerful to the business issues. The organization is constrained to go for transformation change. Where managers anticipate the need for transformational change, meanwhile they get time to act upon the desired change.

Change can be distinguished on basis of the degree of innovative is previously done in the organization. Innovation is brought changes in the organization. Innovation is different from change. Innovation occurs when an organization is the first time or early user of an innovative idea among its set of similar organizations in the business. Change brings modification of operating system of organization. Since innovation provides more excitement in change management. It is highly organized and systematic approach. It is exclusively concerned with reasoning what triggers change in the existing operating system and how affect the change in business. The management process programme is proactive, it monitors the continuously environmental developments for identifying the emerging opportunities and find out the suitable existing policies, strategies and programmes to exploit of these opportunities.

Another distinguishing characteristic of change management programme, it is engagement of the entire organization in the change process because people have always been and will remain important. Organization wide involvement of organizational people is crux of change management.

ORGANIZATIONAL POLITICS AND POWER

Organizational Politics

Organizational politics defines as the tactics but interdependent individuals and groups seek to obtain and use power to influence the goals and objectives of the organization to further their own interests. Organizational politics process is listed below:

- Source of organizational politics

- Source of power
- Strategic change

These processes are used for decision-making in the organization.

Source of the Organization Politics

There are two major sources of organizational politics. They are as follows:

- Rational view
- Political view

Rational View

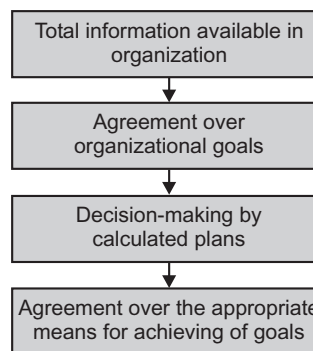


Fig. 9.1: Rational views of decision-making

Figure 9.1 indicates the rational views decision-making. These factors are important from the point of view of decision-making. Rational view factors are listed below:

- Total information available in the organization
- Agreement over organizational goals
- Agreement over the appropriate means for achieving goals
- Decision-making by calculated plan.

These figures indicate the formulating mission, setting policies and goals. Strategic managers are achieved strategic goals and to maximize corporate wealth.

Political View

Political is the sound sources of the organizational politics and power. Political view factors are identified below:

- Selected information available to organization
- Disagreement over organizational goals
- Disagreement over the appropriate means for achieving goals
- Decision-making by negotiation, bargaining and compromise

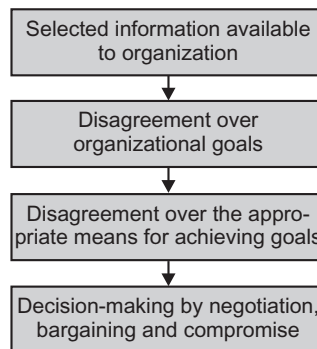


Fig. 9.2: Political view of decision-making

Figure 9.2 indicates the political view of decision-making. Goals and objectives are set through compromise, bargaining and negotiation. Politics refers to the activities through which different individuals or groups in the organization try to influence the strategic management process to further their own interest.

POWER

Power is defined as “the ability of one individual, function, or division to cause another individual, function, or division to do something that it would not otherwise have done”. Power is different from authority, which stems from holding a formal position in the hierarchy.

SOURCES OF POWER

Major sources of power are identified below:

Ability to Cope with Uncertainty

Power can be reduced for another function of organization.

Centrality

Powers also derives from the centrality of a division or function. Centrality refers to the extent to which a division or function is at the center of resource transfer among divisions.

Control Over Information

Control over information is the basic needs for power. Division manager control over information when they are operated it ultimate effective formulation and implementation of organizational goals. Therefore, information is the asset of company even technology information kept control by division manager. It is the better way control over information.

Non Substitutability

A function or division can accrue power proportionately to the degree to which its activities are non substitutable - that is cannot be duplicated.

Control over Contingencies

The nature of contingencies is the opportunities and threats facing a company from the complete environment will change as the environmental changes.

Control over Resources

The final source of power will be the ability to control and allocate scarce resources in an organization.

Effects of Power and Politics on Strategic Change

Politics and power can strongly influence a company's choice of strategy and structure. Company's has to maintain organizational structure and is responsible of the various divisions, functions and managers and need to changes in the remote environment. Companies have to face power problems within the organizational structure. Therefore, changes of the environmental trends of the organization. When environment is changes, companies are not responding faster. In this circumstance excessive politicizing and power struggles to reduce a company's flexibility. It cause inertia and erode competitive advantage.

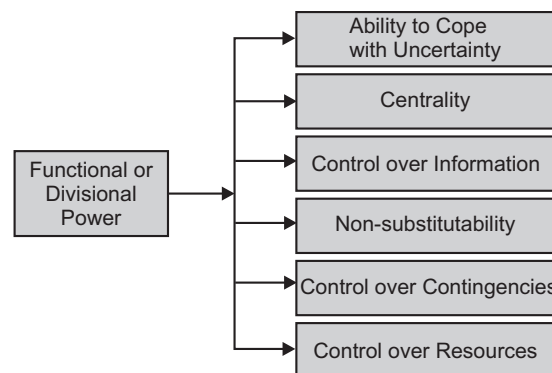


Fig. 9.3: Source of power

Managing Organizational Politics

Organization can manage its politics; company has arrangement of power balance among the various functions of the organization. In big organization, a staff play major role to balancing of power. In the case of sole trading concern, partnership strong chief executive can manage and balanced the power of their firms.

ORGANIZATIONAL CONFLICT

Politics can influence by one party's goals and decision-making of the organization to further its own interest. Although, the attempt of one group failure and other group success will be their goals. It result in conflict within the organization. Conflict can be defined as a situation that arises when the goal directed behavior of one organizational group blocks and goal directed behavior of another. In this chapter, we attempt to examine the following.

- Conflict is good or bad
- Sources of conflict
- The organizational conflict

Conflict is Good or Bad

The effect on conflict either good or bad on organization structure performance is continually debated. In past conflict is always bad. Therefore, it leads to lower organizational performance. According to this opinion, conflict arises because managers have not implemented strategy correctly and have not designed the appropriate structure that would make functions to achieve objectives, without doubt. Bad implementation cause conflict due to staff and line conflict within organization. If strategic managers carefully managed and are interested to prevent conflict, it is the best option for organization to accomplishment of goals for efficient allocation of resource and proper decision-making.

Sources of Conflict

Figure 9.4 indicates the sources of organizational conflict. There are three sources of organizational conflict. They are listed below:

- Differentiation in the Organization
- Task Relationships in Management and Workforce
- Scarcity of Resources in Organization

Differentiation in the Organization

Differentiation in the organization has divides authority and risk responsibilities of the company. The process of splitting organizational functions and hierarchy levels may produce conflict.

This kind of conflict has created two main causes are as follows:

- Differences in subunit orientation
- Status inconsistencies

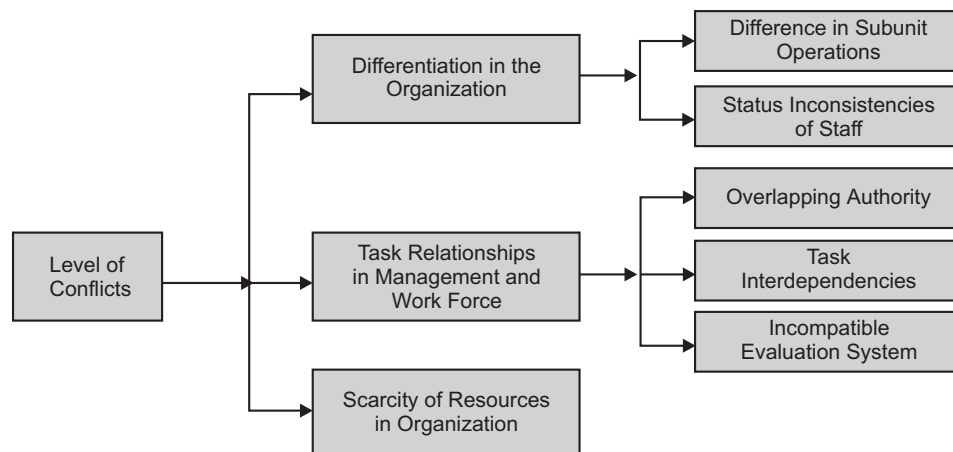


Fig. 9.4: Sources of organizational conflict

Differences in Subunit Orientation

Difference leads to the emergence of different functions of company. Each groups have develop a unique orientation toward the organization special priorities and efficiency naturally different. Therefore, the difference occurs in subunit orientation in the company.

Status Inconsistencies of Staff

Organization consists of staff organization and line organization. Line organization is the policy maker and staff organization members execute it. However, differences occur on the basis of status inconsistencies in formulating, implementing and monitoring strategies. This is the second cause to create conflict of the organization.

Task Relationships of Division

Task relationships may generate conflict among functions and divisions in overlapping authority, task interferences and incompatible evaluation system.

Overlapping Authority of Employee

If two different functions claim authority and responsibility for the same task, soon conflict may develop in an organization. This happens when an organization is growing and functional relationships are not yet fully worked out.

Task Interdependencies of Workforce

To develop, create or produce goods and services of the organization. The work of one function flows horizontally to the next so that each function can build on the contribution of the others. If one function does not do its job well, then others the function next line is seriously hampered in its work, and this too, generate conflicts.

Incomputable Evaluation System

A company has to design its evaluation and reward system does not interfere with task relationships among functions and divisions inequitable systems stirrup conflict.

Scarcity of Resources

Competition over scarce resources also generates conflict. This kind of conflict occurs among divisions and between divisions and corporate management over the allocation of capital.

PROCESS OF THE ORGANIZATIONAL CONFLICT MODEL

Process of the organizational conflict model has developed by Lou R.Pondy. It shows how the conflict process operates within organization. Several steps created the organizational conflict mode from the point view of strategic conflict. It is an important process to understand occurs of conflicts in the organizations.

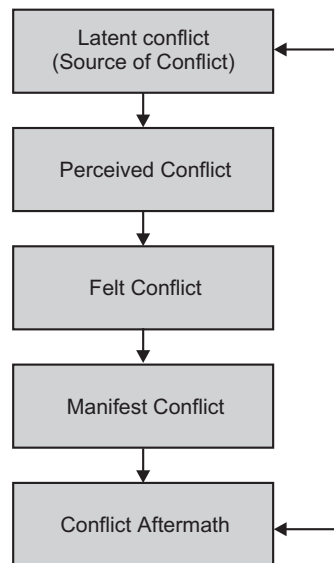


Fig. 9.5: Stages in the conflict process

Figure 9.5 represents the stages in the conflict process. They are discussed as below:

Latent Conflict

Latent conflict is frequently activated by changes in an organizations strategy or structure that affect the relationship among functions or divisions.

Perceived Conflict

Perceived conflict is the second stages in the conflict process. Perceived conflict means that managers become aware of the clashes after a change in strategy and structure. Managers discover the actions of another function or group are obstructing the operations of their group.

Felt Conflict

Felt conflict is an important process of their organizational conflict. A manager is to start to react to the situations in the organization and from the perceived stage. They go quickly to the felt conflict stage. Here managers start to personalize the conflict.

Manifest Conflict

Manifest conflict stage is also one of the vital processes of the organizational conflict. The conflict comes into open among the departments and each group strives to thwart the goals of the other. Groups compete to protect their own interests and block the interests of the other groups. Manifest conflict can take many forms. The most important is opened aggression among top managers as they start to blame other functions for causing the problem. Other forms of manifest conflict are transfer pricing battles and knowledge hoarding. Defamatory information about other divisions is also likely to be circulated at this stage in the conflict process.

Conflict Aftermath

Conflict aftermath is the last stage of conflict of the organization. Company can change a strategies led to conflict over transfer prices. The conflict aftermath in each company is different because in one company, conflict is resolved successfully but in the other, it was not.

Managing Conflict Strategically

Good strategic planning early can prevent many of the problems that occur latter. In addition, it can facilitate the process of change. Managers intervention is possible only between the felt and the manifest stage. It is at midpoint that managers may have the best chance of resolving the problem.

Conflict Resolution Strategies

Managers can adopt a number of different conflict resolution strategies. They are mentioned below:

- Using authority
- Changing task relationship
- Changing controls

Using Authority

Chief executive officer or manager is using their authority to resolve the conflict among the divisions of the organization. They are act as mediation and try to open up the situations so that the parties in conflict can find their own solution.

Changing Task Relationships

Chief executive or manager aims to change interdependence among functions of the organization. However, which in this way conflict is removed. Strategic managers can reduce the degree of dependence among the parties in high tech companies and its managers can use a matrix structure to provide the integration necessary to resolve conflict.

Changing Conflicts

Conflict also is managed by altering the organization control and evaluation system. For example, reward system that has achieved the targets.

IMPLEMENTING STRATEGIC CHANGE: STEPS IN THE CHANGING PROCESS

The management of strategic change involves serious steps that managers must follow if the change process is to be succeeding. The major important steps are listed on the next page:

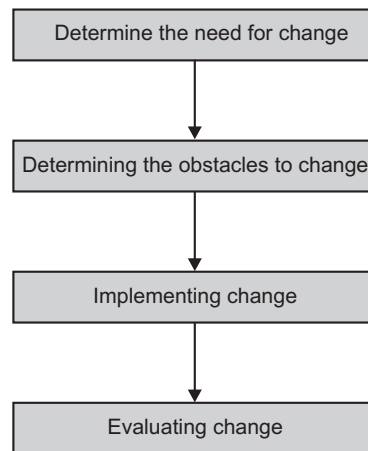


Fig. 9.6: Stages in the change process

Figure 9.6 indicates the stages in the change process:

- Determining the need for change
- Determining the obstacles to change
- Implementing change
- Evaluating change

Determining the need for change

According to Sunbeam's turnaround suggests, the first step in the change process involves determining the need for change, analyzing the organization current position and determining the ideal future state that strategic managers would like it to attain, we are conduct swot analysis, first we examine strengths and weakness. Once identified strength, weakness then determine the change of the management.

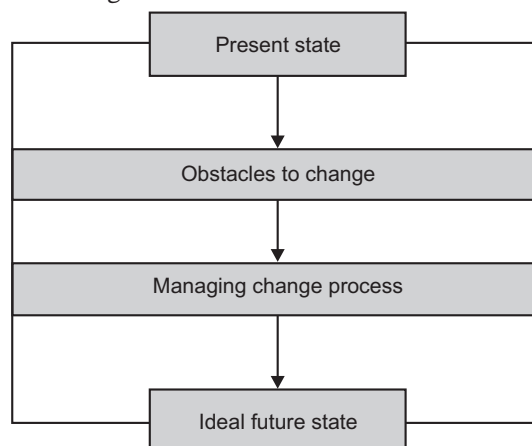


Fig. 9.7: Indicated that a model change

Figure 9.7 indicates the model of change that discussed below:

Determining Obstacles to Changes

The second step in the change processes is determining the obstacles to change. Strategist must analyses the factors such as corporate, divisional, functional and individual. These factors are causing organization inertia and preventing the company from reaching its ideal future state at the corporate level strategy seemingly trivial ways may significantly affect company's behavior some corporate culture are easier to change than others.

Implementing Change

Implementing change stage is introducing and managing changes raises several questions generally, a company can take two main approaches to change. They are listed below:

- Top down change
- Bottom up change

In the case of Top down change approach CEO implementing change in the organization. Bottom up change approach, in the case low level management response to top level made changes in the organizational decision-making.

Evaluating Change

This is the last step in the changes process. It is to evaluate the effects of the changes in strategy and structure on organization performance. It is more difficult however, to assess the effects of changes in structure on company performance.

Questions for Discussions

1. Explain the nature of strategic management change.
2. Comment on organizational politics and power.
3. Describe the source of organizational politics.
4. What is power?
5. What is the source of power?
6. What is an organizational conflict?
7. Explain the process of the organizational conflict.
8. How to managing conflict strategically?
9. Explain the conflict resolution strategies in organization.
10. Discuss the implementing strategic change steps in change process.

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DYNAMICS OF MANAGERIAL LEADERSHIP

LEARNING OBJECTIVES

After going through this chapter, you will be able to understand the following issues:

- What is leadership? Describe the leadership styles and theories in leadership.
- What are leadership skills?
- Explain the leadership models.
- Describe the four framework approach.
- Understand the transactional leadership in an organization.

- *"The very essence of leadership is you have to have a vision. It's got to be a vision you articulate forcefully on every occasion. You can't blow an uncertain trumpet."*

—Rev. Theodore Hesburgh, President Emeritus, Notre Dame University

- *"Leadership and learning are indispensable to each other."*

—John, F. Kennedy, November 22, 1963

- *"The speed of the leader determines the rate of the pack." It is the capacity to develop and improve their skills that distinguishes leaders from their followers."*

—Warren Bennis and Bert Nanus

- *"Leadership: the art of getting someone else to do something you want done because he wants to do it."*

—Dwight, D. Eisenhower

- *"Leaders have followers."*

—Bill Gore, Founder, W. L. Gore and Associates

- *"You can manage what you cannot understand, but you cannot lead it."* —Myron Tribus

- *"The only definition of a leader is someone who has followers."* —Peter Drucker
- *"Leadership is influence - nothing more, nothing less."* —John, C. Maxwell
- *"Leadership is a function of knowing yourself, having a vision that is well communicated, building trust among colleagues, and taking effective action to realize your own leadership potential."* —Bennis
- *"Leadership is the process of persuasion and example by which an individual (or leadership team) induces a group to take action that is in accord with the leader's purpose, or the shared purposes of all."* —John, W. Gardner

INTRODUCTION

In this chapter we shall discuss about Definitions and meaning of leadership, Importance of leadership, Concepts of leadership, Important keys to effective leadership, Personal characteristics of effective leaders, Leadership and management, Differences between leadership & management, Principles of leadership, Types of leaders/leadership style, Autocratic leadership, Democratic/participative leadership, Laissez-faire leadership or free-rein leadership, Paternalistic leadership, Leadership skills, Technical skills, Human resource management skills, Conceptual skills, Personal skill, Theories of leadership, Trait theory of leadership, Behavioral theories of leadership, Adair's theory, The Michigan and Ohio studies relating of leadership theories, Blake and Mouton managerial grid theory of leadership, Situational theories of leadership, Great man theory of leadership, Factors of leadership, Be know do, Effective leader traits, Roles and relationships of leadership, Culture and climate, Leadership models, Four framework approach, Power and leadership, Transactional leadership and impact our daily lives and futures. In good times and bad, there is always a need for strong leadership in an organization. The success of a businesses or an industry depends by the leaders of an organization. History and current experiences have provided valuable guidance on how one can develop the abilities demonstrated by respected leaders in an organization.

