



MADURAI KAMARAJ UNIVERSITY

(University with Potential for Excellence)

DIRECTORATE OF DISTANCE EDUCATION



M.B.A

**AIRLINE & AIRPORT
MANAGEMENT**

**MANAGEMENT AND ORGANIZATIONAL
BEHAVIOUR**

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M.B.A

AIRLINE & AIRPORT MANAGEMENT

FIRST YEAR

I - SEMESTER

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Paper1 Management and Organizational Behaviour

Unit I :

Management: Science, Theory and Practice - The Evolution of Management Thought and the Patterns of Management Analysis - Management and Society : The External Environment, Social Responsibility and Ethics - Global and Comparative Management - The Basis of Global Management

Unit II :

Nature and functions of management: Planning, Organizing/ Organizing Structures and Design, Controlling, Staffing

Unit III :

Introduction to Organizational Behaviour, Nature of organizations, The Individual Perceptual Process, Decision making, Nature of Learning, Values and attitudes, Motivation and emotions in workplace Personality

Unit IV :

Foundation of Group Behaviour

Nature of work groups and teams, Communication, Leadership

Unit V:

The Entire Organization: Organizational Culture and Climate, Management of Conflict within the organization, Organizational Change and Development

References :

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UNIT -1

MANAGEMENT SCIENCE, THEORY AND PRACTICE

UNIT STRUCTURE

**Management
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and Practice**

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1.1	UNIT OBJECTIVES
1.2	INTRODUCTION
1.3	EVOLUTION OF MANAGEMENT THOUGHT
1.4	PATTERNS OF MANAGEMENT ANALYSIS
1.5	SOCIAL RESPONSIBILITY AND ETHICS
1.6	GLOBAL AND COMPARATIVE MANAGEMENT
1.7	TRENDS AND CHALLENGES OF MANAGEMENT IN GLOBAL SCENARIO
1.8	SUMMARY
1.9	CHECK YOUR PROGRESS
1.10	ANSWERS TO CHECK YOUR PROGRESS
1.11	EXERCISES AND QUESTIONS

1.1 OBJECTIVES

- The nature and purpose of management
- That management is both an art and science
- The nature of the pluralistic society
- The social responsibility of managers and the arguments for and against the social involvement of business
- The nature and importance of ethics in managing
- The nature and purpose of international business and multinational corporations(MNCs)
- How managerial functions are carried out in the international environment
- The trend toward a unified global theory of management

1.2 DEFINITION OF MANAGEMENT

According to Harold Koontz, “Management is an art of getting things done through and with the people in formally organized groups. It is an art of creating an environment in which people can perform and individuals and can co-operate towards attainment of group goals”.

“Management is the process of designing and maintaining an environment in which individuals working together in groups, efficiently accomplish selected aims” – Koontz and Weihrich

Management is a vital function concerned with all aspects of working of an Organization.

1. It is a process of carrying out essential functions of Planning, Organizing, staffing, leading and controlling. It applies to every kind of organization – profit or non-profit making.

2. It applies to all managers of an organization and is a must for every Organization.
3. Installation and maintenance of proper procedures to ensure adherence to plans; integrate and supervise personnel; carry out operations of business enterprise.

Components of Management

- ❖ **Organizational Activity** – Management is a group activity – Management has to coordinate actions and reactions of individuals.
- ❖ **Goal formation** – Management has some defined goals - to achieve. It also evaluates effectiveness of goals.
- ❖ **Organizational survival** – Manager has to use resources available to them efficiently for the survival of resources.
- ❖ **Implementation** – Policies and programmes are implemented by management.

Scope of Management

The field of management is very wide. The operational areas of business management may be classified into the following categories:

- (i) **Production Management:** Production management implies planning, organizing, directing and controlling the production function so as to produce the right goods, in right quantity, at the right time and at the right cost. It includes the following activities:
 - (a) Designing the product
 - (b) Location and layout of plant and building
 - (c) Planning and control of factory operations
 - (d) Operation of purchase and storage of materials
 - (e) Repairs and maintenance
 - (f) Inventory cost and quality control
 - (g) Research and development etc.

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(ii) **Marketing Management:** Marketing management refers to the identification of consumer's needs and supplying them the goods and services which can satisfy these wants. It involves the following activities:

- (a) Marketing research to determine the needs and expectation of consumers
- (b) Planning and developing suitable products
- (c) Setting appropriate prices
- (d) Selecting the right channel of distribution, and
- (e) Promotional activities like advertising and salesmanship to communicate with the customers

(iii) **Financial Management:** Financial management seeks to ensure the right amount and type of funds to business at right time and at reasonable cost. It emphasizes the following activities:

- (a) Estimating the volume of funds required for both long-term and short-term needs of business
- (b) Selecting the appropriate source of funds
- (c) Raising the required funds at the right time
- (d) Ensuring proper utilization and allocation of raised funds so as to maintain safety and liquidity of funds and the creditworthiness and profitability of business, and
- (e) Administration of earnings

Thus, financial management involves the planning, organizing and controlling of the financial resources.

(iv) **Personnel Management:** Personnel management involves planning, organizing and controlling the procurement, development, compensation, maintenance and integration of human resources of an organization. It consists of the following activities:

- a) Manpower Planning
- b) Recruitments

- c) Selection
- d) Training
- e) Appraisal
- f) Promotions and Transfers
- g) Compensation
- h) Employee welfare services and
- i) Personal Records and Research etc.

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1.3 EVOLUTION OF MANGEMENT THOUGHT

The practice of management is as old as human civilization. The ancient civilizations of Egypt (the great pyramids), Greece (leadership and war tactics of Alexander the great) and Rome displayed the marvelous results of good management practices.

The origin of management as a discipline was developed in the late 19th century. Over time, management thinkers have sought ways to organize and classify the voluminous information about management that has been collected and disseminated. These attempts at classification have resulted in the identification of management approaches. The approaches of management are theoretical frameworks for the study of management. Each of the approaches of management is based on somewhat different assumptions about human beings and the organizations for which they work.

The different approaches of management are

- a) Classical approach,
- b) Behavioral approach,
- c) Quantitative approach,
- d) Systems approach,
- e) Contingency approach.

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The formal study of management is largely a twentieth-century phenomenon, and to some degree the relatively large number of management approaches reflects a lack of consensus among management scholars about basic questions of theory and practice.

a) THE CLASSICAL APPROACH:

The classical approach is the oldest formal approach of management thought. Its roots pre-date the twentieth century. The classical approach of thought generally concerns ways to manage work and organizations more efficiently. Three areas of study that can be grouped under the classical approach are scientific management, administrative management, and bureaucratic management.

(i) Scientific Management.

Frederick Winslow Taylor is known as the father of scientific management. Scientific management (also called Taylorism or the Taylor system) is a theory of management that analyzes and synthesizes workflows, with the objective of improving labor productivity. In other words, Traditional rules of thumb are replaced by precise procedures developed after careful study of an individual at work.