DEFINITIONS AND MEANING OF LEADERSHIP

Leadership according to Alford and Beatty

"It is the ability to secure desirable actions from a group of followers voluntarily, without the use of coercion."

Leadership according to Chester, I. Barnard

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

Leadership according to Terry

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

Leadership according to Koontz and O'Donnel

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.”

Leadership according to R.T. Livingston

Leadership is the “the ability to awaken in others the desire to follow a common objective.”

Leadership 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.”

Leadership according to Peter Drucker

Leadership is not making friends and influencing people i.e., salesman. Leadership is the lifting of man's vision to higher sights, the raising of man's performance to higher standards, the building of man's performance to higher standards, the building of man's personality beyond its normal limitations.”

Leadership according to Louis, A. Allen

“A leader is one who guides and directs other people. He gives the efforts to his followers a direction and purpose by influencing their behavior.”

Leadership according to Theo Haimann

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

Leadership according to James Gibbon

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

Leadership according to Katz and Kalm

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

Above definition reveals the following points:

- Leadership is an influence relationship among leaders and followers who strives for real change and outcomes that reflect their shared purposes.
- Leadership is defined as “the use of non-coercive power to shape goals, motivate behaviour towards their attainment.”

- Leadership is something more than just an aspect of personality, tradition, opportunism or appointment but connected specifically with the way one actually behaves towards oneself and others.
- Leadership defined as guidance of others in their pursuits, often by organizing, directing, co-ordinating, supporting, and motivating their efforts. It looks for Reciprocal, Transactional, Transformational, Cooperative and Adaptive.
- Leaders are defined as “those who influence the behavior of others without force, those who are accepted as leaders.”

IMPORTANCE OF LEADERSHIP

- Leadership is a process by which a person influences others to accomplish an objective and directs the organization in a way that makes it more cohesive and coherent. Leaders carryout this process by applying their leadership attributes, like as beliefs, values, ethics, character, knowledge and skills.
- Contemporary definitions most often reject the idea that leadership revolves around the leader’s ability, behaviors, styles or charisma. Leadership is a dynamic, relational process involving interactions among leaders, members and sometimes outside constituencies.
- It is the activity of leading: “his leadership inspired the team.”
- It refers to the body of people who lead a group.
- The status of a leader: “they challenged his leadership of the union.”
- It refers to the ability to lead: “he believed that leadership can be taught.”
- In common usage, leadership generally refers to:
 - ❖ the position or office of an authority figure, such as a President.
 - ❖ a position of office associated with technical skill or experience, as in a team leader or a chief engineer.
 - ❖ a group of influential people, such as a union leadership.
 - ❖ guidance or direction, as in the phrase “the emperor is not providing much leadership.”
 - ❖ capacity or ability to lead.
- It is influencing and directing the performance of group members towards the achievement of organizational goals.
- According to Michener, DeLamater and Schwartz: “It is a process that takes place in groups in which one member influences and controls the behavior of the other members toward some common goal.”
- Leadership is evidenced by effective attempts to influence others. Theories of leadership attempt to explain why some individuals are more effective than others at influencing. Theories have focussed on differences in behavior, style, and personal attributes.
- Leadership is a rare skill.

- Leaders are born not made.
- Leaders are charismatic.
- Leadership exists only at the top of an organization.
- The leader controls, directs, prods, manipulates.
- It refers to mentoring, coaching, example and other processes for guidance of self and other in action; link-theme between physical dimension and emotional dimension.
- Leaders devise or promote new directions; new ways of doing things, managers execute existing directions.
- The one essential characteristic of all leaders is striving to achieve at the highest level and this leads others to want to follow their example.
- A chief executive might have all the charisma in the world, but without a compelling idea of how to make things better, no leadership can be shown by this person.

Concepts of Leadership

- Good leaders are made *not* born. If individual have the desire and willpower, individual can become an effective leader in your organization.
- Good leaders develop through a never ending process of self-study, education, training and experience.
- To inspire your workers into higher levels of teamwork, there are certain things you must **be**, **know** and **do**. These do not come naturally, but are acquired through continual work and study.
- Good leaders are continually working and studying to improve their leadership skills; they are not resting on their glory.
- Leadership is a process by which a person influences others to accomplish an objective and directs the organization in a way that makes it more cohesive and coherent. Leaders carryout this process by applying their leadership attributes, like as beliefs, values, ethics, character, knowledge and skills.
- Although leaders position as a manager, supervisor, lead, etc., in organization. It gives the authority to accomplish certain tasks and objectives in the organization, this power does not make individual as a leader... it simply makes as boss. Leadership differs in that it makes the followers want to achieve high goals, rather than simply bossing people around.

Bass' theory of leadership states that there are three basic ways to explain how people become leaders. The first two explain the leadership development for a small number of people. These theories are:

- some personality traits may lead people naturally into leadership roles. This is the *Trait Theory*.
- a crisis or important event may cause a person to rise to the occasion, which brings out extraordinary leadership qualities in an ordinary person. This is the *Great Events Theory*.
- people can choose to become leaders. People can learn leadership skills. This is the *Transformational Leadership Theory*. It is the most widely accepted theory today and the premise on which this guide is based.

The basis of good leadership is honorable character and selfless service to your organization. In your employees' eyes, your leadership is everything you do that effects the organization's objectives and their well-being.

Respected leaders concentrate on what they are [be] (such as beliefs and character), what they know (such as job, tasks, and human nature), and what they do (such as implementing, motivating, and provide direction).

What makes a person want to follow a leader? People want to be guided by those they respect and who have a clear sense of direction. To gain respect, they must be ethical. A sense of direction is achieved by conveying a strong vision of the future.

Important Keys to Effective Leadership

Important keys to effective leadership as listed below:

- Trust and confidence in top leadership was the single most reliable predictor of employee satisfaction in an organization.
- Effective communication by leadership in three critical areas was the key to winning organizational trust and confidence.
- Helping employees understand the company's overall business strategy.
- Helping employees understand how they contribute to achieving key business objectives.
- Sharing information with employees on both how the company is doing and how an employee's own division is doing—relative to strategic business objectives.
- Self-direction.
- Actively participates in setting group direction.
- Invests time and energy in the work of the group.
- Thinks critically.
- Advocates for new ideas.

Personal Characteristics of Effective Leaders

- Emotional intelligence is a group of abilities that enable individuals to recognize and understand their own and others' feelings and emotions and to use these insights to guide their own thinking and actions.
- They provide direction and meaning to the people they are leading.
- They generate trust.
- They favor action and risk taking.
- They are purveyors of hope.

Leadership and Management

- A manager is concerned with orderly structures, day-to-day activities, getting work done, monitoring outcomes and efficiency.
- A leader is concerned with interpersonal behavior, a focus on the future, change and development.
- A person can be a leader, manager, both or neither.

- Cole defines leadership “at work” as “A dynamic process whereby one individual in a group is not only responsible for the groups results but actively seeks the collaboration and commitment of all the group members in achieving group goals in a particular context and in a particular national culture.”

Leadership

- The ability to influence a group toward the achievement of goals.
- Management use of authority inherent in designated formal rank to obtain compliance from organizational members.
- Leadership *versus* management
 - ❖ Leadership is a functional activity incorporated with the broader scope of management activities.
 - ❖ Managers lacking the ability to influence others are not true leaders.

Differences between Leadership & Management

Leadership	Management
<ul style="list-style-type: none"> • It based on influence • It is an informal designation • It is an achieved position • It is part of every nurse’s role • It is independent of management 	<ul style="list-style-type: none"> • It based on authority • It is a formally designated position • It is an assigned position • It is improved by use of effective leadership skills • Its success dependent on leader

Principles of Leadership

Principles of Leadership according to Don Clark:

“Know yourself and seek self-improvement,” in order to know yourself, you have to understand yourself, know, and do, attributes. It is seeking self-improvement means continually strengthening your attributes. This can be accomplished through self-study, formal classes, reflection, and interacting with others.

1. Be Technically Proficient

- As a leader, you must know your job and have a solid familiarity with your employees’ tasks.

2. Seek Responsibility and Take Responsibility for Your Actions

- Search for ways to guide your organization to new heights. And when things go wrong, they always do sooner or later—do not blame others. Analyze the situation, take corrective action, and move on to the next challenge.

3. Make Sound and Timely Decisions

- Use good problem-solving, decision-making and planning tools.

4. Set the Example

- Be a good role model for your employees. They must not only hear what they are expected to do, but also see. We must become the change we want to see—Mahatma Gandhi

5. Know your People and Look out for their Well-being

- Know human nature and the importance of sincerely caring for your workers.

6. Keep your Workers Informed

- Know-how to communicate with not only them, but also seniors and other key people.

7. Develop a Sense of Responsibility in Your Workers

- Help to develop good character traits that will help them carry out their professional responsibilities.

8. Ensure that Tasks are Understood, Supervised, and Accomplished

- Communication is the key to this responsibility.

9. Train as a Team

- Although many so-called leaders call their organization, department, section, etc., a team; they are not really teams...they are just a group of people doing their jobs.

10. Use the Full Capabilities of Your Organization

- By developing a team spirit, you will be able to employ your organization, department, section, etc., to its fullest capabilities.

11. Know Yourself and Seek Self-improvement

- In order to know yourself, you have to understand your own attributes. Seek self-improvement, continually strengthening your attributes. This can be accomplished through self-study, formal classes, reflection, practice, and interacting with others.

TYPES OF LEADERS/LEADERSHIP STYLE

Leadership style is characterized by specific instructions to employees regarding what, how, and when work should be done in an organization. According to Kurt Lewin and colleagues did leadership decision experiments in 1939 and identified three different styles of leadership for particular around decision-making. The **Autocratic Leadership** Style was first described by Lewin, Lippitt, and White in 1938 along with the democratic leadership and the **laissez-faire leadership styles**. The autocratic leadership style is sometimes referred to as the directive leadership style. We shall discuss about the different leadership styles in an organization.

Autocratic Leadership

In the autocratic style, the leader takes decisions without consulting with others. The decision is made without any form of consultation. In Lewin's experiments, he found that this caused the most level of discontent in an organization. An autocratic style works when

there is no need for input on the decision, where the decision would not change as a result of input, and where the motivation of people to carry out subsequent actions would not be affected whether they were or were not involved in the decision-making.

The Characteristics of an Autocratic Style

The characteristics of an autocratic style are listed below:

- Work methods that are dictated by the autocratic leader.
- Limited employee participation in most aspects of work.
- Unilateral decision-making by the leader.
- The leader plans, organizes, controls, and coordinates without consent of the subordinates.
- Emphasis is on getting the job done without regard for input from others.

Assumptions

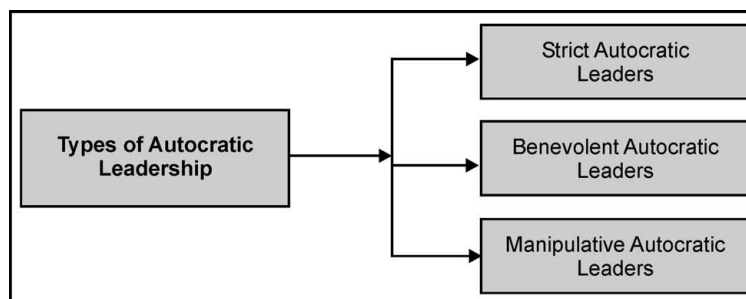
An Autocratic Leader operates on the following assumptions:

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

Types of Autocratic Leadership

Types of autocratic leadership as shown in Exhibit 10.1.

Exhibit 10.1: Autocratic leadership



Strict Autocratic Leaders

A strict autocratic leader relies on negative influence and gives orders. These orders should be accepted by the subordinates in an organization.

A strict autocratic leader is one who has possessed the following characteristics:

- He/she has work centered.
- He/she uses one way communication.
- He/she used by Theory X managers.
- He/she has no confidence or trust in subordinates.
- He/she motivated by physical security, economic needs and desire for status.
- His/she decisions made at the top.
- He issues orders.

Benevolent Autocratic Leaders

It is one type of autocratic leadership in an organization. Benevolent Autocratic is also called as (paternalistic). It is effected in getting high productivity in many situations and autocratic leader can develop effective human relationship. His motivational style is positive.

Characteristics of Benevolent Autocratic Leader

- He work centered with protective employee centered concern in an organization.
- He has condescending confidence and trust in subordinates.
- He has motivated by economic needs and moderately by desire for status.
- Decisions made at all levels, always checked by upper level in an organization.
- He has issued orders but with comment opportunities.

Manipulative Autocratic Leaders

Manipulative autocratic leaders is one who makes the subordinates feel that they are participating in decision-making process even through he has already taken decisions in an organization.

Advantages of Autocratic Leadership

An organization will be got Very few advantages from autocratic or task management leadership as outlined:

- Efficiency.
- Employees know the manager's expectations.

Disadvantages of Autocratic Leadership

An organization has got so many advantages from autocratic or task management leadership as outlined:

- Discourages employees from thinking about process improvements.
- Employee dissatisfaction.
- Decline in worker performance.
- Does not prepare employees for promotion or possible advancement.

When to Use the Autocratic Style

Autocratic leadership style is suitable below mention:

- During an emergency.

- Managing temporary employees.
- Managing new employees.

DEMOCRATIC/PARTICIPATIVE LEADERSHIP

A leadership style is characterized by encouragement for employees to share in the decision-making and problem-solving processes as known as **Democratic Leadership**. In the democratic style, the leader involves the people in the decision-making, although the process for the final decision may vary from the leader having the final say to them facilitating consensus in the group.

Democratic decision-making is usually appreciated by the people, especially if they have been used to autocratic decisions with which they disagreed. It can be problematic when there are a wide range of opinions and there is no clear way of reaching an equitable final decision.

The Characteristics of an Autocratic Style

The characteristics of an autocratic style are listed below:

- In this type of leadership, considers everyone's viewpoint in decision-making.
- Utilizes team concept in goal setting in an organization.

Advantages

- A **Participative Leader** seeks to involve other people in the process likely including subordinates, peers, superiors and other stakeholders.
- Employees actively involved in decision-making.
- Higher employee morale.
- Stronger employee commitment to established goals.
- Team proposes decision, leader has final decision in an organization.
- Joint decision with team as equals share can be taken by leaders in an organization.
- Leader will provide full delegation of decision to team in an organization.

Disadvantages

- It is time consuming process to come to consensus opinion in an organization.
- Not everyone likes to participate in decision-making process in an organization.

When to Use the Democratic Style

- Managing employees who are committed to their jobs.
- Managing employees who are interested in more responsibility.
- Managing experienced and well-trained employees.

Assumptions

- Involvement in decision-making process improves the understanding of the issues which involved by those who must carry out the decisions in an organization.
- People are more committed to actions where they are involved in the relevant decision-making.

- People are less competitive and more collaborative when they are working on joint goals.
- When people make decisions together, the social commitment to one another is greater and thus increases their commitment to the decision.
- Several people deciding together make better decisions than one person alone.

LAISSEZ-FAIRE LEADERSHIP OR FREE-REIN LEADERSHIP

A leadership style in which minimal direction and supervision is given to workers.

Management shares information with subordinates and give freedom to team and its members for accomplishment of goals and objectives in an organization. Team (or individual employee) is completely responsible for the workload in an organization.

Advantages

- It is easy management style to administer.
- It gives complete empowerment for employees.
- The laissez-faire style is to minimize the leader's involvement in decision-making, and hence allowing people to make their own decisions, although they may still be responsible for the outcome.
- Laissez-faire works best when people are capable and motivated in making their own decisions, and where there is no requirement for a central coordination, for example in sharing resources across a range of different people and groups.

Disadvantages

- Poor decision-making may result in an organization performance and goals.
- Some employees do not perform well without direction and supervision of team leaders.
- It is managing inexperienced persons in an organization.
- Shortage of well-trained, and highly-motivated workers in an organization.

Paternalistic Leadership

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

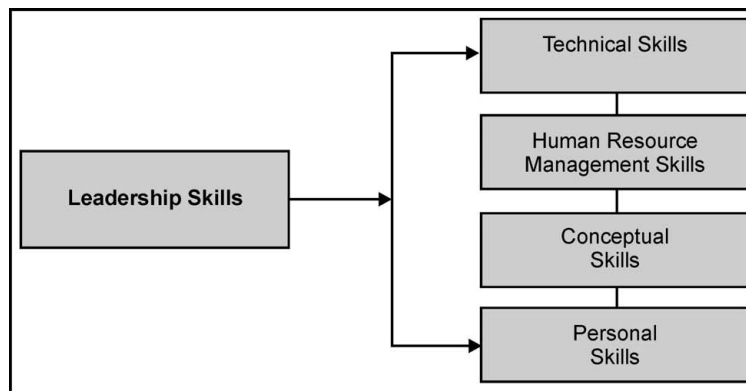
LEADERSHIP SKILLS

The leader can play technical skills, human resource management skills, conceptual skills and personal skills in an organization. Leadership skills are shown Exhibit 10.2. Leadership skills take a leader-centered perspective on leadership. However, in the leadership skills focus on personality characteristics which are usually viewed as innate and relatively fixed.

Leadership skills are to *an emphasis on skills and abilities that can be learned and developed*. While personality certainly plays an integral role in leadership, the skills suggest that knowledge and abilities are needed for effective leadership.

Leadership skills are defined as the ability to use one's knowledge and competencies to accomplish a set of goals or objectives.

Exhibit 10.2: Leadership Skills



Robert Katz suggested that effective administration (i.e., leadership) depends upon three basic personal skills:

- Technical,
- Human, and
- Conceptual.