(ii) Administrative Management.

Administrative management focuses on the management process and principles of management. In contrast to scientific management, which deals largely with jobs and work at the individual level of analysis, administrative management provides a more general theory of management. Henri Fayol is the major contributor to this approach of management thought.

(iii) Bureaucratic Management.

Bureaucratic management focuses on the ideal form of organization. Max Weber was the major contributor to bureaucratic management. Based on observation, Weber concluded that many early organizations were inefficiently managed, with decisions based on personal relationships and loyalty. He proposed that a form of organization, called a bureaucracy, characterized by division of labor, hierarchy, formalized rules, impersonality, and the selection and promotion of employees based on ability, would lead to more efficient management. Weber also contended that managers' authority in an organization should be based not on tradition or charisma but on the position held by managers in the organizational hierarchy.

b) THE BEHAVIORAL APPROACH:

The behavioral approach of management thought developed, in part, because of perceived weaknesses in the assumptions of the classical approach. The classical approach emphasized efficiency, process, and principles. Some felt that this emphasis disregarded important aspects of organizational life, particularly as it related to human behavior. Thus, the behavioral approach focused on trying to understand the factors that affect human behavior at work.

(i) Human Relations.

The Hawthorne Experiments began in 1924 and continued through the early 1930s. A variety of researchers participated in the studies, including Elton Mayo. One of the major conclusions of the Hawthorne studies was that workers' attitudes are associated with productivity. Another was that the workplace is a social system and informal group influence could exert a powerful effect on individual behavior. A third was that the style of supervision is an important factor in increasing workers' job satisfaction.

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(ii) Behavioral Science.

Behavioral science and the study of organizational behavior emerged in the 1950s and 1960s. the behavioral science approach was a natural progression of the human relations movement. It focused on applying conceptual and analytical tools to the problem of understanding and predicting behavior in the workplace.

The behavioral science approach has contributed to the study of management through its focus on personality, attitudes, values, motivation, group behavior, leadership, communication, and conflict, among other issues.

c) THE QUANTITATIVE APPROACH:

The quantitative approach focuses on improving decision making via the application of quantitative techniques. Its roots can be traced back to scientific management.

i) Management Science (Operations Research)

Management science (also called operations research) uses mathematical and statistical approaches to solve management problems. It developed during World War II as strategists tried to apply scientific knowledge and methods to the complex problems of war. Industry began to apply management science after the war. The advent of the computer made many management science tools and concepts more practical for industry.

(ii) Production and Operations Management.

This approach focuses on the operation and control of the production process that transforms resources into finished goods and services. It has its roots in scientific management but became an identifiable area of management study after World War II. It uses many of the tools of management science.

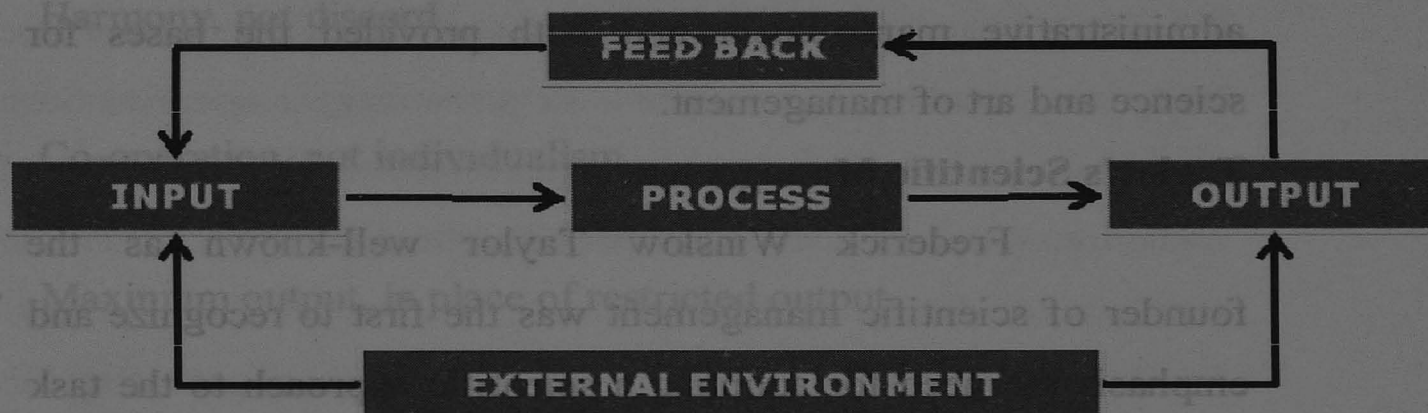
Operations management emphasizes productivity and quality of both manufacturing and service organizations. W. Edwards Deming exerted a tremendous influence in shaping modern ideas about improving productivity and quality. Major areas of study within operations management include capacity planning, facilities location, facilities layout, materials requirement planning, scheduling, purchasing and inventory control, quality control, computer integrated manufacturing, just-in-time inventory systems, and flexible manufacturing systems.

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d) SYSTEMS APPROACH:

The simplified block diagram of the systems approach is given below.



The systems approach focuses on understanding the organization as an open system that transforms inputs into outputs. The systems approach began to have a strong impact on management thought in the 1960s as a way of thinking about managing techniques that would allow managers to relate different specialties and parts of the company to one another, as well as to external environmental factors. The systems approach focuses on the organization as a whole, its interaction with the environment, and its need to achieve equilibrium.

e) CONTINGENCY APPROACH:

The contingency approach focuses on applying management principles and processes as dictated by the unique characteristics of each situation. It emphasizes that there is no one best way to manage and that it depends on various situational factors, such as the external environment, technology, organizational characteristics, characteristics of the manager, and characteristics of the subordinates. Contingency theorists often implicitly or explicitly criticize the classical approach for its emphasis on the universality of management principles; however, most classical writers recognized the need to consider aspects of the situation when applying management principles.

CONTRIBUTION OF TAYLOR AND FAYOL

F.W. Taylor and Henry Fayol are generally regarded as the founders of scientific management and administrative management and both provided the bases for science and art of management.

Taylor's Scientific Management

Frederick Winslow Taylor well-known as the founder of scientific management was the first to recognize and emphasize the need for adopting a scientific approach to the task of managing an enterprise. He tried to diagnose the causes of low efficiency in industry and came to the conclusion that much of waste and inefficiency is due to the lack of order and system in the methods of management. He found that the management was usually ignorant of the amount of work that could be done by a worker in a day as also the best method of doing the job. As a result, it remained largely at the mercy of the workers who deliberately shirked work. He therefore, suggested that those responsible for management should adopt a scientific approach in their work, and make use of "scientific

method" for achieving higher efficiency. The scientific method consists essentially of

- Observation
- Measurement
- Experimentation and
- Inference.