Katz argued that these skills are quite different from traits or qualities of leaders. Skills imply what leaders can accomplish whereas traits imply who leaders are i.e. their innate characteristics. These leadership skills can be acquired and leaders can be trained to develop them.

Technical Skills

Technical skill is having knowledge about and being proficient in a specific type of work or activity

It requires the following activities:

- Competencies in a specialized area.
- Analytical ability.
- The ability to use appropriate tools and techniques.
- Technical skills refer to the knowledge and ability necessary to perform the particular task or type of activity required by your job.

Human Resource Management Skills

It refers to the behavioral skills of being able to work effectively with and through people in an organization.

Human resource management skills are listed below:

- Human skill is having knowledge about and being able to work with people. It is quite different from technical skill, which has to do with working with things in an organization. Human skills are known as “people skills.”
- Human skills are the abilities that help a leader to work effectively with subordinates, peers and superiors to successfully accomplish the organization’s goals.
- Human skills allow a leader to assist group members in working cooperatively as a group to achieve common goals in an organization.
- Human skills involve the empathy, objectivity, communication skills, teaching skills and social skill.

Conceptual Skills

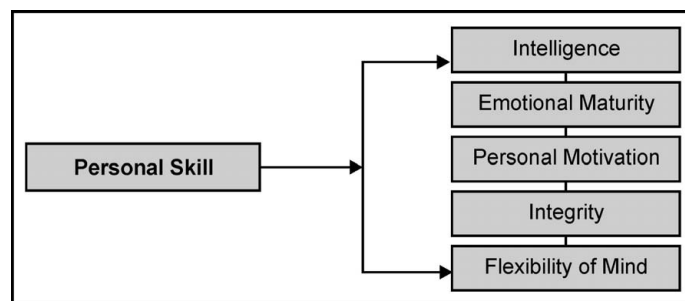
It refers to the ability to think abstractly and see relationships between seemingly disparate entities; the ability to see the big picture. It includes:

- Conceptual skills are abilities to work with ideas and concepts. Whereas technical skills deal with things and human skills deal with people, conceptual skills involve the ability to work with ideas.
- Understanding of the organization behavior.
- To know the financial status of the firm.
- A leader with conceptual skills is comfortable talking about the ideas that shape an organization and the intricacies involved.
- He or she is good at putting the company’s goals into words and can understand and express the economic principles that affect the company.
- Understanding the competitors in the market.
- A leader with conceptual skills works easily with abstractions and hypothetical notions.

Personal Skill

The most magnificent task of the leader is to get the best from others. This is only possible when leader have possesses of certain qualities as listed in Exhibit 10.3:

Exhibit 10.3: Personal Skill



Personal skills are intelligence, emotional maturity, personal motivation, integrity with team and its members in an organization, flexibility of mind for cooperation and coordination among the members in an organization.

THEORIES OF LEADERSHIP

The term leadership have been viewed by different authorities and different researchers differently. **Theories of leadership** are based on personal opinions of experts in leadership and also consider others view in leadership as situational. The research studies conducted by behavioral scientists to find out what makes a leader can become effective have resulted in term “theories of leadership”. There are so many theories in leadership we have discuss only important theories as listed below:

1. Trait theory of leadership.
2. Behavioural theory of leadership.
3. Situational theory of leadership.
4. Greatman theory of leadership.

1. Trait Theory of Leadership

The term ‘trait’ refers to a variety of individual attributes that predict whether a person will attain a position of leadership and be effective in it.

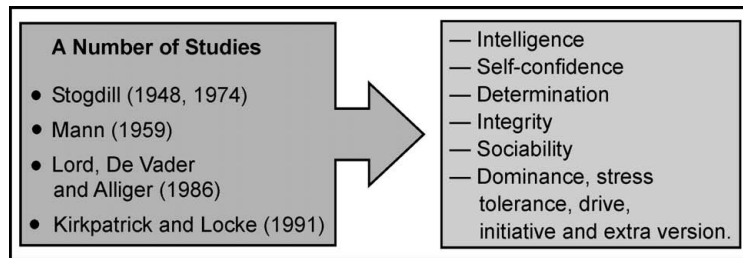
Assumption of Trait Theory of Leadership

- A certain set of traits is a prerequisite for effective leadership.
- Who leaders are influences employee attitudes and behaviors.
- Profiling and selection of great leaders and consider as leadership.
- Great leaders are born, but emphasis on the potential of personal awareness and development.
- Assumes that a finite number of individual traits of effective leaders can be found the following characteristics which are relating to personality:
 - intelligence,
 - personality,
 - physical characteristics,
 - initiative,
 - imagination,
 - maturity,
 - desire to accept responsibility,
 - self-confidence,
 - flexibility, and
 - fairness and objectivity in terms of honesty, fairplay, justice, and integrity of character expected of any good leader.

Results: Key Leadership Traits

Key leadership traits refer to a number studies involved to find different trait in leaders as shown Exhibit 10.4:

Exhibit 10.4: Results: Key Leadership Traits



The Role of Traits in Explaining Leadership

“A person does not become a leader by virtue of the possession of some combination of traits.... the pattern of personal characteristics of the leader must bear some relevant relationship to the characteristics, activities, and goals of the followers.”

—Stogdill

“Possession of some traits [...] increases the likelihood that a leader will be effective, but they don’t guarantee effectiveness. A leader with certain traits could be effective in one situation but ineffective in a different situation. Furthermore, two leaders with a different patter of traits could be successful in the same situation.”

—Yukl

Trait theories attempt to isolate the personal or other characteristics which distinguish leaders from non-leaders. Traits are associated with leadership effectiveness as shown in Exhibit 10.5.

Exhibit 10.5: Associated with Leadership Effectiveness

Intelligence	Personality	Abilities
Judgment	Adaptability	Ability to enlist co-operation
Decisiveness	Alertness	Co-operativeness
Knowledge	Creativity	Popularity and prestige
Fluency of speech	Personal integrity	Sociability (interpersonal skills)
	Self-confidence	Social participation
	Emotional balance and control	Tact, diplomacy
	Independence (non-conformity)	

Shortcomings of the Trait Theory of Leadership

Important shortcomings of the trait theory of leadership as listed below:

- The list of potentially important traits is endless.
- Trait test scores are not consistently predictive of leader effectiveness.

- Patterns of effective behavior depend largely on the situation.
- The trait approach fails to provide into insight what the effective leader does on the job.

2. Behavioral Theories of Leadership

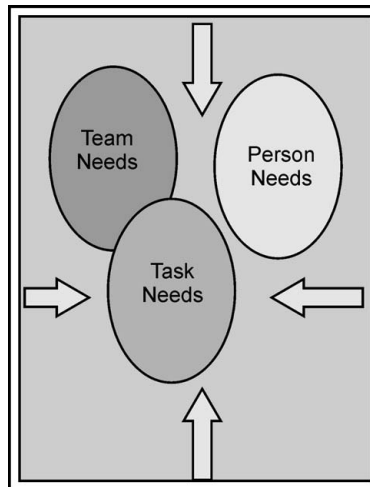
Behavioural studies focussed on investigating other characteristics than their innate traits or qualities of leader. The most important studies as outlined:

- Adair's action centred leadership,
- The Michigan and Ohio studies,
- Blake and Moutons Managerial Grid.

Adair's Theory

Adair's theory is based on appropriate behavior for the situation. It believes effective leadership lies in what the leader does to meet the needs of the task, (what is it, how is it too be achieved) the group (hold group together and coordinate work of people in group) and the individual (what's my job, how well am I doing, what am I expected to do). Adair's theory is shown in Exhibit 10.6.

Exhibit 10.6: Adair's Theory



The Michigan and Ohio Studies Relating to Leadership Theories

In the 1940's two independent studies were carried out by the University of Michigan, and Ohio State University. The results were similar. Michigan found leadership behavior varied from job-centered to employee-centered, Ohio called the end points initiating structure behavior and consideration behavior. Results of these studies as found below:

- Managers that were job-centered were very directive, watch subordinates closely, and use formal communication patterns.

- Employee-centered managers create group cohesion, job satisfaction and a friendly working atmosphere.

The Michigan Studies as outlined:

Job-centered Leader

- Focuses on completing the task.
- Uses close supervision and specified procedures.
- Relies on coercion, reward, and legitimate power to influence behavior and performance of subordinates.

Employee-centered Leader

- Focuses on the people doing the work.
- Believes in delegating decision-making.
- Concerned with subordinates' personal advancement, growth, and achievement.

How Managers can Increase Employee-centered Behaviors?

Managers are responsible for development of behaviors of employees. Managers are using the following important behavior to manage employees in an organization:

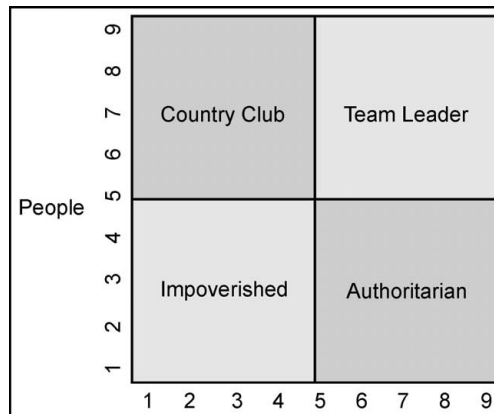
1. Whenever possible, use rewards rather punishments for reinforcing and modifying subordinate behaviors.
2. Keep lines of communication open at all times.
3. Listen.
4. Try to obtain positive outcomes for subordinates.
5. Provide opportunities when possible for employees to accomplish personal career objectives.
6. Don't be afraid to admit mistakes.
7. Initiating structure—
 - (a) Organizes and defines the relationships in the group,
 - (b) Tends to establish well-defined patterns and channels of communication, and
 - (c) Spells out ways of getting the job done.
8. Consideration—
 - Behavior indicating friendship, mutual trust, respect, warmth, and rapport between the leader and the followers.

Shortcomings of the behavior theories as outlined:

- The linkages between leadership and key organization performance indicators has not been conclusively resolved.
- The theories do not take into account the role of environmental variables in leadership effectiveness.
- The theories do not consider situational variables in leadership.

Blake and Mouton Managerial Grid Theory of Leadership

Blake and Mouton developed the Managerial Grid theory for analysis of leadership style. Blake and Mouton devised a two dimensional grid representing managerial style which is based on the Ohio and Michigan end points. This really shows a framework for management styles and not new evidence of what makes a leader?

Exhibit 10.7: Blake and Mouton Managerial Grid Theory of Leadership**3. Situational Theories of Leadership**

It refers to advocate to leaders understands their own behavior, the behavior of their subordinates, and the situation before utilizing a particular leadership style. This approach requires the leader to have diagnostic skills in human behavior. Leader can be used situational approaches are listed below:

- Continuous learning.
- Service oriented.
- Radiate positively.
- They believe in people.
- They lead balanced lives.
- They see life as an adventure.
- They are synergistic (a catalyst).
- They exercise for self-renewal (balance emotionally as well as spiritually, physically and mentally).
- Conveys principles rely on the manager improving his own personal competency and sees the four principles working at four distinct levels.
- Personal (the relationship with oneself) i.e., trustworthiness.
- Interpersonal (the relationship with others) i.e., trust.
- Managerial (getting the job done through others) i.e., (empowerment).
- Organizational (building teams developing structures, strategies and systems) i.e. (alignment).
- Convey further argues that by applying these principles to tasks, groups and individuals the chance of success is multiplied.

Shortcomings of Situational Theory Leadership

- This theory stresses that the leadership ability of a person in a given situation. But it is silent on the question whether he will fit in another situation.
- If the leader adopts some style under all situations, he may not be successful. This is not always true, but leaders have been successful at all times and at all situations.

4. Greatman Theory of Leadership

Greatman theory of leadership asserts that leaders are born and not made. This is especially applicable to great leaders who are natural leaders. Leadership calls for certain qualities like commanding personality, charm courage, intelligence, persuasiveness and aggressiveness. These qualities does not taught or learnt in a formal sense.

Characteristics

Important characteristics are listed below:

- Leaders have certain inborn leadership qualities.
- Inborn qualities are sufficient for a leader to be successful.
- Ordinary people cannot become leaders.
- Leadership qualities cannot be acquired.

Thus great leaders are “the gift of god” to man kind. They bestow great good on people by their decisions and activities which are also divinely destined and approved.

Shortcomings of Greatman Theory of Leadership

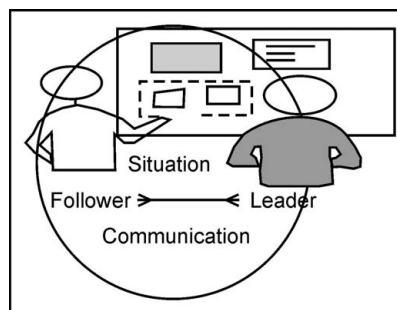
Important limitations of greatman theory of leadership:

- The theory is now regarded as almost absolute and absurd because it has little scientific and empirical basis.
- The theory does not explain who are leaders, how they emerge, how behave and achieve effectiveness.

FACTORS OF LEADERSHIP

There are four major factors in leadership as shown in Exhibit 10.8.

Exhibit 10.8: Factors of Leadership



Follower

Different people require different styles of leadership. For example, a new hire requires more supervision than an experienced employee. A person who lacks motivation requires a different approach than one with a high degree of motivation. Leader must know their follower! The fundamental starting point is having a good understanding of human nature, such as needs, emotions, and motivation. Leader must come to know their employees' *be*, *know* and *do* attributes.

Leader

You must have an honest understanding of who you are, what you know, and what you can do. Also, note that it is the followers, not the leader who determines if a leader is successful. If they do not trust or lack confidence in their leadership, then they will be uninspired. To be successful you have to convince your followers, not yourself or your superiors, that you are worthy of being followed.

Communication

You lead through two-way communication. Much of it is non-verbal. For instance, when you “set the example” that communicates to your people that you would not ask them to perform anything that you would not be willing to do. What and how you communicate either builds or harms the relationship between you and your employees.

Situation

All are different. What you do in one situation will not always work in another. You must use your judgment to decide the best course of action and the leadership style needed for each situation. For example, you may need to confront an employee for inappropriate behavior, but if the confrontation is too late or too early, too harsh or too weak, then the results may prove ineffective.

Various forces will affect these factors. Examples of forces are your relationship with your seniors, the skill of your people, the informal leaders within your organization, and how your company is organized.

Attributes

If you are a leader who can be trusted, then those around you will grow to respect you. To be such a leader, there is a Leadership Framework to guide you:

BE, KNOW, DO

BE a professional. Examples: be loyal to the organization, perform selfless service, take personal responsibility.

Be a professional who possess good character traits. Examples: honesty, competence, candor, commitment, integrity, courage, straightforwardness and imagination.

Know the four factors of leadership—follower, leader, communication and situation.

Know yourself. Examples: strengths and weakness of your character, knowledge and skills.

Know human nature. Examples: human needs, emotions, and how people respond to stress.

Know your job. Examples: be proficient and be able to train others in their tasks.

Know your organization. Examples: where to go for help, its climate and culture, who the unofficial leaders are.

Do provide direction. Examples: goal setting, problem-solving, decision-making, and planning.

Do implement. Examples: communicating, coordinating, supervising and evaluating.

Do motivate. Examples: develop moral and esprit in the organization, train, coach and counsel.

Effective Leader Traits

- **Vision** — Set the course and have the conviction to follow-through.
- **Goals** — Establish achievable goals.
- **Passion** — Positive outlook and are passionate about their goals.
- **Integrity** — Know your strength and weaknesses.
- **Honesty** — Earn the trust of the followers.
- **Curiosity** — Leaders are learners.
- **Risk** — Take calculated risks and learn from mistakes.
- **Dedication** — Commitment to the cause.
- **Charisma** — Maturity, respect, compassion, and a sense of humor.
- **Listening** — Effective leaders actively listen.

The effective leader is:

- Sets the direction, gives guidance, and motivates people.
- Carry out the will of the group.
- He is the champion for the cause of the group.
- Guides the group during times of storm.
- Knows what they want, why, and how to communicate it.
- Recognizes and praises good work.
- Think great thoughts.
- Turn disasters into opportunities. Obstacles are opportunities.
- Determine your “real” goals then strive to achieve them.
- When you want to tell someone something important, do it personally?
- Make coffee.

Roles and Relationships of Leadership

Roles are the positions that are defined by a set of expectations about behavior of any job incumbent. Each role has a set of tasks and responsibilities that may or may not be pelled out. Roles have a powerful effect on behavior for several reasons, to include money being

paid for the performance of the role, there is prestige attached to a role, and a sense of accomplishment or challenge.

Relationships are determined by a role's tasks. While some tasks are performed alone, most are carried out in relationship with others. The tasks will determine who the role-holder is required to interact with, how often, and towards what end. Leader is normally involved the greater the interaction, the greater the liking follower. This in turn leads to more frequent interaction. In human behavior, it's hard to like someone whom we have no contact with, and we tend to seek out those we like. People tend to do what they are rewarded for, and friendship is a powerful reward. Many tasks and behaviors that are associated with a role are brought about by these relationships. That is, new task and behaviors are expected of the present role holder because a strong relationship was developed in the past, either by that role holder or a prior role holder.

Culture and Climate

There are two distinct forces that dictate how to act within an organization: culture and climate.

Each organization has its own distinctive culture. It is a combination of the founders, past leadership, current leadership, crises, events, history, and size. These results in rites: the routines, rituals, and the "way we do things." These rites impact individual behavior on what it takes to be in good standing (the norm) and direct the appropriate behavior for each circumstance.

The climate is the feel of the organization, the individual and shared perceptions and attitudes of the organization's members. While the culture is the deeply rooted nature of the organization that is a result of long-held formal and informal systems, rules, traditions, and customs; climate is a short-term phenomenon created by the current leadership. Climate represents the beliefs about the "feel of the organization" by its members. This individual perception of the "feel of the organization" comes from what the people believe about the activities that occur in the organization. These activities influence both individual and team motivation and satisfaction, such as:

- How well does the leader clarify the priorities and goals of the organization? What is expected of us?
- What is the system of recognition, rewards, and punishments in the organization?
- How competent are the leaders?
- Are leaders free to make decision?
- What will happen if I make a mistake?

Organizational climate is directly related to the leadership and management style of the leader, based on the values, attributes, skills, and actions, as well as the priorities of the leader. Compare this to "ethical climate"—the "feel of the organization" about the activities that have ethical content or those aspects of the work environment that constitute ethical behavior. The ethical climate is the feel about whether we do things right; or the feel of whether we behave the way we ought to behave. The behavior (character) of the leader is the most important factor that impacts the climate.

On the other hand, culture is a long-term and complex phenomenon. Culture represents the shared expectations and self-image of the organization. The mature values that create “tradition” or “the way we do things here.” Things are done differently in every organization. The collective vision and common folklore that define the institution are a reflection of culture. Individual leaders cannot easily create or change culture because culture is a part of the organization. Culture influences the characteristics of the climate by its effect on the actions and thought processes of the leader. But, everything you do as a leader will effect the climate of the organization.

LEADERSHIP MODELS

Leadership models help us to understand what makes leaders act the way they do. The ideal is not to lock yourself in to a type of behavior discussed in the model, but to realize that every situation calls for a different approach or behavior to be taken.

Four Framework Approach

In the **Four Framework Approach**, Bolman and Deal suggest that leaders display leadership behaviors in one of four types of frameworks: Structural, Human Resource, Political or Symbolic. The style can either be effective or ineffective, depending upon the chosen behavior in certain situations.

Structural Framework

In an effective leadership situation, the leader is a social architect whose leadership style is analysis and design. While in an ineffective leadership situation, the leader is a petty tyrant whose leadership style is details. Structural leaders focus on structure, strategy, environment, implementation, experimentation, and adaptation.

Human Resource Framework

In an effective leadership situation, the leader is a catalyst and servant whose leadership style is support, advocate and empowerment. While in an ineffective leadership situation, the leader is a push over, whose leadership style is abdication and fraud. Human resource leaders believe in people and communicate that belief; they are visible and accessible; they empower, increase participation, support, share information, and move decision-making down into the organization.

Political Framework

In an effective leadership situation, the leader is an advocate, whose leadership style is coalition and building. While in an ineffective leadership situation, the leader is a hustler, whose leadership style is manipulation. Political leaders clarify what they want and what they can get; they assess the distribution of power and interests; they build linkages to other stakeholders, use persuasion first, then use negotiation and coercion only if necessary.

Symbolic Framework

In an effective leadership situation, the leader is a prophet, whose leadership style is inspiration. While in an ineffective leadership situation, the leader is a fanatic or fool, whose leadership style is smoke and mirrors. Symbolic leaders view organizations as a stage or theatre to play certain roles and give impressions; these leaders use symbols to capture attention; they try to frame experience by providing plausible interpretations of experiences; they discover and communicate a vision.

This model suggests that leaders can be put into one of these four categories and there are more times when one approach is appropriate and times when it would not be. Anyone of these approaches alone would be inadequate, thus, we should strive to be conscious of all four approaches, and not just rely on one or two. For example, during a major organization change, a structural leadership style may be more effective than a visionary leadership style; while during a period when strong growth is needed, the visionary approach may be better. We also need to understand ourselves as each of us tends to have a preferred approach. We need to be conscious of this at all time and be aware of the limitations of our favoring just one approach.

POWER AND LEADERSHIP

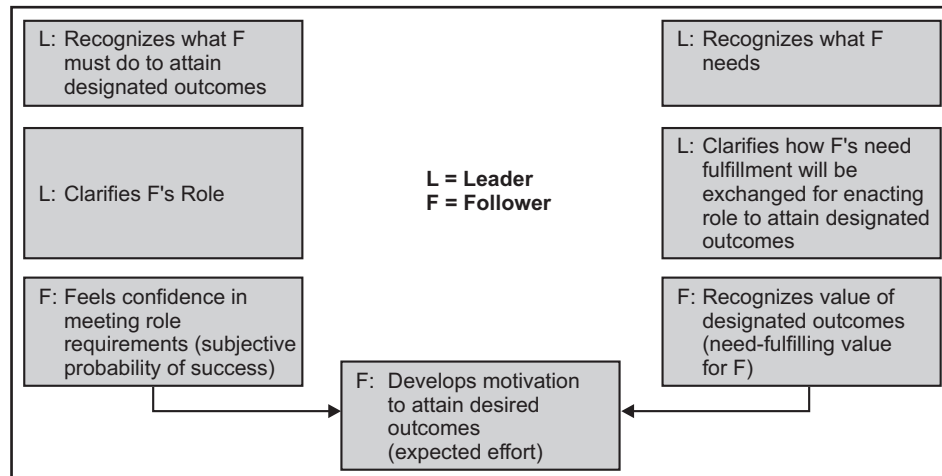
- Power is the ability to effect to the behavior of others. In organizations there are usually five kinds of power:
 - Legitimate power, i.e., power due to a person's position in the organization structure (usually given by someone else),
 - Reward power, the ability to bestow or restrict awards,
 - Coercive power, the power to enforce compliance,
 - Referent, the power due to force of personality, and
 - Expert power due to ones possession of information or expertise.

TRANSACTIONAL LEADERSHIP

It refers to the following issues in leadership:

- The leader helps the follower identify what must be done to accomplish the desired results.
- The leader takes into consideration the person's self-concept and esteem needs.
- The transactional approach uses the path-goal concepts as its framework.
- The leader relies on contingent reward and on management by exception.
- When contingent reinforcement is used, followers exhibit an increase in performance and satisfaction.
- Using management by exception, the leader won't be involved unless objectives are not being accomplished.
- Transactional leadership is not often found in organizational settings.

Exhibit 10.9: Transactional Leadership



- Ability to inspire and motivate followers to achieve results greater than originally planned.
- The leader's vision provides the follower with motivation for hard work that is self-rewarding.
- To achieve their vision, transformational leaders make major changes in the firm's or unit's:
 - Mission,
 - Way of doing business, and
 - Human resource management.

Key Factors that Describe Transformational Leaders

Major key factors are listed below:

Charisma. The leader is able to instill a sense of value, respect, pride and to articulate a vision.

Individual attention. The leader pays attention to followers' needs and assigns meaningful projects so that followers grow personally.

Intellectual stimulation. The leader helps followers rethink rational ways to examine a situation. He encourages followers to be creative.

Contingent reward. The leader informs followers about what must be done to receive the rewards they prefer.

Management by exception. The leader permits followers to work on the task and does not intervene unless goals are not being accomplished in a reasonable time and at a reasonable cost.

Case 10.1: Dhirubhai H. Ambani

Founder Chairman, Reliance Industries Limited, India
December 28, 1932 - July 6, 2002

Major Group Companies: Reliance Industries Limited, India's largest private sector company

Description of Group's Business: The Reliance Group founded by Dhirubhai H. Ambani (1932-2002) is India's largest business house with total revenues of over Rs 99,000 crore (US\$ 22.6 billion), cash profit of Rs 12,500 crore (US\$ 2.8 billion), net profit of Rs 6,200 crore (US\$ 1.4 billion) and exports of Rs 15,900 crore (US\$ 3.6 billion).

The Group's activities span Exploration and Production (E&P) of oil and gas, refining and marketing, petrochemicals (polyester, polymers, and intermediates), textiles, financial services and insurance, power, telecom and infocom initiatives. The Group exports its products to more than 100 countries the world over. Reliance emerged as India's Most Admired Business House, for the third successive year in a TNS mode survey for 2003.

Reliance Group revenue is equivalent to about 3.5% of India's GDP. The Group contributes nearly 10% of the country's indirect tax revenues and over 6% of India's exports. Reliance is trusted by an investor family of over 3.1 million—India's largest.

Birthplace: Chorwad, village in Saurashtra (Gujarat), India

Father's Name: Hirachand Govardhan Das Ambani

Mother's Name: Jamunaben Hirachand Ambani

Career: At the age of 17 went to Aden (now part of Yemen) and worked for A. Besse & Co. Ltd., the sole selling distributor of Shell products.

In the year 1958, returned to Mumbai and started his first company, Reliance Commercial Corporation, a commodity trading and export house.

In the year 1966, as a first step in Reliance's highly successful strategy of backward integration, he started the textile mill in Naroda, Ahmedabad.

In the year 1975, a technical team from the World Bank certified that the Reliance textile plant was "excellent by developed country standards."

In the year 1977, the company went public.

Credited with a number of financial innovations in the Indian capital markets. Today, the Reliance Group has one of the largest family of shareholders in the world. With an investment of over Rs 36,000 crore (US\$ 9 billion) in petroleum refining, petrochemicals, power generation, telecommunication services and a port terminal in a three-year time frame, has steered the Reliance Group to its current status as India's leading textiles-petroleum-petrochemicals-power-telecom player.

Achievements: Voted India's 'Top Businessman' in the 'Best of India' poll conducted by Zee News, August 2003.

Petrotech Society conferred posthumously the 'Lifetime Achievement Award' for his outstanding contribution to Downstream Petroleum Industry in India, January 2003.

Rated as one of 'India's Most Admired CEOs' for the fourth consecutive year in the *Business Barons*—Taylor Nelson Sofres—Mode Survey, July 2002.

Conferred the 'Lifetime Achievement Award' by India HRD Congress, February 2002.

Conferred 'The Economic Times Award for Corporate Excellence for Lifetime Achievement', August 2001.

Felicitated by the Municipal Corporation of Greater Mumbai with a citation at a civic reception, December 2000.

Conferred the 'Man of the Century' award by Chemtech Foundation and Chemical Engineering World in recognition of his outstanding contribution to the growth and development of the chemical industry in India, November 2000.

Conferred the 'Indian Entrepreneur of the 20th Century' award by FICCI (Federation of Indian Chambers of Commerce and Industries), for his meticulous scripting of one of the most remarkable stories of business endeavour of the 20th century, March 2000.

Thrice (in the years 1996, 1998 and 2000) nominated as one of the 'Power 50—the most powerful people in Asia' by *Asiaweek* magazine.

Voted as the most admired Indian of the millennium in the field of Business & Economics in 'Legends—A Celebration of Excellence' poll audited by Ernst & Young for Zee Network, January 2000.

Voted as 'Creator of Wealth' of the century in *The Times of India* poll, January 2000.

Chosen as one of the three 'makers of equity' by *India Today* in their special millennium issue entitled '100 people who shaped India in the 20th Century', January 2000.

Chosen by the Indian Merchants' Chamber as "An Outstanding Visionary of the 20th Century" in recognition of his unique achievements and contribution in the development of industry and capital markets in India, December 1999.

Voted as 'Indian Businessman of the Century' in *Business Barons Global Multimedia Poll*, December 1999.

Amongst 'The Power 50 - India's 50 most powerful decision-makers in Politics, Business & Finance', *Business Barons*, August 1999.

Declared 'Most Admired Indian Business Leader' by *The Times of India*, Indiatimes.com poll, July 1999.

The only Indian industrialist in 'Business Hall of Fame' in *Asiaweek*, October 1998.

Awarded the Dean's Medal by The Wharton School, University of Pennsylvania, for setting an outstanding example of leadership, June 1998.

Chosen as 'Star of Asia' by *Business Week*, USA, June 1998.

Leading business magazine *Business Barons* placed him in its list of 'India's 25 Most Influential Business and Financial Leaders', June 1998.

Awarded the Companion Membership of the Textile Institute, UK, an award which is limited to 50 living members who have "substantially advanced the general interests of the industries based on fibres", 1994.

Chosen 'Businessman of the Year 1993', *Business India*, January 1994.

Family: Wife: Kokilaben.

Four children: two sons, Mukesh, who is Chairman & Managing Director and Anil, Vice-Chairman & Managing Director of Reliance Industries and two daughters, Dipti Salgaocar who lives in Goa and Nina Kothari, who resides in Chennai.

Reliance gets an award for Corporate Social Responsibility—naïve population, low cost for technical services, and use of English as the primary business and medical language is ideal for completing trials rapidly and cost efficiently.

“RCRS expects to leverage the India advantage with its value proposition to deliver world-class clinical research services to global pharmaceutical, biotechnology, medical device and nutraceutical organisations”, said Mr. K.V. Subramaniam, Sr. Executive Vice-President, Reliance Industries Limited.

Source: **Reliance Industries Limited**

Questions for Discussion

1. Define leadership.
2. Explain the importance of leadership.
3. Explain the concepts of leadership.
4. Describe the important keys to effective leadership.
5. What are the personal characteristics of effective leaders?
6. What is leadership and management?
7. What are the differences between leadership and management?
8. Explain the principles of leadership.
9. Describe the types of leaders/leadership style.
10. What is autocratic leadership?
11. What is democratic/participative leadership?
12. What is Laissez-faire leadership or free-rein leadership?
13. What is paternalistic leadership?
14. Explain the leadership skills.
15. Comment on theories of leadership.
16. Discuss the Trait theory of leadership.
17. Explain the behavioural theories of leadership.
18. Explain the Adair's theory.
19. Comment on the Michigan and Ohio studies relating of leadership theories.
20. Comment on Blake and Mouton Managerial Grid theory of leadership.
21. Describe the situational theories of leadership.
22. What is Greatman theory of leadership?
23. What are the factors of leadership?
24. Comment on—*be know do*.
25. Comment on effective leader traits.
26. Discuss the roles and relationships of leadership.
27. What is culture and climate?
28. Explain the leadership models.

29. Comment on four framework approach.
30. What is power and leadership?
31. Discuss the transactional leadership.

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ORGANIZATION BEHAVIOR STRUCTURE, PROCESS AND DESIGN

LEARNING OBJECTIVES

After reading this chapter we shall understand the following objectives:

- To design the organization structure
- To know the strategic business units
- To evaluate the vertical and horizontal organizational structure
- To know the advantages and disadvantages of different organization structure
- Learn the corporate culture, types, and its environment in an organization
- To know the strategic control system in an enterprise

INTRODUCTION

This chapter deals with the structure, Reasons for organization structure, Organizational design, Types of organizational structure, Vertical differentiation, Horizontal differentiation, Strategic business unit, Matrix structure, Product team structure, Geographic structure integration and integrating mechanisms, Types/forms of integrating mechanisms, Matching structure and control analysis at the functional level, Matching structure and control at the business level, Designing a global structure, Multidomestic strategy and structure, International strategy and structure, Global organizational structure, Strategic business units and core competence, Organization culture, How culture influences organizational, Strategic control system, Steps/process in designing an effective control system in organization, Levels of control, Types of strategic control, Operational control systems and Strategic reward system.

WHAT IS STRUCTURE?

Structure is the basic and simple concept: It is the division of task for efficiency and clarity of purpose in organization. It is coordination between the interdependent functional parts of the organization to ensure organizational effectiveness. Organization structure balances the need for specialization with the help of integration. It provides decentralizing and centralizing that consistent with the organization and control needs of the strategy.

Case 11.1: Organizational Structure of Satyam Industry

Satyam: A customer-centric organization

Satyam's organizational structure is inspired by a unique concept—the **Network of Circles**. Each Circle offers a specific set of business offerings based on its competency profile.

The result is an internal culture where new ideas are nurtured and acted upon and new competencies developed. This way Satyam continuously provides services right across the IT value chain.

At the center of the Network of Circles is the customer, whose business requirements are the driving force. Accordingly, the Circles are categorized as:

- Verticals Business Units (Based on the customer's line of business)
- Horizontal Competency Units (Based on competency requirements)
- Regional Business Units (Based on the regions the unit operates)

Questions

1. Explain the change structure in Satyam.
2. What Vertical Business units?
3. What is Regional Business units?

REASONS FOR ORGANIZATION STRUCTURE

There are two reasons for organization structure due to changes in strategy as listed below:

- (1) Organization structure largely explains how objectives and policies will be established.
- (2) Why changes in strategy often require changes in structures that organization structure explains how resources will be allocated in an organization.

Chandler's Strategy—Structure Relationship

Chandler's strategy structure is very important to design the strategy and structure in organization. It is design in a different organization structure and it shows the relationship between strategy and organization structure to evaluate the different changes in strategy in different organizational structure.

Figure 11.1 indicates the Chandler's strategy — structure relationship found a particular structure sequence to be often repeated as organizations grow and change strategy overtime.

In this figure clearly highlights the there is no one optimal organization design or structure for given strategy or type of organization.

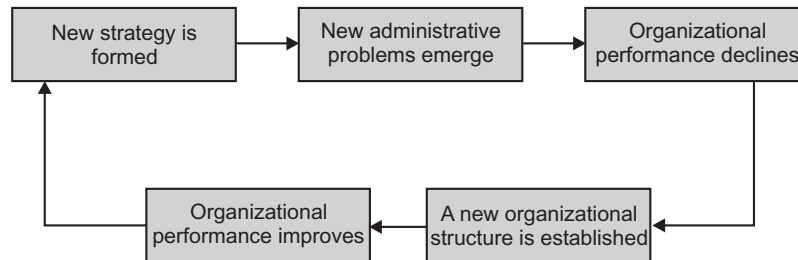


Fig. 11.1: Chandler's strategy structure relationship

When we implement new strategy, it create so many administrative problems emerged in terms of internal and external forces in environment. When an organization neglects its problems mission and objects that time organizational performance is declined due to improper design of strategy – structure relationship. Strategist take care and design proper organization structure and suitable strategy structure relationship, it will be bring a new organizational structure to established in enterprise. Well defined strategy and structure relationship creates very good work environment in this way organizational performance is improved in business.

WHAT IS ORGANIZATIONAL DESIGN?

Designing an organization's structure is the task of management who have the responsibility of designing, implementing and achieving the organization's mission. This is accomplished by dividing the work of the organization and then coordinating the various responsibilities. It defines how the organization's goals will be reached and how work will be done. This is a complex task, to assemble or alter a system. Designing an organization's framework involves issues like complexity, formalization, centralization and determines what level of each will be required. It considers advance technology and environment to determine the appropriate structure to achieve organizational strategy.

Organizational structure is the company's formal configuration; it describes the roles, procedures, governance mechanisms, authority, and decision-making process, responsibility, delegation of authority. It influence to an organization its age size and nature of businesses. These factors are influenced to strategist to form a new strategy and implement strategy in functional division. It acts as a design a strategic framework which applicable to functional division in organization.