He advocated a thorough planning of the job by the management and emphasized the necessity of perfect understanding and co-operation between the management and the workers both for the enlargement of profits and the use of scientific investigation and knowledge in industrial work. He summed up his approach in these words:

- Science, not rule of thumb
- Harmony, not discord
- Co-operation, not individualism
- Maximum output, in place of restricted output
- The development of each man to his greatest efficiency and prosperity.

Elements of Scientific Management: The techniques which Taylor regarded as its essential elements or features may be classified as under:

1. Scientific Task and Rate-setting, work improvement, etc.
2. Planning the Task.
3. Vocational Selection and Training
4. Standardization (of working conditions, material equipment etc.)

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5. Specialization

6. Mental Revolution.

1. **Scientific Task and Rate-Setting (work study):** Work study may be defined as the systematic, objective and critical examination of all the factors governing the operational efficiency of any specified activity in order to effect improvement.

Work study includes.

(a) **Methods Study:** The management should try to ensure that the plant is laid out in the best manner and is equipped with the best tools and machinery. The possibilities of eliminating or combining certain operations may be studied.

(b) **Motion Study:** It is a study of the movement, of an operator (or even of a machine) in performing an operation with the purpose of eliminating useless motions.

(c) **Time Study (work measurement):** The basic purpose of time study is to determine the proper time for performing the operation. Such study may be conducted after the motion study. Both time study and motion study help in determining the best method of doing a job and the standard time allowed for it.

(d) **Fatigue Study:** If, a standard task is set without providing for measures to eliminate fatigue, it may either be beyond the workers or the workers may over strain themselves to attain it. It is necessary, therefore, to regulate the working hours and provide for rest pauses at scientifically determined intervals.

(e) **Rate-setting:** Taylor recommended the differential piece wage system, under which workers performing the standard task within prescribed time are paid a much higher rate per unit than inefficient workers who are not able to come up to the standard set.

2. Planning the Task: Having set the task which an average worker must strive to perform to get wages at the higher piece-rate, necessary steps have to be taken to plan the production thoroughly so that there is no bottleneck and the work goes on systematically.

3. Selection and Training: Scientific Management requires a radical change in the methods and procedures of selecting workers. It is therefore necessary to entrust the task of selection to a central personnel department. The procedure of selection will also have to be systematised. Proper attention has also to be devoted to the training of the workers in the correct methods of work.

4. Standardization: Standardization may be introduced in respect of the following.

(a) **Tools and equipment:** By standardization is meant the process of bringing about uniformity. The management must select and store standard tools and implements which will be nearly the best or the best of their kind.

(b) **Speed:** There is usually an optimum speed for every machine. If it is exceeded, it is likely to result in damage to machinery.

(c) **Conditions of Work:** To attain standard performance, the maintenance of standard conditions of ventilation, heating, cooling, humidity, floor space, safety etc., is very essential.

(d) **Materials:** The efficiency of a worker depends on the quality of materials and the method of handling materials.

5. Specialization: Scientific management will not be complete without the introduction of specialization. Under this plan, the two functions of 'planning' and 'doing' are separated in the organization of the plant. The 'functional foremen' are specialists who join their heads to give thought to the planning

of the performance of operations in the workshop. Taylor suggested eight functional foremen under his scheme of functional foremanship.

(a) **The Route Clerk:** To lay down the sequence of operations and instruct the workers concerned about it.

(b) **The Instruction Card Clerk:** To prepare detailed instructions regarding different aspects of work.

(c) **The Time and Cost Clerk:** To send all information relating to their pay to the workers and to secure proper returns of work from them.

(d) **The Shop Disciplinarian:** To deal with cases of breach of discipline and absenteeism.

(e) **The Gang Boss:** To assemble and set up tools and machines and to teach the workers to make all their personal motions in the quickest and best way.

(f) **The Speed Boss:** To ensure that machines are run at their best speeds and proper tools are used by the workers.

(g) **The Repair Boss:** To ensure that each worker keeps his machine in good order and maintains cleanliness around him and his machines.

(h) **The Inspector:** To show to the worker how to do the work.

6. Mental Revolution: At present, industry is divided into two groups – management and labour. The major problem between these two groups is the division of surplus. The management wants the maximum possible share of the surplus as profit; the workers want, as large share in the form of wages. Taylor has in mind the enormous gain that arises from higher productivity. Such gains can be shared both by the management and workers in the form of increased profits and increased wages.

Henry Fayol's 14 Principles of Management

The principles of management are given below:

1. Division of work: Division of work or specialization alone can give maximum productivity and efficiency. Both technical and managerial activities can be performed in the best manner only through division of labour and specialization.

2. Authority and Responsibility: The right to give order is called authority. The obligation to accomplish is called responsibility. Authority and Responsibility are the two sides of the management coin. They exist together. They are complementary and mutually interdependent.

3. Discipline: The objectives, rules and regulations, the policies and procedures must be honoured by each member of an organization. There must be clear and fair agreement on the rules and objectives, on the policies and procedures. There must be penalties (punishment) for non-obedience or indiscipline. No organization can work smoothly without discipline - preferably voluntary discipline.

4. Unity of Command: In order to avoid any possible confusion and conflict, each member of an organization must receive orders and instructions only from one superior (boss).

5. Unity of Direction: All members of an organization must work together to accomplish common objectives.

6. Emphasis on Subordination of Personal Interest to General or Common Interest: This is also called principle of co-operation. Each shall work for all and all for each. General or common interest must be supreme in any joint enterprise.

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7. Remuneration: Fair pay with non-financial rewards can act as the best incentive or motivator for good performance. Exploitation of employees in any manner must be eliminated. Sound scheme of remuneration includes adequate financial and nonfinancial incentives.

8. Centralization: There must be a good balance between centralization and decentralization of authority and power. Extreme centralization and decentralization must be avoided.

9. Scalar Chain: The unity of command brings about a chain or hierarchy of command linking all members of the organization from the top to the bottom. Scalar denotes steps.

10. Order: Fayol suggested that there is a place for everything. Order or system alone can create a sound organization and efficient management.

11. Equity: An organization consists of a group of people involved in joint effort. Hence, equity (i.e., justice) must be there. Without equity, we cannot have sustained and adequate joint collaboration.

12. Stability of Tenure: A person needs time to adjust himself with the new work and demonstrate efficiency in due course. Hence, employees and managers must have job security. Security of income and employment is a pre-requisite of sound organization and management.

13. Esprit of Co-operation: Esprit de corps is the foundation of a sound organization. Union is strength. But unity demands co-operation. Pride, loyalty and sense of belonging are responsible for good performance.

14. Initiative: Creative thinking and capacity to take initiative can give us sound managerial planning and execution of predetermined plans.

1.4 PATTERNS OF MANAGEMENT ANALYSIS

Although academic writers and theorists contributed notably little to the study of management until the early 1950s (previous writings came largely from practitioners), the past three to four decades have seen a veritable deluge of writing from the academic halls. The variety of approaches to management analysis, the welter of research, and the number of differing views have resulted in much confusion as to what management is, what management theory and science is, and how managerial events should be analyzed. As a matter of fact, the senior author some years ago called this situation “the management theory jungle.” Since that time, the vegetation in this jungle has changed somewhat, new approaches have developed, and older approaches have taken on some new meanings with some new words attached to them, but the developments of management science and theory still have the characteristics of a jungle.