Organization structure is very essential to form strategy implement strategy and control strategy in an organization. Stable organization structure is required by the companies to discharge their day to day tasks in an organization to finish task completely. Effective strategic leaders should seek to develop an organization structure and to provide a control tool to strategist to manage the functions in an organization.

TYPES OF ORGANIZATIONAL STRUCTURE

- Vertical differentiation
- Horizontal differentiation
- Integration and integrating mechanisms

Vertical Differentiation

Vertical differentiation is an important element of an organizational structure. It is to specify the reporting relationships that link people, tasks and functions at all levels of a company or organization. It means that management chooses the appropriate number of hierarchical levels and the correct span of control for implementing a company's strategy effectively. The organizational hierarchy establish to span of control *i.e.* authority flows from the top to bottom. The basic choice is a flat structure or tall structure.

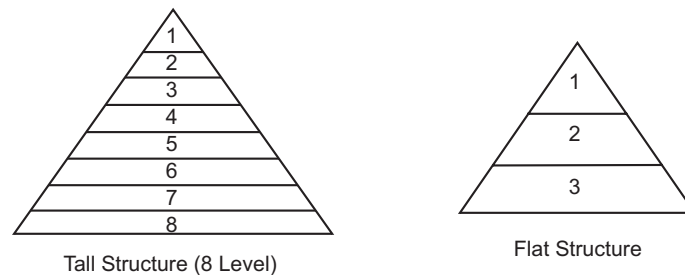


Fig. 11.2: Vertical differentiation

This figure shows the tall structure and flat structure. Tall structure have many hierarchical levels relative to size. Flat structures have few levels relative to size.

Problems with Tall Hierarchies

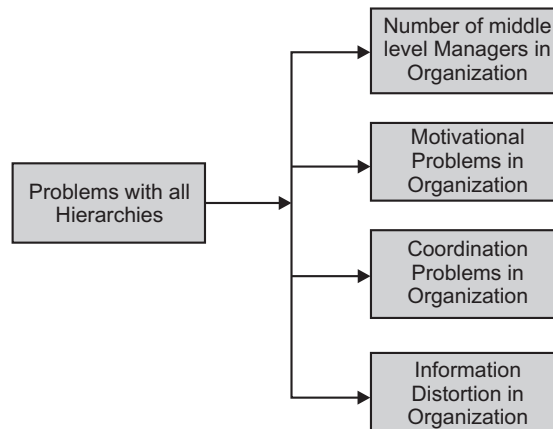


Fig. 11.3: Problems with tall hierarchies

Figure 11.3 highlights the tall hierarchies' problems in organization. Tall hierarchies' problems are as listed below:

- Coordination problems in organization
- Motivational problems in organization
- Information problems in organization
- Number of middle managers in organization

Coordination Problems in Organization

Organization consist of different variety employees performing their activities for accomplishment of goals. In this case employees are not coordinated to perform their duties effectively and efficient. Therefore, it arises in organization due to inadequate communication of top level, middle level and low level employees in organization.

Motivational Problems in Organization

Organizational hierarchy is essential to need for motivational aspects to motivate of employees who are perform their duties in organization. Praises, recognize and additional improvement of facilities and perk to employees these are the motives for employees in organization. Some times top management motivates their employees in terms of punishment. It is also one of the major problems of the organization structure.

Information Problems

Management hierarchy wants to new information from the customers, bankers, shareholders, debt holder, financial institution, and internal human resource of the organization. It usually delays to provide to adequate information. Thus, it is one of the problems of the hierarchy structure.

Number of Middle Management

Organization is a big, which appointed more middle level managers to manage and control the organization. Therefore, it is expensive for organization. This factor also one of the unhealthy factor of the organization structure.

Vertical differentiation further classified into two broad categories. They are as follows:

- Centralization
- Decentralization

Centralization

Authority is centralized when managers at the top levels of the organizational hierarchy retain the authority to make the most important decisions. Nowadays, the centralization of organization structure is not important to formulation, implementation, monitor and controlling of the objectives of an organization.

Decentralization

When the authority is decentralized, it is delegated to divisions, functional departments and managers at lower levels in the organization. Some important strategic factors are relating

with the formulation, implementation, monitor and controlling the major objectives of an organization.

- Strategic managers delegate operational decision-making responsibility to middle managers. Therefore, it reduces information overload to strategic managers in organization. In addition, strategic managers can spend more time on strategic decision-making process in organization for formulation, implementation, controlling the mission and vision of the organization.
- Managers of the organization become responsible for adapting the organization policy to suit local conditions, their motivation, accountability to increase efficiency and productivity.

HORIZONTAL DIFFERENTIATION

Horizontal differentiation organization structure as follows:

- Simple structure
- Functional structure
- Multi-Divisional structure
- Strategic business unit
- Matrix structure
- Product team structure
- Geographic structure

Simple Structure

Simple structure is suitable to small business enterprises. All strategic and operating decisions are centralized in hands of owner cum manager. This structure maximizes control by owner cum manager. Simple structures encourage employee involvement in more than activity.

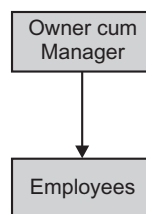


Fig. 11.4: Simple structure

Exhibit 11.1: Merits of Simple Structure

- It facilitates control of all the business activities.
- To make rapid decision-making and the ability to change with market signals.
- It is simple and informal motivational control systems.

Exhibit 11.2: Disadvantages of Simple Structure

- It is very demanding on the owner cum manager.
- It increasingly inadequate as volume expands.
- It does not facilitate development of future managers.
- It tends to focus owner cum manager on day today matters and not on future strategy.

Functional Structure

Functional structure is the simplest and least expensive in organization design. Functional structure consists of several functions are as follows:

- Finance/accounting
- Research and development
- Human resource
- Production
- Engineering
- Sales and marketing.

Functional structure principally compose of a chief executive officer or a managing director. Limited corporate staff with functional line managers in dominant functions like production, accounting, marketing, research and development, engineering and human resource. It provides facilities like communication and coordination among the line managers in an organization.

Functional managers is responsible for formulating and implementing overall corporate strategy and manages divisions via strategic and financial controls.

Exhibit 11.3: Advantages of Functional Structure

- To efficiency through specialization.
- It is simplest and less expensive.
- To improve development of functional expertise.
- To differentiate each division represents a separate business to which the top corporate officer delegates day to day operating decisions.
- Functional structure promotes specialization of labour, encourages efficiency, minimizes the need for an elaborate control system and allows rapid decision-making in an organization.
- It is accurately monitor the performance of individual businesses.
- It is simplifying control problems.

- It improves the allocation of resource and stimulate managers of poorly performing divisions to seek ways to improve performance of an organization.

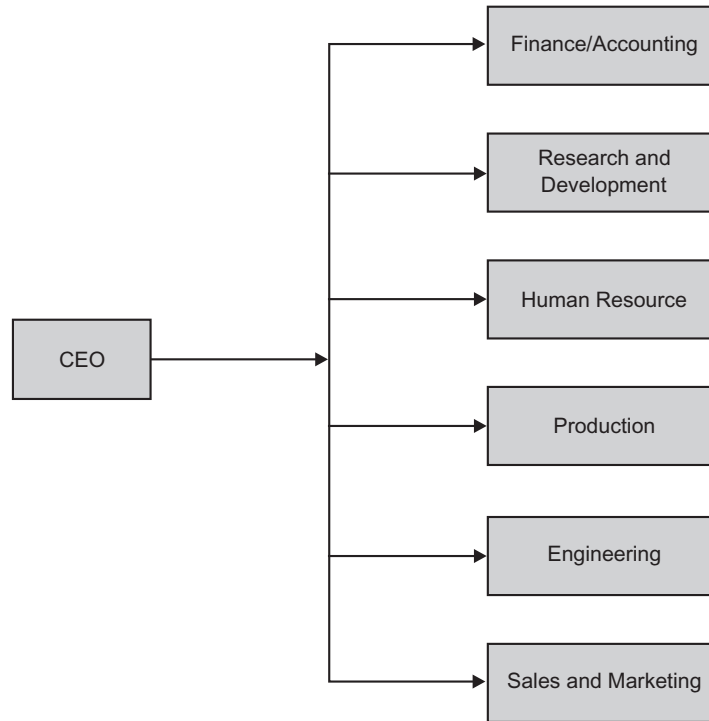


Fig. 11.5: Functional structure

Exhibit 11.4: Disadvantages of Functional Structure

- It promotes narrow specializations and potential functional rivalry or conflict.
- It is difficult in functional coordination and inters functional decision-making.
- It creates staff-line conflict.
- It limits internal development of general managers.
- Poor delegation of authority.
- It involves inadequate planning for products and markets.
- Most of the organizations abandoned the functional structures in favour of decentralization and improved accountability.

Multi-Divisional Structure

- It is composed of operating divisions where each division represents a separate business in an organization.

- Top level officers in an organization delegates authority to divisional managers to discharge day to day activities.
- Corporate office is responsible for formulating and implementing overall corporate strategy and it manages all division via strategic and financial controls.

Multi-division structure was developed in the 1920, main reasons are listed below:

- Functional department difficult to deal with day to day business activities.
- Conflict between functional departments to another department.
- Costs are not properly allocated in individual units.
- Analysis is not possible in individual products profit contribution.
- Top management has become over involved in solving short run problems like coordination, communications and conflict management.

New innovative structure issues are outlined:

- Creating separate divisions, and each divisions is representing a distinct process in business.
- Each division consists of its functional hierarchy in an organization.
- Division managers are responsible persons for day to day business operations in an organization.
- Small corporate offices determine the long-term strategic direction of the firm and exercise overall control over the multi-divisions.

Divisional Organizational Structure

An organization programme diversifies its product/service line. It covers broad geographic areas and utilized unrelated market channels, or begins to serve distinctly different customer groups and a divisional structure is needed for organization. The divisional structure can be organized in the following manner:

- By geographic area
- By product or service
- By customer
- By process

Divisional Structure by Geographic Area

- Divisional structure by geographic area is appropriate for organizations whose strategies are needed to be tailored to fit the particular needs and requirement of customers in different geographic regions in world.
- It is suitable only multi-national organization whose divisions are dispersed across the world. This type of structure allows local participation in decision-making and brings improved coordination and cooperation within a region.

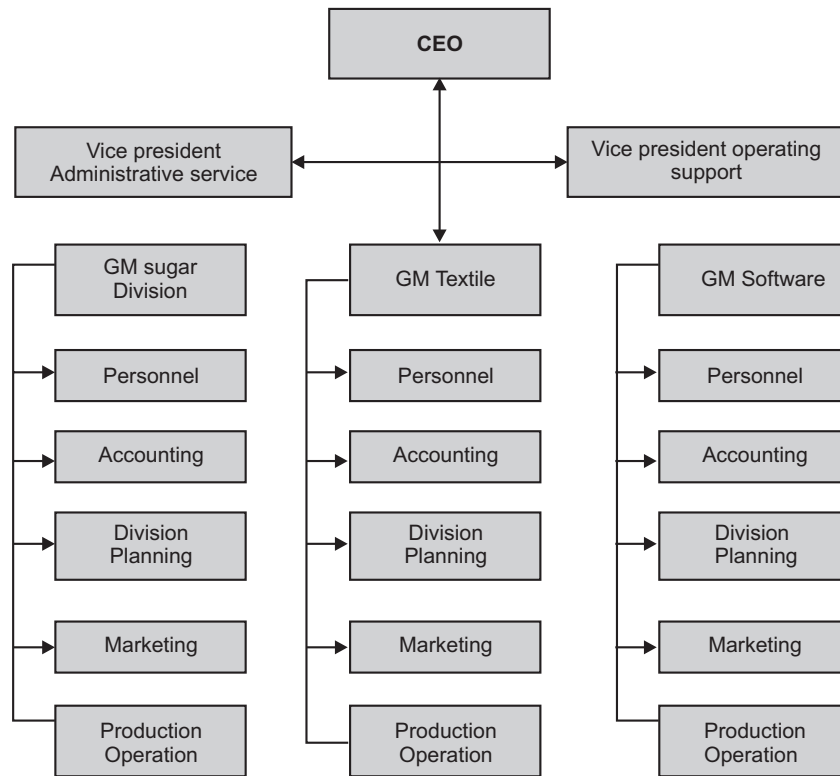


Fig. 11.6: Divisional organizational structure president

Divisional Structure by Product or Service

- This structure is most effective for implementing strategies in an organization having specific products and services which are needed special emphasis.
- It widely used when an organization offers only a few products and services when its services and products differ substantially.
- It allows to strict control over and give attention to product lines for this purpose required skills management force and reduces top level management control.

Divisional Structure by Customer

- In this structure, a few customers are of vital importance and many different services are provided to these customers. It is very suitable to implement divisional structure of implementing strategies.
- This structure allows an organization to cater effectively to the requirements of clearly defined customer groups. For example, publishing companies often organize their activities around customers groups like colleges, schools, etc.

Divisional Structure by Process

- It is similar to a functional structure.
- Its activities are organized according to the work, it is actually performed.
- Divisional structure by process is evaluated on the basis of accountable for profit or revenues.

Exhibit 11.5: Advantages of Divisional Structure

- It focuses on coordination and necessary authority down to the appropriate level for rapid response.
- It should clearly defined roles in an each division.
- It frees chief executive officer for broader strategic decision-making.
- It places strategy development and implementation in closer proximity to the divisions unique environment.
- It sharply focuses accountability for performance.
- It retains functional specialization within each division.
- It is good training ground for strategic managers.
- Division managers are responsible for sales and profit levels in an organization.
- It creates career development opportunities for managers and it allows to control of local situations that leads to a competitive within the organization environment. It allows new businesses added to new products easily.

Exhibit 11.6: Disadvantages of Divisional Organization Structure

- It fosters potentially dysfunctional competition for corporate level resources.
- It consists of problem with the extent of authority given to division managers.
- There is potential for the policy inconsistencies between divisions.
- It has problems of arriving at a method to distribute corporate overhead costs that is acceptable to different division managers with profit responsibility.
- It is costly due to each division requires functional specialists who must be paid high salaries because these managers are highly qualified.
- Duplication of staff services, facilities and personnel in each division in an organization.
- It requires an elaborate, headquarters driven control system.
- Divisional structure is not suitable to small firms.

Strategic Business Units

Some organizations encounter difficulty in controlling their divisional operations as the diversity, size, and number of these units continues to increase. And corporate management may encounter difficulty in evaluating and controlling its numerous, often multi industry divisions. Under these conditions, it may become necessary to add another layer of management to improve strategy implementation, promotion synergy, and gain greater control over the diverse business interests. It can be achieved by grouping various division in terms of common strategic elements. These groups commonly called Strategic Business Units (SBUs).

- It consists of atleast three levels, first level is a corporate headquarters at the top, second level is a strategic groups and third level is a divisions grouped by relatedness within each SBU.
- It consist of operating units where each unit representing a separate business to which top corporate officer delegates responsibility for day to day operations and business unit strategy to its managers.
- It provides delegation to strategic business unit managers are responsible for formulation of strategy and implementing appropriate strategies and make proper control for achieving mission and objectives of an organization.
- Within each SBU, divisions are related to each other, and SBU groups are unrelated each other.

Exhibit 11.7: Advantages of SBUs Organizational Structure

- It improves coordination between divisions with similar strategic concerns and product/market environment.
- It tightens the strategic management and control of large, diverse business enterprises.
- It facilitates distinct and in depth business planning at the corporate and business levels.
- It channels accountability to distinct business unit.
- Strategic businesses units enable the organization in terms of accurately monitor the performance of individual businesses and simplifying control problems.
- It also facilitates comparisons between divisions in this way improving the allocation of resource and can be used to stimulate managers of poorly performing divisions to seek ways to improve performance.

Exhibit-11.8: Disadvantages of SBUs Organizational Structure

- It places another layer of management between the divisions and corporate management.

- Its dysfunctional competition for corporate resource may increase.
- The role of the group vice president can be difficult to define.
- It is difficult in defining the degree of autonomy for the group vice presidents and division managers.

Matrix Organizational Structure

The matrix organization provides for dual channels of authority, performance, responsibility, evaluation and control. It is essentially; subordinates are assigned to both a basic functional area and a project or product manager. The matrix form is included to combine the advantages of functional specialization and product/project specialization.

- In matrix structure, functional and product forms are combined simultaneously at the same level of the organization.
- It is the most complex of all designs due to it depends upon both vertical and horizontal flows of authority and communication.

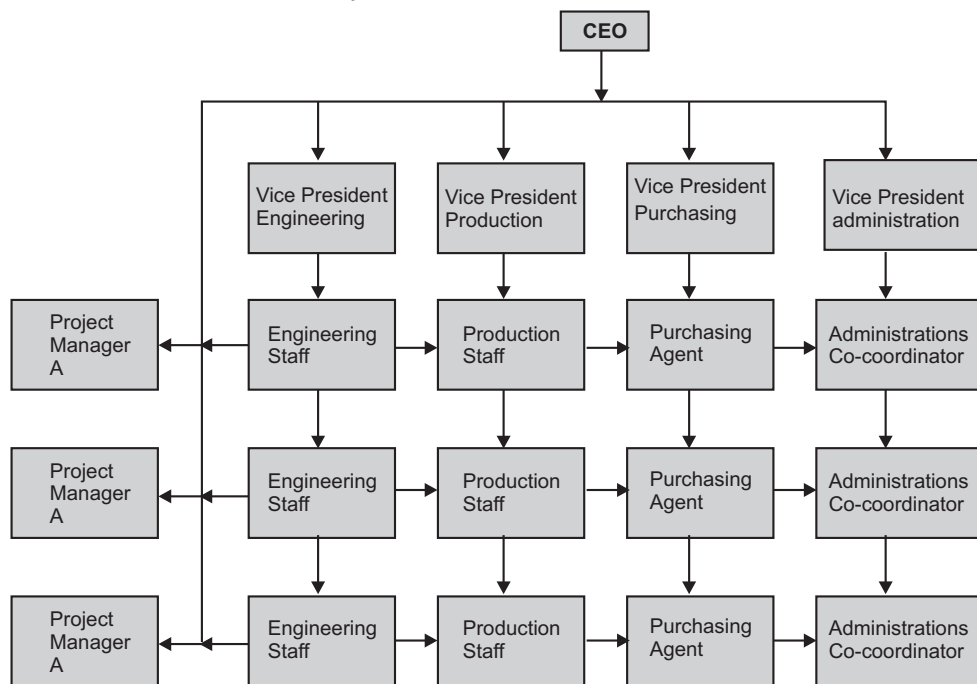


Fig. 11.7: Matrix organizational structure

Exhibit 11.9: Advantages of Matrix Organizational Structure

- It accommodates a wide variety of project oriented business activity.
- It provides good training ground for strategies managers.