Different Approaches to the Analysis of Management

The various approaches to management analysis are the following

1. The Empirical, or case, approach,
 2. The interpersonal behavioral approach,
 3. The group behavior approach,
 4. The cooperative social systems approach,
 5. The socio technical systems approach
 6. The decision theory approach,
 7. The systems approach,
 8. The mathematical or “management science”, approach
 9. The contingency, or situational, approach,
 10. Mintzberg’s managerial roles approach, shown earlier in the Perspective,
 11. McKinsey’s 7-S approach and
 12. The operational approach.
- Understanding the various approaches

makes it possible to identify the point of view from which any book or article on management has probably been written.

The Operational, or Management Process, Approach

As the below figure shows, the operational approach draws on all the other approaches and integrates them in a systematic manner. This approach to management theory and science attempts to bring together the pertinent knowledge of management by relating it to the managerial job – what managers do. Like other operational sciences, it tries to integrate the concepts, principles, and techniques that underlie the task of managing.

The operational approach recognizes that there is central core of knowledge about managing pertinent only to the field of management. Such matters as line and staff, departmentation, managerial appraisal, and various managerial control techniques involve concepts and theory found only in situations involving managers. In addition, this approach draws on and absorbs knowledge from other fields, including systems theory, decision theory, theories of motivation and leadership, individual and group behavior, social systems, and cooperation and communications, and from the application of mathematical analyses and concepts.

The nature of the operational approach can be seen in figure. As the diagram shows, the operational management school recognizes the existence of a central core of science and theory peculiar to managing and also draws importance contributions from various other schools and approaches. As the circle shows, the operational theorists is not interested in all the important knowledge in these various fields but only in that which is deemed most useful and relevant to managing.

Because the functions of managers are emphasized in the operational approach, it is often called the “management process” school. The great French industrialist and management pioneer Henri Fayol first attempted to organize management knowledge around managerial functions. This approach has been found useful to, and understandable by, practicing managers. It also furnishes a means of distinguishing between managerial knowledge and the special knowledge and expertise of such non managerial fields as marketing and production. In addition, it is a way of integrating into management useful and pertinent knowledge from all schools and approaches.

Although the operation lists generally believe that the fundamentals of management are universal, theorists of this school would readily admit that the problems managers face and the situations in which they operate vary among managerial levels in an enterprise and among different enterprises and that the application of concepts, theories, and techniques will naturally vary. This diversity is characteristic of the difference between theory and practice in any field.

1.5 MANAGEMENT AND SOCIETY

Management and Society

Introduction: The term business refers to any type of enterprise that is trading for purpose of giving satisfaction to the consumer.

Management as a Component of Social Systems

- ❖ Management influences the economic and social life styles of consumers, investors, workers and general public.
- ❖ A management depends on society for its survival and growth.
- ❖ A management gets its inputs, land, labor, capital, power, etc., from society. Therefore management must function as important/responsible member of society.

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1.5.1 SOCIAL RESPONSIBILITY AND ETHICS

Social responsibility

The term social responsibility is related with public interest and social welfare. Society is that part of management to initiate actions to protect social interests.

Arguments in favor of Social responsibility

- ❖ Management is part of society. Business received its character from society and consequently has to respond to needs to society.
- ❖ Social responsibility helps a business organization to safeguard its own self. If business fails to serve society its existence in long run will be affected.
- ❖ Social involvement results in greater freedom as it discourages additional government regulation and intervention.

Arguments against Social Responsibility

- ❖ Every organization's ultimate aim is to maximize profits. Social involvement should reduce profit.
- ❖ Domination of business values over social values.
- ❖ A business unit is not a charitable institution.

Meaning of Ethics

Ethics means what is good and what is not good. Every business organization by practice must know what desirable behavior form a good source is. In literature, ethics means a set of principles or morals.

Definition of Ethics

“The discipline dealing with that what is good and bad with moral duty and obligation”

—Weber

Definition of Management Ethics

Management ethics defined as a set of moral rules, procedures and principles to save and secure the customers employees, society and business unit.

Importance of Business Ethics

- ❖ Increases business ethics survival of the business unit is not difficult.
- ❖ An ethically practicing company is always honored by the customers and public.
- ❖ Ethical management improve better decision making ability in all the business activities
- ❖ A business man observes ethics strictly; definitely the particular business unit is well developed.
- ❖ Ethical attitude management improves the confidence of the customers, employees and society.
- ❖ Ethical attitude management improves the coordination of the employees.

Factors affecting Business Ethics

- ❖ Political uncertainty leads to affect business ethics.
- ❖ Corruption enters the Government offices affect ethics in business enterprise.
- ❖ Businessman must know the ethics but he does not know affect the business activities.
- ❖ The trade union has break business ethics.
- ❖ Superiors in the organization doing activities leads to unethics to their subordinates in the organization.
- ❖ The ethical climate of the country is poor ethics in the inside of the organization also poor.

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Characteristics of Ethics in Management

- ❖ Ethics may be thought of in terms of moral principles.
- ❖ Business ethics is concerned with truth and justice and has a variety of aspects such expectations of society, fair competition, advertising, public relations.
- ❖ Ethics deals with what is good and bad, moral duty and obligation.³
- ❖ Ethics as an art it involves techniques of Judging and decision making as well as the tools of social control and personal development.
- ❖ Implementation of ethics in the management or factors that raise ethical standards
- ❖ Appointment of ethics committee consisting of internal and external directors.
- ❖ Conduct regular meetings to discuss ethical issues.
- ❖ Communicating the code to all members of the organization. A code is a statement of policies, Principles or rules that guide behavior.
- ❖ Good behavior is rewarded and bad behavior is punished.
- ❖ The committees follow up and updating the code is an important process.
- ❖ Submit the report to the board of directors the activities of committee

Types of Ethical Theories

1. Utilization theory: Plans or actions should produce the greatest good for the greatest number of people.
2. Theory of Rights: All people have basic right A number of rights can be found in the constitutions.
3. Theory of justice: It demands that decision makers be guided by fairness and equity

Steps to improve the Organization Ethics:

- ❖ Training programme for the employees for ethical guidelines and their importance.
- ❖ Setup control that check o illegal or unethical activities
- ❖ Conduct frequent and unpredictable audits
- ❖ Educate ethical behavior to the employees
- ❖ Punishment of immoral behaviors leads to effective ethics

Social Responsibility of Business

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1. Customers:

- ◆ Quality
- ◆ Product Reasonable Price
- ◆ Good service
- ◆ No Price discrimination

2. Employees:

- ◆ Fair Wages
- ◆ Job Security
- ◆ Participation of management
- ◆ Better morality

3. Business:

- ◆ Increase the profit
- ◆ Get Good will
- ◆ Less labor turnover

4. Government:

- ◆ Development of National economy
- ◆ Prompt collection of taxes

1.7 GLOBAL AND COMPARITIVE MANAGEMENT

International management involves conducting business and industrial operations in foreign countries and affected by cultural and national influence. It involves free flow of ideas, technology, goods, information and management talent. It deals with issues related to flow of people, goods, money that involves crossing national boundaries.

International Management in selected countries-

Management Science,
Theory and Practice

Notes

There are different management practices in selected countries

- France(Le Plan) – Utilize effectively country's resource and avoid expansion in uneconomic areas
- Germany - Authority and codetermination – direct work force
- Australia – Emphasis and political and social value, achievement and risk taking
- Britain – Resourcefulness, adaptability, logic
- Italian – Like group decision making, competitive and low tolerance for risks

International Business - is transaction among national boundaries that includes transfer of goods, services, technology, and managerial knowledge to other countries.

Multinational Corporation (MNC) – have headquarters in one country but their operation in many countries. Thus starting from one country (ethnocentric outlook) the orientation based on parent company goes up to geocentric orientation (total organization is operating in many countries)

Characteristics of MNC

- The MNC top manager regards entire world as relevant frame of reference for making kind of resource acquisitions productions.
- MNC reduces unit cost by producing more units.

Advantages

- MNC can take advantage of business operations In different countries
- Raise money for its operation throughout the world
- Can establish production facilities in countries
- Can recruit management and personnel from worldwide labour pool
- Provides lower labour cost
- Helps to expand markets

Disadvantages

- Competition from MNC affects local industry
- Increasing nationalism in many countries. Now-a-days even developing countries possess managerial, technical skills, thus they don't welcome multinationals as they used to earlier
- Countries have become aware of their natural resources and international negotiations
- Multinationals have to maintain good relations with host country, task that may prove difficult, as government keeps changing
- Discourages competition among their subsidiaries

Managerial Functions in International Business

- ❖ Planning in Multinational Corporation - Assess opportunities, threats in external environment, scan worldwide market, match external threats & opportunities with internal strengths and weakness planning decides in advance what to do, now to do, when to do, who is to do it. Generally strategic plans are formulated by top management of parent company. Global strategic partnerships are formed by multinational corporations e.g. General Motors formed joint venture with Toyota to produce cars in California.
- ❖ Organizing in multinational corporations - Different organizational structures have to be mixed depending on environment and task demands. Group managers based on geographic areas – like America, Africa, and Europe or according to product etc. It establishes harmonious relationship between members of an organization. The structure should be flexible and dynamic
- ❖ Staffing in Multinational corporations – Here recruitment is possible from worldwide labour pool. The position identified in organization must be filled by qualified and experienced people.

Management
Science,
Theory and
Practice

Managers can be classified into three types:

- Top executives and key subordinates sent from home country. This type of manager knows well about parent company's policies and rules.
- Secondly, organization may select managers who belong to host country. This type of manager knows well about local policies, countries, suppliers.
- Thirdly, organization may appoint managers other than host or home country.
- ❖ Leading in Multinational corporation - Motivate and communicate – are two main functions here of leaders. Communication is also a problem in multinational firms with subsidiaries where difficult languages are spoken. English is a primary language.
- ❖ Controlling in Multinational Corporation – Here revenue, costs and profits are measured in different countries and there can be fluctuations. Accounting practices also differ from country to country. Time lag is there in measurement of performance which may delay detecting deviation from standard and corrective action. Thus, controlling is difficult in operation in International Corporation.

Global Theory of Management – Planning, Organizing, Staffing, Leading and Controlling are popular techniques used worldwide. Thus emphasis has been on teaching, research, recounting what has happened, practicing managers. Operational theorists measure use of basics of systems theory and view operations as global interdependent system. Situational and contingency approaches are not new or separate they stress on what manager actually does depends on the situation. Effective leaders design a system that takes into account subordinate

expectations, inter personal relations, rewards. Technology also has an impact on structure of organization.

In environment of global competition, only best companies will succeed. New approaches are required to improve productivity, effective planning, better manage of human resources and need for intellectual leadership in organizations to make it more productive.

Thus towards a unified global theory of management the following tendencies coverage –

- Empirical Approach: Distilling Barriers
- System Thinking and analyzing
- Situational / Contingency approach
- Conference of Motivation and Leadership theory
- Organization Development
- Impact of Technology

Theory Z – In theory Z, selected Japanese management practices are adapted where emphasis is on interpersonal skills needed for group interactions practiced by companies such as IBM and HP.

Privatization – Transfer of complete ownership or transfer of minority equity ownership approach.

It helps to increase in competition, improvement of production, reduction of tax burden and proper resource mobilisation.

1.8 TRENDS AND CHALLENGES OF MANAGEMENT IN GLOBAL SCENARIO

The management functions are planning and decision making, organizing, leading, and controlling — are just as relevant to international managers as to domestic managers. International managers need to have a clear view of where they want their firm to be in the future;

they have to organize to implement their plans: they have to motivate those who work for them; and they have to develop appropriate control mechanisms.

a) Planning and Decision Making in a Global Scenario

To effectively plan and make decisions in a global economy, managers must have a broad-based understanding of both environmental issues and competitive issues. They need to understand local market conditions and technological factors that will affect their operations. At the corporate level, executives need a great deal of information to function effectively. Which markets are growing? Which markets are shrinking? Which are our domestic and foreign competitors doing in each market? They must also make a variety of strategic decisions about their organizations. For example, if a firm wishes to enter a market in France, should it buy a local firm there, build a plant, or seek a strategic alliance? Critical issues include understanding environmental circumstances, the role of goals and planning in a global organization, and how decision making affects the global organization.

b) Organizing in a Global Scenario

Managers in international businesses must also attend to a variety of organizing issues. For example, General Electric has operations scattered around the globe. The firm has made the decision to give local managers a great deal of responsibility for how they run their business. In contrast, many Japanese firms give managers of their foreign operations relatively little responsibility. As a result, those managers must frequently travel back to Japan to present problems or get decisions approved. Managers in an international business must address the basic issues of organization structure and design, managing change, and dealing with human resources.

c) Leading in a Global Scenario

We noted earlier some of the cultural factors that affect international organizations. Individual managers must be prepared to deal with these and other factors as they interact people from different cultural backgrounds. Supervising a group of five managers, each of whom is from a different state in the United States, is likely to be much simpler than supervising a group of five managers, each of whom is from a different culture. Managers must understand how cultural factors affect individuals. How motivational processes vary across cultures, how the role of leadership changes in different cultures, how communication varies across cultures, and how interpersonal and group processes depend on cultural background.

d) Controlling in a Global Scenario

Finally, managers in international organizations must also be concerned with control. Distances, time zone differences, and cultural factors also play a role in control. For example, in some cultures, close supervision is seen as being appropriate, whereas in other cultures, it is not. Likewise, executives in the United States and Japan may find it difficult to communicate vital information to one another because of the time zone differences. Basic control issues for the international manager revolve around operations management productivity, quality, technology and information systems.