- It maximizes efficient use of functional managers.
- It fosters creativity and multiple sources of diversity.
- It is broader middle management exposure to strategic issues for the business.
- Its project objectives are very clear in an organization.
- It is to be effective structure for planning, training, responsibilities and clear mutual understanding of roles mutual trust and confidence.
- It is very useful to external environment especially it's technological and market aspects is very complex and changeable.

Exhibit 11.10: Disadvantages of Matrix Organizational Structure

- It acts as dual accountability which can create confusion and contradictory policies.
- Necessitates tremendous horizontal and vertical coordination.
- It produces conflicts revolving around duties, authority and resource allocation.
- Its goals are vague and technology used in project that is poorly understood.

Difference between Old Organizational Design and New Organizational Design

Old organizational design	New organizational design
• It is one and large corporation	• It is multi-business units and cooperative relationships
• It requires vertical communication	• It requires horizontal communication
• It needs centralized top down decision-making	• It is decentralized
• It involves quality teams	• It involves autonomous work teams
• It is a functional work teams	• It acts as cross functional work teams
• It requires minimal training	• It needs extensive training
• It specialized job design focused on individual	• It is value chain team focused job redesign
• It is vertical integration	• It is outsourcing and virtual organizations

Development of Matrix Structure

Davis and Lawrence have proposed three distinct phases for development of matrix structure.

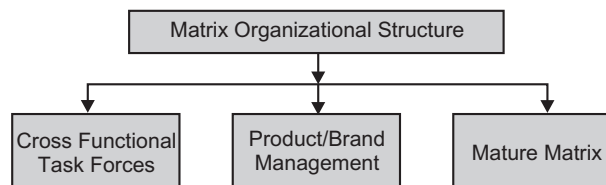


Fig. 11.8: Development of matrix structure

Figure 11.8 highlights Development of Matrix Structure which are listed below:

- Cross-Functional Task Forces
- Product/Brand Management
- Mature Matrix

Cross Functional Task Force

- It is temporary cross-functional forces which are initially used when a new product line is being introduced in an organization.
- In this task force, project manager is incharge as the key horizontal link.

Product/Brand Management

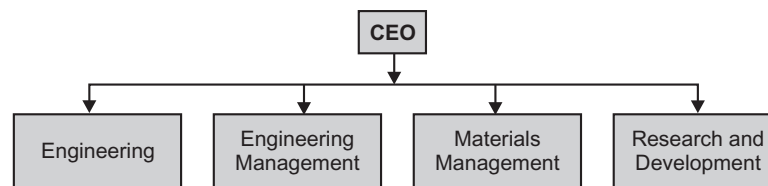
- In the cross-functional task forces become more permanent, the project manager becomes a product or brand manager and a second phase begins.
- In this arrangement, it is primary organizational structure, but in this case, product brand or brand managers act as the integrators of semi permanent products or brands in an organization.

Mature Matrix

- It is the third and final phase of matrix development involves a true deal authority structure in an organization.
- In this case, both the functional and product structures are permanent.
- All employees in organization are connected to both a vertical functional—superior and horizontal—product manager.
- In this mature structure, functional and product managers have equal authority and must work well together to resolve disagreements over resources and priorities.

Product Team Structure

Product team structure is a major structural innovation in recent years. It has similar advantages to a matrix structure but is much easier and for less cost to operate because of the way people are organized into permanent cross-functional teams.



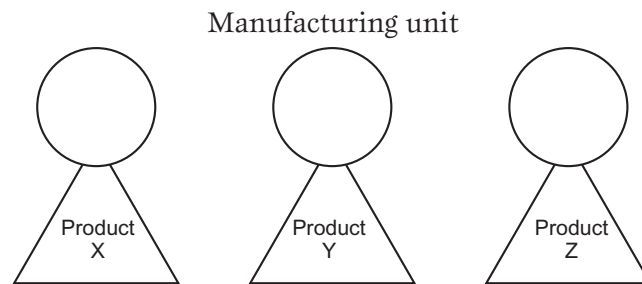


Fig. 11.9: Product team structure

Geographic Structure

Company operates as a geographic structure. Geographic regions become the basis for the grouping of organizational activities. For instance, a company may divide its manufacturing operations and establish manufacturing plants in different regions of the country. Service organizations like store chains or banks may organize their sales marketing activities on a regional, rather than national level to get closer to their customer.

Geographic structure provides more control than a functional structure because there are several regional hierarchies carrying out the work previously performed by a single centralized hierarchy.

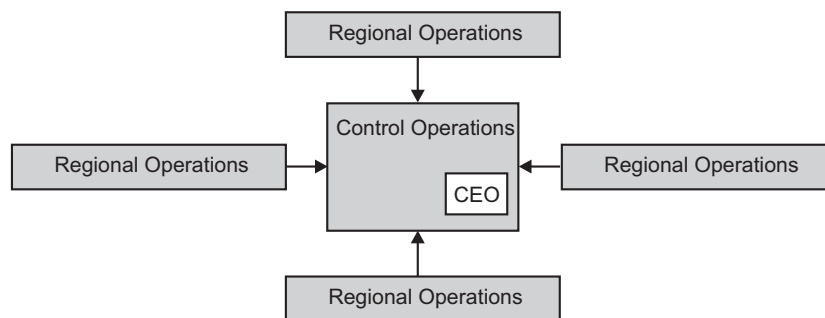


Fig. 11.10: Geographic structure

INTEGRATION AND INTEGRATING MECHANISMS

The level of integration and integrating mechanisms are necessary for organization structure to work effectively and efficiently. Integration refers to the extent to which an organization seeks to coordinate its value creation activities and make them independent. The design issues can be summed up simply as the higher a company's level of differentiation. The higher level integration is needed to make organizational structure work efficiently. Therefore, company only integrates its task activities to the extent necessary to implement its strategy effectively and efficiently.

Types/Forms of Integrating Mechanisms

Forms/types of integrating mechanisms of company can be used to increase its level of integration. Types/forms of integrating mechanisms are listed below:

- Direct contact
- Interdepartmental Liaison roles
- Temporary Task forces
- Permanent Teams
- Integrating roles
- Integrating departments
- Matrix Structure

Direct Contact

Chief executive officer can directly contact with managers from different divisions or functional department so that they can work together to solve mutual problems. Different functions managers have tend to equal authority for accomplishment of goals and objectives of the organization with cooperation and motivation.

Interdepartmental Liaison Roles

A company has improved its efficiency through interdepartmental liaison roles of among managers in the organization. When volume of contact is increased two or more departments, its result is improved by the cooperation and coordination. Therefore, functional managers are contacting with managers of organization, weekly or monthly. It builds up healthy relationships among employees of the company.

Temporary Task Forces

Task force involves the planning and solutions of the difficult and complex problems. It arises from different functional departments of the company. Task force is a just like committee to solution of problems of the organization. Task force is temporary, therefore, once the problem is solved, members of the task force should return to their normal roles in their departments or are assigned to other task forces. Task force members also perform many of their normal duties while serving on the task force.

Permanent Teams

Task force solves the problems effectively and efficiently an organization must establish permanent integrating mechanisms like as a permanent team. Example-product development committee.

Integrating Roles

Integrating roles means, a functional/divisions managers job is a full time. Who is normally a senior manager with a great deal of experience in the joint needs of the two departments? He or she job is to coordinate the decision process among departments/divisions so that the synergetic gains from cooperation can be obtained.

Integrating Department

The permanent integrating department is established at corporate headquarters. This department consists of mainly strategic planners and may indeed be called the strategic planning department. Corporate headquarter's staffs in a divisional structure can also be viewed as an integrating department from the divisional perspective.

Matrix Structure

Lastly, differentiation is high and the company must be able to respond quickly to the environment, a matrix structure becomes the appropriate integrating device.

MATCHING STRUCTURE AND CONTROL ANALYSIS AT THE FUNCTIONAL LEVEL

Matching structure and control analysis strategy at the functional level are as below:

- Manufacturing functions/divisions
- Research and development functions/divisions
- Marketing division/functions
- Human resource division
- Accounting and finance division
- Customer welfare division
- Production departments

These are the matching structure of the functional level.

MATCHING STRUCTURE AND CONTROL AT THE BUSINESS LEVEL

Matching structure and control at the business level are as below:

- Generic business level strategies
- Cost leadership strategy and structure
- Differentiation strategy and structure
- Implementing a combined differentiation and cost leadership strategy
- Focus strategy and structure

These are the matching structure of the business level.

DESIGNING A GLOBAL STRUCTURE

Global structure is consisting of the following areas:

- Multi domestic strategy and structure
- International strategy and structure
- Global strategy and structure
- Transnational strategy and structure

MULTI DOMESTIC STRATEGY AND STRUCTURE

A company pursues a multi domestic strategy; it generally operates business with a global area structure.

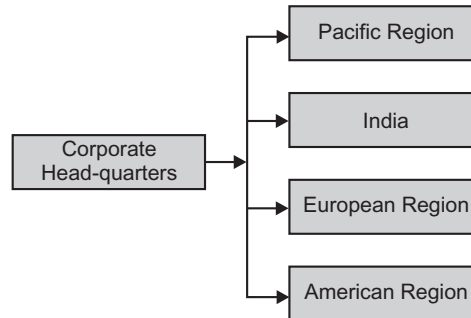


Fig. 11.11: Global area structure

Figure 11.11 highlights the multi domestic area structure. A company duplicates all values like value creation activities which establishes a foreign decision in every country or world in which it operates. Authority can be decentralized to managers in each foreign division and they devise the appropriate strategy for responding to the needs of the local environment. Corporate headquarter is much farther away from the scene of operations. It makes sense to decentralize, and grant control and decision authority to managers in foreign operations. Managers at global headquarters use market and output controls as listed:

- Rate of return
- Growth in market share
- Operation costs evaluate the performance of foreign divisions.

On the basis of these comparison in global level and they can make global capital allocation decisions and global transfer of new technical knowledge.

INTERNATIONAL STRATEGY AND STRUCTURE

A company has adopted international strategy to enter into international market for global expansion. Normally, the company shifts to this strategy when it begins selling its domestically made products in foreign markets.

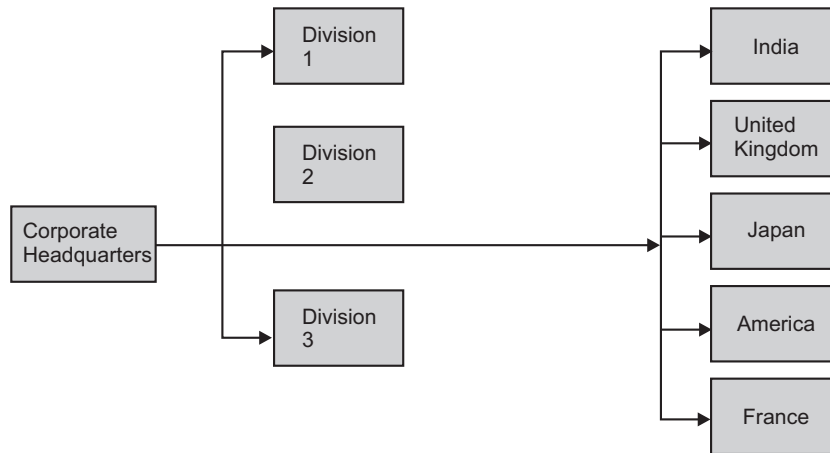


Fig. 11.12: International division structure

Figure 11.12 indicates the international division structure. A company manages as a separate divisional business in International operations. International company provides the authority and responsibility to managers for coordinating domestic product divisions and foreign market. The international division also controls the foreign subordinate, market the products and decides how much authority to delegate to foreign management.

GLOBAL ORGANIZATIONAL STRUCTURE

Growing of international business operations and increasing of business competitive environment. Its result is global organizational structure. It further classified into five categories. They are as follows:

- Global products structure
- Global area structure
- Global functional structure
- Global customer structure
- Hybrid/mixed structure

Global Product Structure

Figure 11.13 highlights the global product structure. The worldwide product structure is based upon major product groups. Global product structure responsibilities are involved for all functions like marketing a specific product group or class throughout the world. It can be delegated to a group within each product division. Therefore, there is a corporate staff at the headquarters to provide wide expertise and some degree of assistance to each product division; the product divisions have a good deal of autonomy with their own functional staff.

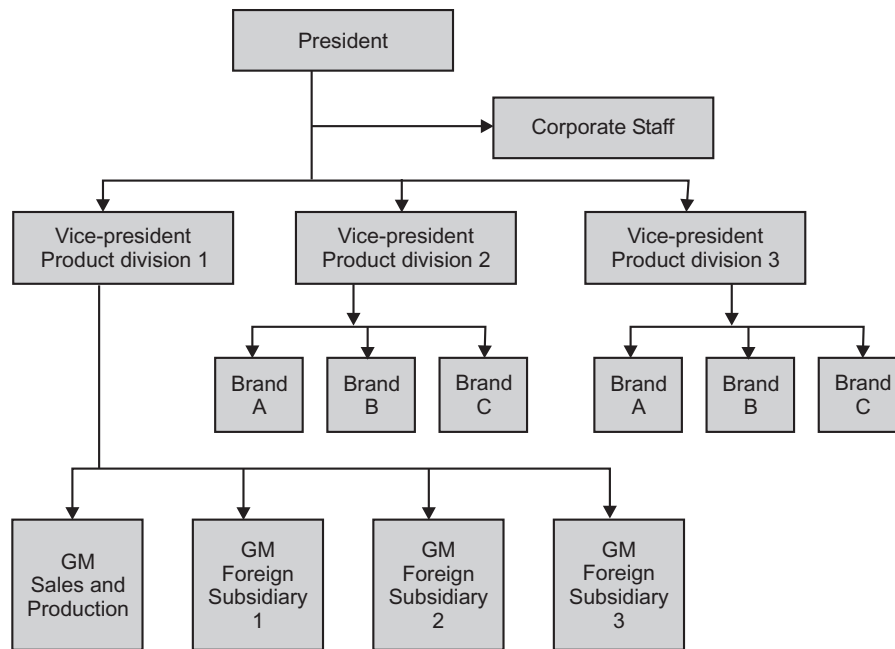


Fig. 11.13: Global product structure

Company's international activities like product-oriented structure are allocated among the various product divisions. Therefore, the significance of the overseas operations varies substantially. Some of the firm's products may be more amenable to export or import markets than others or the management of some division may simply have more international experience than the managers in other divisions.

The global product structure has the advantage of focusing upon and optimizing the firm's production strengths. The managers of different product divisions have developed a great deal of knowledge that relates to the following:

- Products
- Competitors
- Production facilities
- Market
- Customer characteristics

They develop familiarity with the environmental constraints of products and how best to position these products in various markets for variety of users. The product managers can also develop a worldwide perspective regarding sales and marketing for their groups.

Exhibit 11.11: Advantages of Global Structure

- This structure suitable for firms with very diverse product lines catering to different end users in different distributional channels.
- The greater diversity of the firm's products, end users and distribution channels are the more attractive.

Exhibit 11.12: Disadvantages of Global Product Structure

- Global structure suffers from manifold weakness.
- Its absence of central international focus there may be lack of communication and coordination among different the product division.
- Duplication of operational efficiency and often creating confusion among customers.
- Corporate management actively encourages international development, not all product divisional managers may be interested in developing their overseas potential.

The Global Area Structure

This form of global organization is based on a geographical orientation, either the geographical location of customers or of the company's productive facility. Figure 11.14 indicates the global area structure. The firm is organized on the basis of geographical areas of its international markets. The configuration of the geographical structure depends on the markets in which a multinational corporation operates but typical divisions occur according to major market area like India, North America, Europe, Middle East, and South America. Under the global area structure, all of the firm's activities relating to any products or service that is bought, sold or produced within a region, are under the control of the regional group head who reports directly to the president of the firm.

Exhibit 11.13: Advantages of the Global Area Structure

- This form of organization follows the marketing concept in as much as individual areas and markets are given concentrated attention.
- Geographical-oriented corporate structure, a multinational firm can place greater emphasis on the specific needs, market characteristics and market requirements of the individual market areas. The firm can pay concentrated attention to satisfy local demands and there by improve its market share.