1.9 SUMMARY

Management is the process of designing and maintaining an environment for the purpose of efficiently accomplishing selected aims. The development of management theory involves the development of concepts, principles, and techniques. There are many theories about management, and each contributes

something to our knowledge of what managers do. Each approach has its own characteristics and advantages as well as limitations.

Corporate social responsibility requires that organizations consider seriously the impact of their actions on society. Ethics deals with what is good and bad and with moral duty and obligation.

Managerial practices differ in various countries. Organizations have to be concerned not only about preparing native managers for working abroad but also about preparing foreign managers for working in the native country.

Multination corporations have developed different orientations for operating in foreign countries. While management fundamentals may be applicable in different countries, the practice of carrying out of the managerial functions differs in domestic and international enterprises.

1.10CHECK YOUR PROGRESS

1. what is MNCs
2. who is father of scientific management?
3. How many principles of management did Henry fayol classified?
4. What is unity of direction?
5. Who said these words “the discipline dealing with that what is good and bad with moral duty and obligation”
6. How many ethical theories are there?
7. what is management practice in Britain?

1.11 ANSWER TO CHECK YOUR PROGRESS

1. Multinational corporations
2. Ferderick Winslow Taylor
3. 14
4. all members of an organization must work together to accomplish common objectives
5. Weber
6. Three types. 1. Utilization theory 2. Theory of rights 3. Theory of justice.
7. resourcefulness, adaptability and logic.

1.12 EXERCISES AND QUESTIONS

1. Explain the patterns of management analysis
2. Explain contribution of Taylor to development of management thought and practice
3. Explain benefits of management ethics
4. Explain different approaches to analysis of management thought
5. Explain modern management theories

UNIT -2 NATURE AND FUNCTIONS OF MANAGEMENT

UNIT STRUCTURE

2.1	UNIT OBJECTIVES
2.2	NATURE OF MANAGEMENT
2.3	FUNCTIONS OF MANGEMENT
2.	PLANNING
2.5	OBJECTIVES
2.6	ORGANIZINING
2.7	STAFFING
2.8	DIRECTING 2.8.1 ELEMENTS OF DIRECTING 2.8.2 MOTIVATION AND SATISFACTION 2.8.3 JOB DESIGN 2.8.4 TYPES OF MOTIVATION TECHNIQUES 2.8.5 MOTIVATION THEORIES 2.8.6 LEADERSHIP 2.8.7 COMMUNICATION
2.9	CONTROLLING
2.10	SUMMARY
2.11	CHECK YOUR PROGRESS
2.12	ANSWERS TO CHECK YOUR PROGRESS
2.13	EXERCISE AND QUESTIONS

UNIT II NATURE AND FUNCTIONS OF MANAGEMENT

2.1 UNIT OBJECTIVES

- The nature and purpose of management
- That managing as practice is an art in which practitioners apply the underlying theory and science in light of situations
- The managerial functions of planning, organizing, staffing, directing and controlling.

Nature and
Functions of
Management

2.2 NATURE OF MANAGEMENT

Management is a continuous process. Management aims at achieving the organization goals, by ensuring effective use of resources. Managers use the resources of the organization, both physical as well as human to achieve the goals.

- Management Theory:** Consists of certain principles, concepts and techniques which can be applied in different organizations. It helps to understand, predict and explain human behavior.
- Management Principles:** Serves as guide to thought and action and enable managers to approach various problems systematically.
- Management Technique:** A technique is a method of achieving the desired goals. It is systematic way of investigating, planning, controlling and supervising which can be applied to management problems.

Significance of Management

Management is an indispensable function for achieving objectives by people in business, government or any walk of life. Its contribution can be judged from the following factors:

- ❖ **Contribution to Efficiency** – Management reduces wastage of man, material, machine, money to minimum by-
 - R & D (Research and Development)
 - Principle of MBO

- ❖ ***Promotion of International Understanding*** – With cooperation among management, understanding can be forged between two big powers believing in different social systems and ways of life.
- ❖ ***Contribution to Social Object*** – There is realization of responsibility of business to society. Profit is one of the objects of business enterprise.
- ❖ ***Attainment of Group Goals*** – The management theory guides direction of achievements of goals.
- ❖ ***Effective Functioning of Business*** – Understanding, communication and supervision are responsible for effective functioning of Business Management.
- ❖ ***Management Control of the Organization*** – Controls the activities of enterprises.
- ❖ ***Management is need at all levels.***

The nature of management is that management is science and art, both science and art are complementary to each other.

Management as science

Development of Science depends on thinking, discovery of facts, verification and production. Since all these exist in management, it may be called science. Science is the systematized body of knowledge pertaining to a particular field of enquiry. Such systematized body of knowledge contains concepts, theories experimentation and principles which are universal and true. The various concepts and principles of science are developed on the basis of observation and experiments.

Management has a systemized body of knowledge pertaining to its field and the various concepts, principles and techniques that have been developed through deductive and inductive reasoning. The unity of command, the consistency of authority and responsibility are some of the important principles which help to decide proper delegation of authority.

The main reason is that it deals with the people and it is very difficult to predict their behavior accurately. That is why Ernest Dale has called management a soft science which does not have hard and fast rules.

Management as an Art

Art is about bringing out the desired results through the application of skill. It is concerned with the application of knowledge and skills.

Management is one of the most creative art forms, as it requires a vast knowledge and certain innovating, initiating, implementing and integrating skills in relation to goals, resources, techniques and results. As an art, management skills for a corpus of abilities, intuition and judgment and a continuous practice of management theories and principles.

Management is an art because

1. The Process of Management does involve the use of know-how and skills.
2. The Process of Management is directed towards the accomplishment of concrete results.
3. Like any other art, management is creative in the sense that management creates new situations needed for the further improvement.
4. Management is personalized – Every man in this profession has his individual approach and technique in solving problems. The success of managerial task is related with personality of the men, character and knowledge.

Thus we can conclude that management is both a science and an art.

Management as Process

It is a process of laying down objectives and achieving the same with efficiency. It consists of all functions of management ranging from planning, organizing, staffing, directing and controlling.

Management as People

Decisions are taken with help of machines like computer, selection of people, and decision on product mix. All management functions such as planning, organizing, staffing, direction and control are performed by men. Hence management may be called as people.

Management as Discipline:

Discipline is branch of knowledge. Every discipline has number of followers. The followers discover knowledge and verify them. As management contains all these characteristics is called management as discipline.

Management as Profession

There are number of professions based on law, teaching or medicine. Similarly management also as profession as it contains systematized knowledge of principles, techniques, policies which are applied to achieve objectives. The emerging trend of separation of Management from ownership and increasing professionalization of Management has led to a debate as to whether Management is a profession like doctors, advocates, nurses, accountants etc. Profession can be defined as an occupation for which specialization skills are required, it is not only meant for self satisfaction but are used for the larger interests of the society. Its characteristics are:

- ❖ **Existence of knowledge:** There exists a rapid, expanding body of knowledge underlying the management field. For being

successful manager one has to be alert and study this set of knowledge. A systematic body of knowledge that can be used for professional development has evolved during the last six decades. However, the concept of Management is still evolving and new principles are being established continuously.

- ❖ ***Format teaching of knowledge:*** An individual can enter in a profession only after possessing certain knowledge and skills through formal training. To impart Management education there are many formal institutes in the world. In India, there are various institutions and universities running management programmes.
- ❖ ***Existence of representative body:*** A representative body of professional is needed to regulate and develop the professional activities. Many countries have Management Associations. In India too there is an All India Management Association. These associations manage and coordinate researches and interests of Management profession in Management areas.
- ❖ ***Ethical Standards:*** For every profession, some ethical standards are provided and every professional individual is expected to maintain conformity with these standards. There is a lack of universally accepted formal ethical standards; their duty is to protect the interests of all parties, owners, suppliers, consumers, government, etc. In this respect, they are expected to maintain code of conduct
- ❖ ***Reasonable remuneration:*** Professionals in management require money to satisfy their needs. However, their success is not measured only in terms of money which they receive by way of rendering their services but by the contribution by way of integrating various resources into productive units is very important for the stability of society.

LEVELS OF MANAGEMENT

In most of the Organisations, there are generally three levels of management

1. Top management
2. Middle management
3. Lower management

1. Top management

In any organization top management is the ultimate source of authority. It establishes goals and policies for the enterprises and devotes more time on the planning and coordinating functions. It approves the decisions of the middle level management and includes Board of Director, Managing Director, General Manager, Secretaries and Treasures etc.

2. Middle Management

It generally consists of heads of functional department's viz., production manager, sales manager, office superintendent, chief cashier, branch manager, etc. They receive orders and instructions from top management and get the things done through lower level management. They are responsible to the top management for the functioning of their departments. They devote more time on the Organization and motivation functions of management.

3. Lower Management

It is the lowest level of management and thus has a direct contact with the workers. It includes supervisors, foreman, accounts officers etc., It is directly concerned with the control and performance of the operative employees. Lower level managers guide and direct the workers under the instructions from middle level managers. They devote more time on the supervision of the workers and are responsible for building high morale among workers. The three level of management may be put as under:

**TOP
LOWER MANAGEMENT
MANAGEMENT**

- . Chairman
- . Foreman
- . Managing Director
- . Supervisors
- . Secretaries
- . Finance Officers
- . Treasurers
- . Board of Directors
- . General Manager

**MIDDLE
MANAGEMENT**

- . Heads of Departments
- . Superintendents
- . Branch managers

ADMINISTRATION AND MANAGEMENT

There are following three views on the subject of distinction between administration and management.

Management and Administration are Different

Administration is the function in industry concerned with the determination of the corporate policy, the coordination of finance, production and distribution whereas, management is the function concerned with the execution of policy within the limits set up by administration. Thus, administration is formulation of policies and is a determinative function while management is execution of policies and is an executive function.

Management includes Administration

Administration is that part of Management which is concerned with the installation and carrying out of the procedures by which the programme is laid down and communicated, and the progress of activities is regulated and checked against plans. Thus, first and second view points are exactly opposite to one another. There is no distinction between Management and Administration.

It is very difficult to clearly demarcate managerial and administrative functions, as the same set of persons perform both these functions. We do not have two sets of people to discharge administrative and objective Management functions. Therefore, there is no difference between the two.

Goal of all Managers is to create a surplus – to achieve this all managers must establish an environment in which people can accomplish goals with least amount of time, money, material.

Productivity – is defined as output – input ratio within time period with due consideration for quality.

Productivity = Output / Input

- It can be improved by increasing outputs with same inputs.
- Decreasing Inputs with same outputs

Effectiveness – achievement of objectives.

Efficiency – is achievement of ends with least amount of resources.

System – is a set of inter connected and interrelated elements or components to achieve certain goals.

Principle of unity states that more often an individual reports to single superior, the more likely is that individual feels a sense of loyalty and obligation and less likely there will be confusion about instructions.

Ethics – Study of how our decisions affect other people. Study people's rights and duties and relationship among people.

Techniques – are essential ways of doing things, methods of accomplishing a given result.

2.3 FUNCTIONS OF MANAGEMENT

The functions of management are: Planning, Organizing, staffing, directing and controlling

❖ **Planning** - is defined process of forecasting future problems, situation and events and selecting course of action to be followed. It is performed by managers at all levels. Managers at top level in organization devote more time on planning, than managers at lower level. Planning is a prerequisite for doing things. It leads to more effective and faster achievements in any organization. Planning includes –

- ◆ Determination of objectives
- ◆ Forecasting
- ◆ Search of alternative course of action
- ◆ Budgeting

❖ **Organizing** – is identification and grouping of activities to be performed. Dividing activities among individuals – determine objectives, fit individuals to specific jobs, organizing contribute to efficiency of Organization. There are five levels of authority- 1) Top management 2) Upper middle management 3) Middle management 4) Supervisory force 5) Operating force. Each member of an organization is assigned with a well defined authority and responsibility. Authority and responsibility go hand in hand; there should be no gap between the two. If there is any gap between the two it gives rise to two set of situations, either more authority or less authority. Coordination is the process of systematic cooperation among different components of organization. Unless work of each individual of a group is well defined and systematically put together, object of group cannot be achieved. Unity of direction, effective communication between managers and subordinates, good industrial relationships are essential for better coordination.

❖ **Staffing** – is manning organizational structure through proper and effective selection process, appraisal and development of personnel to fill roles designed into the structure.

This includes proper recruitment, selection of people, fixing remuneration, training and developing people to discharge Organization function and appraisal of personnel. Every manager is engaged in performing staffing function like Job analysis, appraisal of performance. In short, staffing function is a persuasive function of management.

- ❖ **Directing** – Directing is that part of the management process which actuates the Organization members to work efficiently and effectively for the attainment of Organizational objectives. Direction is the interpersonal aspect of management which deals directly with influencing, guiding, supervising and motivating the subordinates for the accomplishment of the predetermined objectives. It consists of four sub functions:

- ♦ **Communication:** It is the process of passing information and understanding from one person to another. A successful manager should develop an effective system of communication so that he may issue instructions and receive the reactions of the subordinates and motivate them.

- ♦ **Leadership:** It is the process by which a manager guides and influences the work of his subordinates.

- ♦ **Motivation:** Motivation means inspiring the subordinates to zealously work towards accomplishment and achievement of Organizational goals and objectives.

- ♦ **Supervision:** Managers have to personally watch, direct and control the performance of subordinates. In doing this they have to plan the work, give them directions and instructions, guide them and exercise leadership.