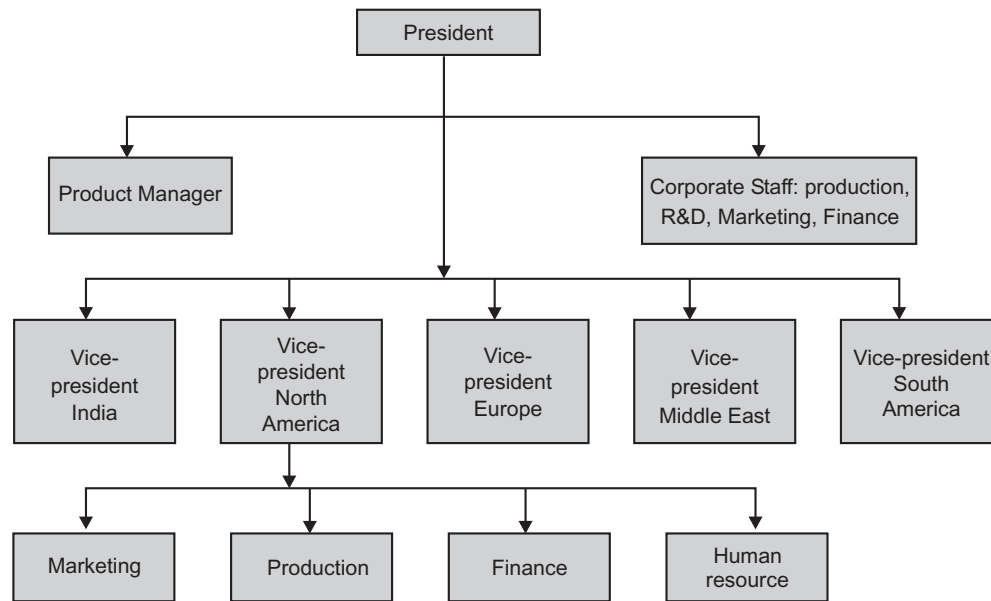


Fig. 11.14: The global area structure

Exhibit 11.14: Disadvantages of the Global Area Structure

- The major weakness of this form of global organization is that by emphasizing regional operations, it fails to facilitate the development of the coordination of functional or product line activity worldwide.
- The firm misses the opportunity of economies of scale introduction or in raw materials sourcing.
- It fails to learn regional operation of the organization factors like as production, development, and marketing on a global basis.
- Another drawback to this type of structure is that it requires the allocation of considerable resources to establish regional headquarter headed by area managers.
- There are certain problems involved in this form of structure. It involves duplication of specialists in the different divisions, since such services are not centralized in the geographically structured company.
- The geographical orientation tends to give the managers in such group a geographical rather than a company wide perspective.

The Global Functional Structures

Under this structure, global operations of the firm are organized primarily on a functional basis. Figure 11.15 indicates the global functional structure.

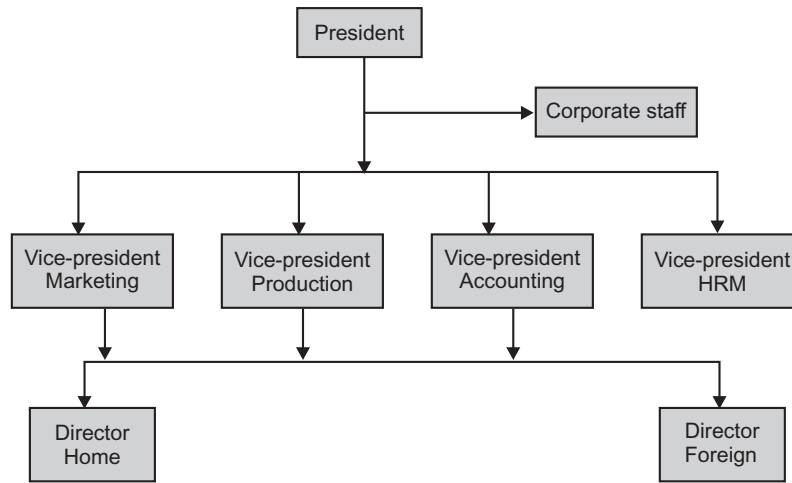


Fig. 11.15: The global functional structure

Exhibit 11.15: Advantages of Global Functional Structures

- This structure has the economies of scale gained within each functional area.
- Duplication of expert service is kept to a minimum with consequent savings in manpower.
- Functional form of organizational structure finds favor with multi national firms having narrow range of products and homogenous markets around the world.

Exhibit 11.16: Disadvantages of Global Functional Structures

- Problem of coordination between functions or divisions of the company.
- Lack of flexibility for a firm attempting to market number of products in a number of markets.
- Managers in this form organization develop too narrow a perspective in emphasizing their own functions rather than the overall welfare of the company.

The Global Customer Structures

Sometimes firms may organize its global operations according to the customer goods. Figure 11.16 indicates the global customer structures. The global customer structures as listed below:

- | | |
|---------------|-------------------|
| • Individuals | • Business |
| • Government | • Corporate staff |

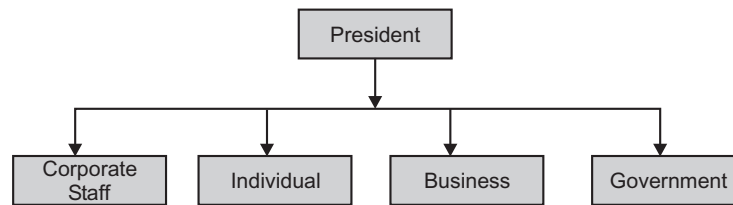


Fig. 11.16: Global customer structure

This form of structure obviously places greatest stress upon the customer and can be provided the most specialized and personalized service. Therefore, however, it also tends to require duplication of skills in each group and a separation between such specialists in each group. However, corporate staff can reduce some of these disadvantages but can never totally overcome them.

Global Matrix Structure

This structure makes it very difficult for the different product groups to exchange information and knowledge and obtain the benefits of corporation. Sometimes the potential gains from sharing product, marketing and research development knowledge between products groups are very high.

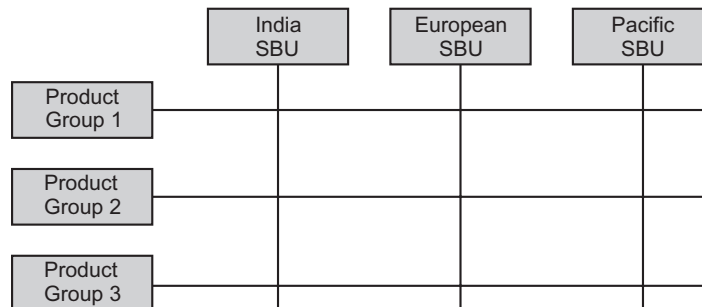


Fig. 11.17: Global matrix structure

Matrix structures work help companies to develop strong international organizational culture to facilitate communication and coordination among their managers.

NETWORK STRUCTURES

- It is newer and radical organization design.
- Network structures involves many activities that are outsourced to partners.
- It is consist of a series of projects groups or collaborations lined by constantly changing non hierarchical and cobweb like networks.
- This network is useful to an organization. Where firm environment is unstable.
- Network organizations structures consists of series of independent firms or business linked together by computers in an information system that designs, produces and markets a product or services.

Advantages

- It provides an organization with increased flexibility and adaptability to cope with rapid technological change and shifting patterns of international trade for competition thereby enhance their strengths.
- It allows company to concentrate on its distinctive competencies to provide services to their client.
- Networking firms are supplying the skill and trained employees to their clients and achieve client's mission and vision.
- Networking companies provide services through contract with client.
- Its arrangement of newly evolving that typically are in response to social and technological advances.

Disadvantages

- The availability of numerous potential partners can be a source of trouble to networking companies.
- Sometime agreement is failure due to unable to provide services and want to separate suppliers or distributors may keep the firm from discovering any synergies by combining activities.
- Few networking companies are offering highly specialize few functions only, so that it is also disadvantages to network companies.
- This type of companies runs the risk of choosing the wrong functions and thus it become non competitive.

STRATEGIC BUSINESS UNITS AND CORE COMPETENCE

Strategic business units and core competence are outlined as:

- Strategic business units are playing significant role in multinational organization.
- Most of the modern organizations have organized their business into appropriate strategic business units in the world.
- It is the relevant, suitable to multiproductive and multibusiness enterprise.
- It provides separate strategic planning treatment to each one of its products and businesses.
- It is a grouping of related business activities in an enterprise that is amenable to composite planning treatment to all business activities in an organization.
- In scientific sense, it is a multibusiness enterprise groups its multitude of businesses into a few distinct business units.
- It is to provide effective strategic planning treatment to each one of its products or business offered by an enterprise.
- Strategic business units firms are handling business planning on a territorial basis since their structure was territorial; this structure is the outcome of a manufacturing or distribution logistics.

Characteristics of Strategic Business Units

There are three most important characteristics of strategic business units are outlined:

- It is a single business or collection of related businesses which offer scope for independent planning and that feasibly stand alone from the rest of the organization.
- It has own set of competitors in market.
- Strategic managers in SBUs who has responsible for strategic planning, profit performance and control of unnecessary activities which are harmful to strategic business units.

Strategic Business Units Planning Difficulties

Strategic business units in territory planning rise to two kinds of difficulties are listed below:

- A number of territorial units handled the same products; the same product is getting varied strategic planning treatments in an enterprise.
- A given territorial planning unit carries different and unrelated products, products and dissimilar characteristics are getting identical strategic planning treatment in organization.

Concepts of Strategic Business Units

- It is underlying the grouping principle that relating all products and services falling under one strategic business units.
- It helps to a multibusiness corporation in scientifically grouping its businesses into a few distinct business process units.
- It provides the right direction to strategic planning by removing the vague and confusion often experienced in multibusiness grouping enterprise.

Strategic Business Units and Its Benefits

- Strategic business units help to organization for strategic planning that is based on the scientific method of grouping the business activities.
- It brings improvement in territorial grouping of business and these units are based on strategic planning.
- It is the grouping of related businesses which can be taken into for strategic planning that distinct from the rest of the businesses. Each unit in strategic groups will be getting equal priority among the products and services in an organization.
- Its task is relating to anglicizing and segregating the assortment of business or portfolios and regrouping them into few, well defined, distinct and scientifically demarcated business units . If product or businesses are related from the standpoint of 'function' are assembled together as consider as distinct SBUs.
- In the case of unrelated products businesses are separated from the main business, if they assigned to any other SBU that applying the criterion of functional relation, these are assigned accordingly. Otherwise, these are made into separate SBUs.

- It removes the vagueness and confusion from the strategic business units and its products and services in an enterprise.
- It also provides right facilities to set correct strategic planning to each unit in strategic business units.
- SBU is separate businesses from the strategic planning point of view. It means each strategic business units mission, objectives, competition, and strategy will be distinct from one to another.
- Each strategic units will have own set of competitors and its own distinct strategy in an enterprise.
- Each SBU CEO is responsible for strategic planning for their strategic business unit and its performance in terms of profitability, growth, development and also considers controlling factors in an organization.

Strategic Issues in Strategic Business Units

Strategic issues in strategic business units at corporate levels comes first whether the corporate body wishes to have a related set of SBUs or not ; and if so, on what basis. Strategic issues are related and strategic issues in turn has direct implications on decisions about diversification. These related may exist in different ways as listed way:

- Strategic business units may build on similar technologies or all provide similar sorts of products and services offered to customers.
- It can be served to similar or different market even if different technologies or products different customer are in consideration.
- Competences and competitive advantages in SBUs are different and similar to strategic business units.

ORGANIZATION CULTURE

Case 11.2 : Satyam corporate culture and philosophy

Core Purpose:

“To leverage information, knowledge and technology to enhance human endeavor.”

Satyam develops and deploys intelligent applications in technology for diverse situations meeting varying requirements. Satyam helps businesses and organizations push the limits of excellence, and helps optimize their strengths.

Satyam’s core values are expressed in the way teams are built and the manner in which they operate and achieve results. These values have been identified based on internal strengths of the organization. They are the guiding parameters for all organization wide initiatives.

Belief in People:

Satyam believes its true strength lies in the potential of its Associates. Associates work in an atmosphere of trust and confidence. Every individual associate is a leader. This leadership

is expressed in the way tasks are assigned and taken up, the freedom with which work styles are negotiated and high standards of quality set independently by each and every associate. A high degree of operational freedom helps associates exercise their creativity and expertise in approaching tasks and achieving Customer Delight.

Entrepreneurship

At Satyam, it's ideas that drive people. A variety of programs help associates create tangible value, constantly encouraging associates to convert ideas into market value, in the true spirit of entrepreneurship.

Customer Orientation

As a customer centric enterprise, we are very sharply focused on delivering not only what the customer demands but also providing them with the weapons to compete with. In other words, we deliver business competitiveness. All this eventually leads to Customer Intimacy.

Pursuit of Excellence

Achieving excellence in anything we do is a part of our corporate DNA. It is not just lip service. Rather a process driven strategy that allows us to benchmark everything against the global best and then surpass it, so that we set the benchmark for others to follow. In the process we are always a couple of steps ahead of our nearest competitor. Satyam adheres to stringent quality processes that meet and exceed international standards that are continuously monitored.

Corporate Social Responsibility

As a larger expression of its Mission and Core Values, Satyam is actively involved in a variety of public service projects in education, environment and public health.

Working through Alambana, an umbrella organization that brings together committed Satyam associates and their spouses, the Company contributes to social causes and organizes initiatives for social change, primarily in the areas of education, environment and health care.

Questions

1. Explain the culture and philosophy of Satyam.
2. Describe the corporate social responsibility
3. What is customer orientation?

Source: Satyam.

Corporate culture is the set of important assumptions. Every company has its own culture followed by all the members of the company. Corporate culture is similar to an individual's personality, principles, concept trade practice, ethical opinion and actions within the company or organization.

Basic Elements of Organization/Corporate Culture

Organization culture is the set of important assumptions sufficiently central to the life of the organization or company. Basic elements of corporate culture are as listed on the next page:

- Basic Assumptions and Beliefs
- Values
- Cultural artifacts
- Norms

Basic Assumptions and Beliefs

Basic assumptions and beliefs are important to the corporate world. In addition to know, how it actually works, basic assumptions and beliefs derive from personal experience and are reinforced by itself in the company. Corporate staff relying to some degree on the judgment and expertise of others is based on the basic assumptions and beliefs. They trust or can identify with to help them and to decide what to believe or not believe. It underpins the various aspects of organizational activity and represents the core ideology of the business. Some examples of basic assumptions and beliefs underlying organizational culture:

- Market oriented communication system
- Customer orientation
- Employee participation, open communication and security
- Entrepreneurism, self discipline and control

Cultural Artifacts

Cultural artifacts are the visible manifestation of culture. It reflect in the physical and social environment of the organization like its structure systems, subsystems, symbol and plaques etc. An important cultural artifacts are public documents, media reports, stories about the organization, its rituals, ceremonies, rules, procedures and observable behavior of its members. Therefore, these cultural artifacts form a system of support and maintenance for the set of prevailing beliefs.

Values

Values refer to conception of what members of an organization regard as desirable. They are the deep-rooted feelings about ideas and physiology, desires and preferences, emotions and beliefs that influence the members' reaction and responses to any situation. Corporate culture involves shared values, social ideals, or normative beliefs about proper behavior in various situations. Organizational values are reflected in terms of beliefs, emotions, desires, preferences and behaviors of the members of the organization. It stated reasons therefore, in neutral value, orientation emotions are not expressed freely. However, organizations are having affective value generation and encourage free expressions among the people and the groups. In specific value orientation interactions between people, are direct, purposeful, precise, and transparent and authority relationship are confined to work situation. Organizations are espousing diffuse value that encourage maintaining relationships among the organizational people outside the organization also.

Norms

Norms are the paradigms, the informal rules of the game telling employees what they are supposed to be saying, believing, doing and what is right and what is wrong. For example, as per the IBM norms employees should attentively listen to their demands. Norms are

generally passed on to new employees by word of mouth and enforced by the social approval or disapproval of one's behavior in terms of its congruence or in congruence with prevalent norms.

Contents of Corporate/Organization Culture

Corporate culture contents that ultimately derive from three major sources are as follows:

- It influence to the business environment in general and the industry in specifically.
- Founders, leaders, directors and corporate employees bring a systematic pattern of assumptions with them when they join the corporate world. These assumptions are dynamic in terms of personal experience, regional, ethnic, religious, occupational and professional communities from which they came.
- Realty and experience of human resource of the corporate world to make and use the solution and coping with the basic problems of corporate culture world.

Strengths of Corporate/Organization Culture

The strength of a culture has influenced the intensity by which organization members comply with it as they go about their day to day activities. The specific feature of culture that determine the basic strengths of corporate culture are as follows:

- Strong culture companies
- Weak culture companies
- Unhealthy culture
- Adaptive culture
- Thickness culture
- Extent of sharing culture
- Clarity of ordering culture

Strong Culture Companies/Organization

A strong culture is a valuable asset when it matches strategy and dreaded liability when it does not. Strong culture companies refer to company conduct its business according to clear and explicit set of principles and values. Strong culture is the strength and one of the features of the culture. Therefore, strong culture companies typically have creeds or values statements and executives regularly stress the importance of using these values and principles as the basis for decisions and actions taken throughout the organization. There are three important factors which contribute to the development of strong culture factors. They are as listed below:

- A founder or strong leader who establishes values, principles and practice that are consistent and sensible insight of customer needs, competitive conditions and strategic requirements of the business.
- A sincere, long standing company commitment to operating the business according to these established traditions, thereby creating an internal environment that supports decision-making and strategies based on the cultural norms.

- A generic concern for the well-being of the organization's three biggest constituencies like customers, employees and shareholders. Continuity of leadership, small group size, stable group membership, geographic concentration and considerable organizational success all contribute to the emergence and sustainability of a strong culture.

Weak Culture Companies/Organization

Weak culture companies refers to company culture where there is little cohesion and glue across organization units. Top executives don't repeatedly expose any business philosophy or exhibit commitment to particular values or extol uses of particular operating practices. Because of a dearth of common values and ingrained business approaches. Organization members typically have no deeply felt senses of corporate identity. In weak culture there are no traditions, beliefs, values, common bonds or behavioral norms. It provides little or no strategy implementation assistance that the management can use as levers to mobilize commitment to executing the chosen strategy.

Unhealthy Cultures in Organization

Unhealthy culture refers to companies where they have adopted number of unhealthy cultural characteristics which can undermine a company's business performance. Unhealthy culture characteristics are as follows:

- A political internal environment allows and influencing managers to operate autonomous 'fiefdoms' and resist needed change.
- The second unhealthy cultural trait, one that can plague companies suddenly confronted with fast changing business conditions. In addition is hostility to change and to people who champion new ways of doing things.
- Unhealthy characteristic is promoting managers who are good at staying within their budgets, exerting close supervisory control over their units, can handle administrative detail, as opposed to managers who understand vision, strategies and culture building and who are good leaders, motivators and decision-makers.
- The last trait of unhealthy culture is a vision to looking outside the company for superior practices and approaches.

Adaptive Culture in an Organization

Adaptive culture is a valuable competitive asset. Sometimes is a necessity for organization; in fast changing environments for instance, today's dot com companies are classic example of adaptive culture.

In adaptive cultures, members share of confidence that the organization can deal with whatever threats and opportunities come down the pike: they are receptive to risk taking, experimentation, innovation, and changing strategies and proactive whenever necessary to satisfy the legitimate interests of stakeholders, customers employees, shareowners, suppliers and the communities where the company operates.

Thickness Culture in Organization

Thick cultures have many, thin culture has few cultures with many layers of implement shared beliefs and values generally have a stronger influence behavior.

Extent of Sharing Culture in Organization

Some of important assumptions are more widely shared than others. Few are completely shared in the sense that every members of the organization has internalized them. Culture with more widely shared beliefs and value has a more pervasive impact because they guide more people.

Clarity of Ordering Culture in Organization

Some organizational cultures the shared beliefs and values are clearly ordered. Cultures whose shared assumptions are clearly ordered have a more pronounced effect on behavior because members of the organization are sure of which values should prevail in cases of conflicting interests.

Deciphering a Culture

Reading a culture is an interpretive subjective activity. One cannot decipher a culture simply by relying on what people say about it, evidence, both historical and current, must be taken into account to infer the culture.

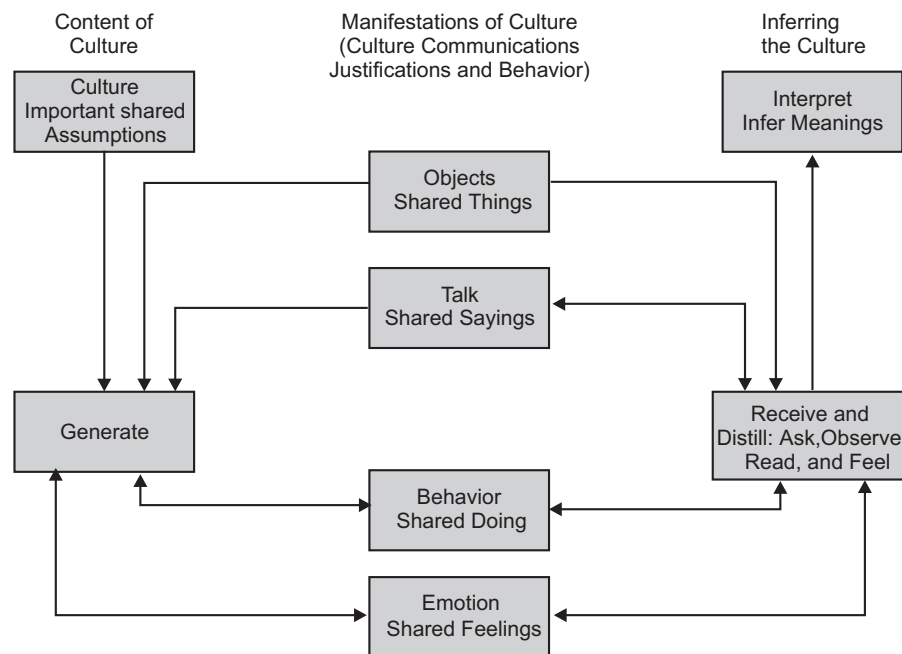


Fig. 11.18: Framework for deciphering culture

Figure 11.18 indicates the framework for deciphering culture. It presented systematic

method to help decipher or infer an organization culture. Each important shared assumption creating an organizations culture may be inferred from one or more shared things, shared sayings and feelings, the important point is to distill from these various cultural manifestations a much more concise set of important shared beliefs and values.

HOW CULTURE INFLUENCES ORGANIZATION

We need to examine five basic processes that lie at the heart of any organization – they are as outlined below:

- Cooperation
- Decision-making
- Control
- Communication
- Commitment

Cooperation

Cooperation is the important tool for managers to cope with solutions of the problems in the internal environment. Management to carefully contract with the external world in terms of maintaining very good relationship to improvement of the efficiency and increased productivity of the corporate culture.

Decision-making

Organizational culture affects the decision-making process because shared beliefs and values give organizational members a consistent set of basic assumptions and preferences. It leads to a more efficient decision-making process.

Control

The essence of control is the ability to take action to achieve planned results. The basic for action is provided by two different control mechanisms are as follows:

- Formal procedure
- Clans

Formal Procedures

Formal procedures rely on adjusting rules, procedures, guidelines, budgets, and directives.

Clans

The clan's mechanism relies on shared beliefs and values. In effect, shared beliefs and values constitutes on organizational 'compass' that members rely on to choose appropriate course of action clan control derives from culture.

A strong culture facilitates the control process by enhancing clan control. Clan control is highly efficient, but again, efficiency and effectiveness should not be confused.

Communication

Communication should be clear. It is a clarity to understand by one person to another *i.e.* communication. Corporate culture reduces these dangers of miscommunication into ways are as follows:

- There is no need to communicate in matters for which shared assumptions already exist.
- Shared assumptions provide guidelines and cues to help interpret messages that are received.

Therefore, a strong culture encourages efficient and effective communication. Communication is the lifeblood of organizations.

Commitment

A person feels committed to an organization when he or she identifies with it and experiences some emotional attachment to it. A variety of incentives like as salary, prestige, and personal sense of worth. Strong culture encourages efficient and effective commitments.

Building Ethics into culture

An ethical corporate culture has a positive impact on a company's long-term strategic success; an unethical culture can undermine it. Values and ethical standards must not only be explicitly stated but must also be ingrained into the corporate culture. Implementing the values and code of ethics entails the following actions:

- To incorporation of the statement of values and the code of ethics into employee training and educational programmes.
- To explicitly attention to values and ethics in recruiting and hiring to screen out applicants who don't exhibit compatible character traits.
- To communication of the values and ethics code to all employees and explaining compliance procedures.
- To management involvement and oversight from CEO down to first line supervisors.
- To word of mouth indoctrination.
- To strong endorsements by the CEO.

STRATEGIC CONTROL SYSTEM

Strategic control systems are vital aspect of implementing strategy of an organization. The primary function of strategic control systems is to provide information for management. Information needs to control its strategy and structure. Strategic control systems are the formal target setting, monitoring, and evaluation and feedback systems. It provides information to management about the organization's strategy and structure. Both are meeting strategic performance and mission and vision of an organization.

Exhibit 11.17: Characteristics of Strategic Control Systems

- It should provide accurate information and is giving a true picture of organizational performance.
- It should be flexible enough to allow managers to respond as necessary to unexpected events in organization.
- It should supply information to managers in a timely sense.

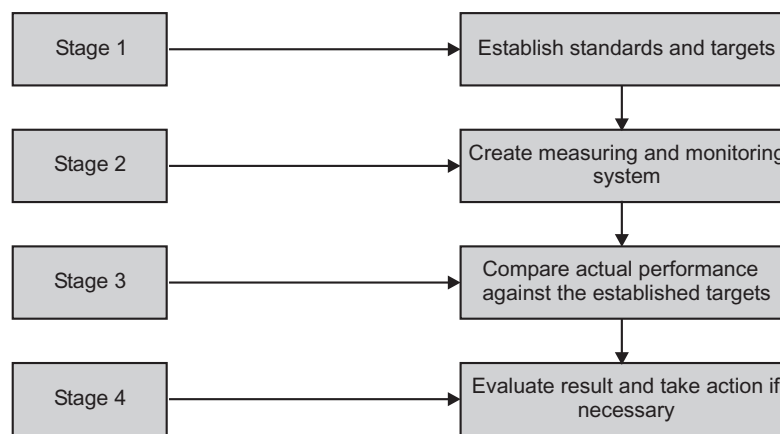
Steps/Process in Designing an Effective Control System in Organization

Fig. 11.19: Steps or process in designing in effective control system in organization

Figure 11.19 highlights the steps or process in designing in effective control system in organization. There are four stages involved for designing an effective control system of an organization. They are as follows:

- Establish standards and targets
- Create measuring and monitoring system
- Compare actual performance against the established targets
- Evaluate result and take action if necessary.

Establish Standards and Targets

Establish standard and targets is the first stage in design an effective control system. Company managers select standard targets to evaluate its performance. Standard targets are major objectives and goals of the company. It is accomplished and monitoring by managers of company or organization.

Create Measuring and Monitoring Systems

This is the second stage of the establishing strategic control systems. Company has established

procedures for assessing work goals at all levels in the organization. Either work goal achieved or not achieved. Organization task is the difficult task to measure and monitoring task force of an organization.

Compare Actual Performance Against the Established Targets

Strategic management is to select the best decision out of the set of decisions. Therefore, strategist should estimate future targets on the basis past and present performance the organization. Therefore, in this stage, comparison is essentially needed to the past, present and future performance of the organization.

Evaluate result and Take Action if Necessary

Evaluate result and take action if necessary is the last stage of the evaluating, monitoring and guided to the strategy to the CEO, managers and finally response from the low level employees of the organization. Top managers spent huge time for policy-making and monitoring to overall project of the organization. Strategy always leads to achievement even with difficult external environment. This goal is to continually enhance an organization's competitive advantage.

LEVELS OF CONTROL

Organization performance is measured at four levels

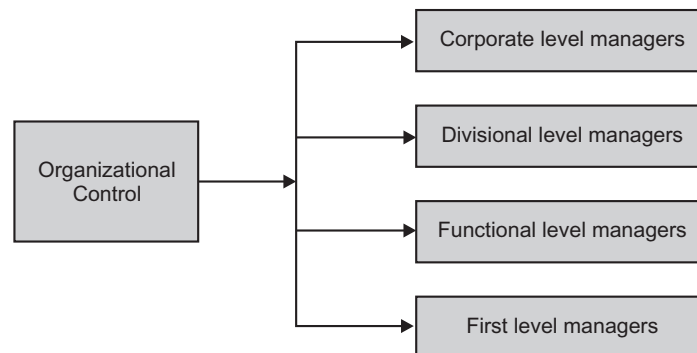


Fig. 11.20: Levels of organizational control

Figure 11.20 indicates the level of organizational control. There are four levels involved to control organizational structure. They are as follows:

- Corporate level managers
- Divisional level managers
- Functional level managers
- First level managers

Managers at the corporate level are most concerned with overall and abstract measures of organizational performance like profit, return on investment or total labor force turnover. The main aim is to choose performance standards. It measure overall corporate performance.

Similarly, managers at the other levels are most concerned with developing a set of standards to evaluate business or functional level performance. These measures should be closely tied with possible task force activities and accomplishment of the corporate objectives.

TYPES OF STRATEGIC CONTROL

There are six types of strategic control. They are as listed below:

- Premise control
- Implementation control
- Strategic surveillance
- Special alert control
- Market control
- Output control

Premise Control

Strategy is based on assumed or predicted conditions. These predictions or assumptions are planning premises. Company's strategy can be designed around these predicted conditions. Premise control can be designed to check systematically and continuously. Whether premises set during the planning and implementation process are still valid or not valid. If a vital premise is no longer valid, therefore, then the strategy may have to be changed and premise can be recognized and revised for the better changes that are acceptable.

Premises are primarily concerned with two factors are listed below:

- Environmental factors
- Industry factors

Environmental Factors

A company has little or no control over environmental factors. But these factors exercise considerable influence over the success of the strategy. Environmental factors like inflation, technology, interest rates, regulation, demography and social changes, etc. These factors are influenced to strategy formulating, implementation and control, and monitoring of premises.

Industry Factors

Industry factors like competitors, suppliers, substitutes and barriers to entry. These are a few examples to affect the performance of industry. Industry factor differ from one industry to another industry. A company should be aware of the factors that influence success of particular industry.

Premises are both major and minor. Premises are often make about numerous environmental and industry variables, therefore, attempt to track every premise that may select premises and variables on the basis likely to change and would have a major impact on the company and its strategy.

The key premises should be identified during the planning process. The premises should

be recorded and responsible for monitoring, then should be assigned to the persons to departments who are qualified sources of information.

Implementation Control

The implementation control phase is an important phase of strategic management. It locates in the series of steps, programmes, investments and moves undertaken over a period to implement to strategy. In this stage, special programmes are undertaken by company to implement and control for accomplishment of objectives. A company function areas initiate several strategies that relating to managers convert broad strategic plans into concrete actions and results for specific units and individuals for implementing strategy.

Implementation control can be designed to assess whether the overall strategy should be changed in the light of unfolding events and results associated with incremental steps and actions. There are two basic factors involved for implementation control. They are listed below:

- Monitoring strategic thrusts/projects
- Milestone reviews

Monitoring Strategic Thrusts/projects

It involves implementation of strategies in companies that undertaking several new strategic projects or thrusts. These projects or thrusts provide a source of information to manager. Strategic manager can obtain the information from the feedback. It helps to determine either the overall strategy can be progressed as planned or it needs to be adjusted to change.

There are two important approaches that are useful in enacting implementation control. It focuses on monitoring strategic projects. They are as listed below:

- The planning process of projects or thrusts.
- Monitoring strategic projects or thrusts.

Milestone Reviews

Managers are attempted to identify critical milestone in organization. It will occur over the period of time. Strategy can be implemented in a critical milestone like major resource allocations. In each critical case, it review and full-scale reassessment of the strategy and advisability of continuing or refocusing the direction of the organization or company.

Strategic Surveillance

Strategic surveillance can be designed to monitor a broad range of events inside and outside the company or organization. They are likely to threaten the course of the company's or organization's strategy. It should be encouraged in form of monitoring a source of information.

Special Alert Control

Another type of strategic controls is a special alert control. A special alert control can be needed to thoroughly and often rapidly reconsider the company's or organization basic strategy. It based on a sudden and unexpected event.

Market Control

It is an important objective of output control. It is helpful to strategists to analyze, monitor the marketing performance of organization. Market control focuses on the performance of one company to compare with another company in terms of stock market price and return on investment. These things help to appraise financial performance of the company or organization.

Output Control

This is the last type of control system designs of the company or organization. Output control concentrates on output like divisional goals, functional goals, individual goals which are monitored, evaluated and guided by the strategic managers. Strategic managers aim to establish projects with execution of different types of control systems for measuring and improving efficiency of the organizational strategic objectives.

OPERATIONAL CONTROL SYSTEMS

Strategic control concerns with “steering” with company’s future direction. Strategic control can be useful to top management in monitoring and steering the basic strategic direction of the company. Therefore, operating managers also need appropriate control methods at all levels for strategy formulation, implementation and control operational system of an organization or company. The primary aim of the operating level can be allocated and use of the company’s resources.

Operational control systems can guide, monitor and evaluate progress in current objectives of the company. Effective operational control systems must take into four steps. They are as below:

- Set standards of performance
- Measure actual performance
- Identify deviations from standards
- Initiate corrective action or adjustment

Types of Operational Control Systems

There are three types of operational control systems. They are as listed below:

- Budgeting systems
- Scheduling
- Key success factors

Budgeting Systems

Budgeting systems provide to efficient resource allocation among the divisions/functions of the company. A budget involves to simply resource allocation plan, helps managers for coordination operations and facilitates managerial control.

Types of Strategic Budgets

There are three types of strategic budget are listed below:

- Revenue budgets
- Capital budgets
- Expenditure budgets

Revenue Budgets

Companies are prepared revenue budget to monitor their sources of revenue/income of the organization. The revenue budget has provided important information for the daily management of financial resources and key feedback as to whether the strategy is working. A revenue budget is particularly important as a tool for control of strategy implementation. It has provided an early warning system about the effectiveness of the company's strategy.

Capital Budgets

Capital budgets look for specific expenditures for plant, equipment, machinery, inventories and other capital items are needed during the budget period. Always organization looks for strong sales. It can only to a strong growth of the organization. Capital is required for diversification/retrenchment of its current operations to generate additional resources. It carefully plans the acquisition and expenditure of funds for effective control. A company additional to prepare another two budgets as mention below:

- **Cash budget:** It forecasts receipt and expenditure of the organization.
- **Balance sheet:** It forecasts the status of assets, liabilities and net worth at the end of the budget period.

Expenditure Budgets

Expenditure budget aim to record all expenditure belongs to division/function of the organization. Expenditure budgets introduction is necessary to company to control and implementation of strategy in various operating units of the company. It can set standards to assess expenditure of the all divisions/functions of the organization. It can provide an effective communication link between top management and operating managers. It provides another warning system which alerting management to problems in the implementation of the company's strategy.

Scheduling

Scheduling is the key factor in the success of the strategy. It is simply a planning tool for allocating the use of a time-constrained resource or arranging the sequence of interdependent activities. Scheduling offers a mechanism with which to plan for, monitor and control these dependencies.

Key Success Factor

Key factors are very important to implementation of the project. Successful key factors are listed below:

- Improved productivity
- High employee morale
- Improved product/service quality
- Growth in market share
- Completion of new facilities

Monitoring Performance and Evaluating

Organization carefully watches all goals, objectives that discharged by employees of the organization. A successful measure is a monitoring all activities of divisions/functions. It can be the best way reduced the errors and mistakes and brings very good productivity. Then we shall accomplishment of the objectives of the organization. Control can be needed all activities of the company.

STRATEGIC REWARD SYSTEM

Strategic reward system is also important to implement, control and monitoring the activities of the organization. Top-level executives want strategic reward in terms of

- Praise
- Recognition
- Morale support

While in the case of middle level and low level management employees want strategic reward in terms of:

- Piecework plans
- Commission systems
- Bonus plans
- Profit sharing systems
- Employee stock option systems

These benefits provide to employees to control and monitor the organizational activities.

Questions for Discussion

1. What is structure?
2. Explain the reasons for organization structure.
3. What is organizational design?
4. Explain the types of organizational structure.
5. What is vertical differentiation?

6. What is horizontal differentiation?
7. What is strategic business unit?
8. What is matrix structure?
9. What is product team structure?
10. Comment on geographic structure integration and integrating mechanisms.
11. Describe types/forms of integrating mechanisms.
12. What is matching structure and control analysis at the functional level?
13. What is matching structure and control at the business level?
14. How to be designing a global structure?
15. What is multi domestic strategy and structure?
16. What is international strategy and structure?
17. What is global organizational structure?
18. What is strategic business units and core competence?
19. What is organization culture?
20. How culture influences organizational?
21. What is strategic control system?
22. What are the steps/process in designing an effective control system in organization?
23. Explain the levels of control.
24. Describe types of strategic control.
25. Explain the operational control systems.
26. What strategic reward system?

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