- ❖ **Controlling** – Controlling is visualizing that actual performance is guided towards expected performance. It is the measurement and appraisal of the activities performed by the subordinates in order

to make sure that the objectives and the plans devised to attain them are being accomplished. Controlling involves following:

- Fixing appropriate standards
- Measurement of actual performance
- Comparing actual and planned performance
- Finding variances between the two and reasons for the variance and
- Taking corrective actions.

Control keeps a check on other functions for ensuring successful functioning management. The most notable feature is that it is forward looking. A manager cannot control the past, but can avoid mistakes in the future by taking actions in the light of past experience.

Types of control are production control, labor control, inventory control, budgetary control.

2.4 PLANNING

Planning in designing and environment for the effective performance of individuals working together in a group, a manager's most essential task is to see that every one understand the group's mission and objectives and the methods for attaining them. If group effort is to be effective, people must know what they are expected to accomplish. This is the function of planning. It is the most basic of all the managerial functions. Planning involves selecting missions and objectives and deciding on the actions to achieve them; it request decision-making that is, choosing a course of action from among alternatives. Plans thus provide a rational approach to achieving pre- selected objective planning also strongly implies managerial innovations, as will be discussed in chapter 6. Planning bridges the gap from where we are to where we want to go. It is also important to point out that planning and controlling are inseparable- the Siamese twins of

management (see figure). Any attempt to control without plans is meaningless, since there is no way for people to tell whether they are going where they went to go (the result of task of control) unless they first know where they went to go (part of the task of planning). Plans thus furnish the standards of control.

2.4.1 NATURE AND PURPOSE OF PLANNING

The essential nature of planning can be defined by dividing it into four Major aspects.

1. THE CONTRIBUTION OF PLANNING TO PURPOSE AND OBJECTIVE:

Every plan and all its supporting plans should contribute accomplishment of the purpose and objectives of the enterprise. This concept and use in organized enterprise which try to accomplishment of group purpose through deliberate cooperation.

2. THE PRIMACY OF PLANNING:

Since managerial functions like organizing, Staffing, Leading and controlling support to the accomplishment of enterprise objectives, planning logically precedes or help the accomplishment of all other managerial functions. Because Manager must plan on order to know what kinds of organization relationship and personal qualifications are needed, which method should be field by subordinates and what kind of control is to applied. All the other Managerial functions must be planned if they are to be effective.

3. THE PERVASIVENESS OF PLANNING:

Planning is the function of all Managers, although the character and breadth of planning will vary with each Managers authority and with nature of policies and plans outlined by superiors. If Managers are not allowed a certain degree of discretion and planning responsibility they are not truly Managers. If we recognize the pervasiveness of planning, we can

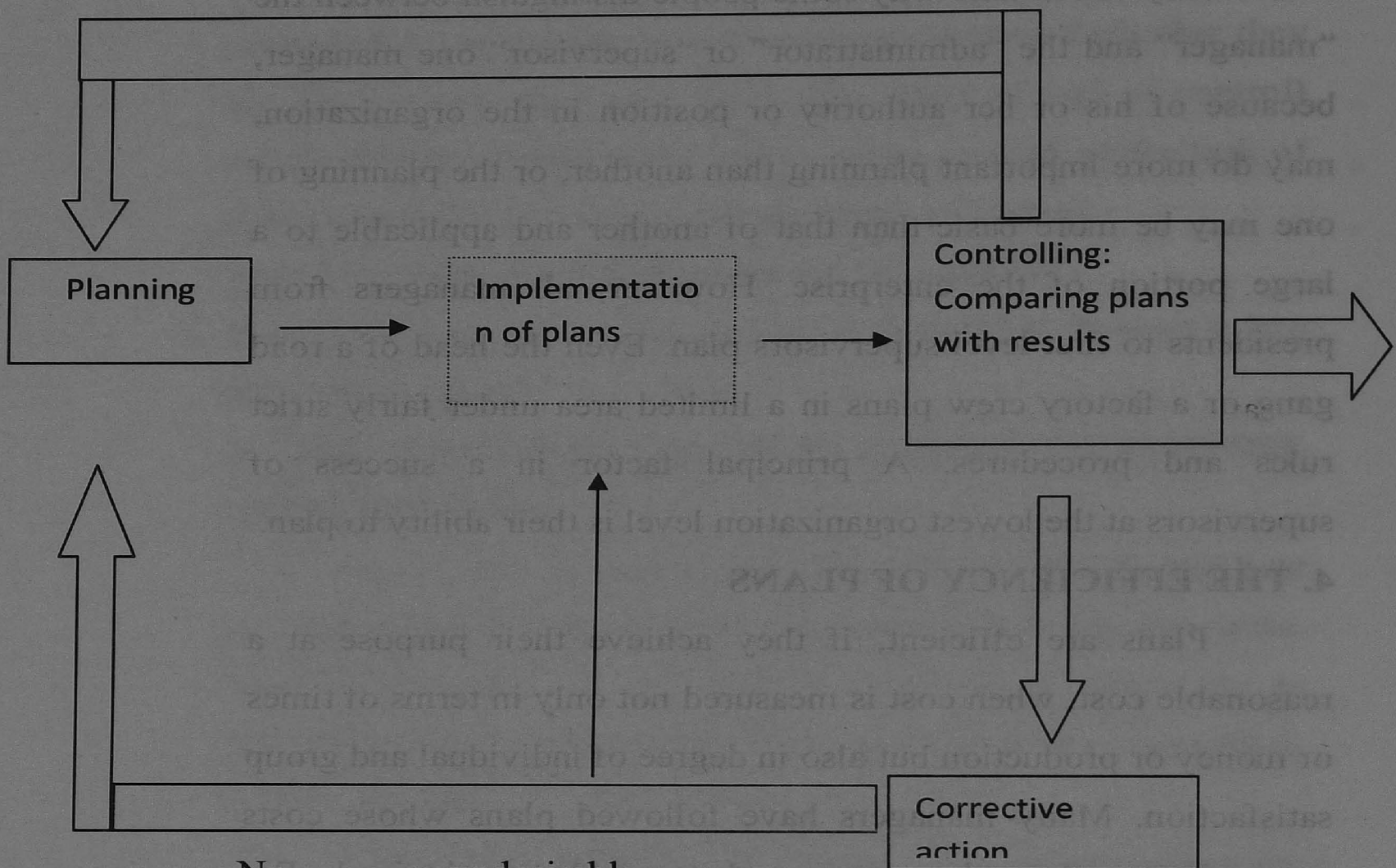
more easily understand why some people distinguish between the “manager” and the “administrator” or “supervisor” one manager, because of his or her authority or position in the organization, may do more important planning than another, or the planning of one may be more basic than that of another and applicable to a large portion of the enterprise. However, all managers from presidents to first level supervisors plan. Even the head of a road gang or a factory crew plans in a limited area under fairly strict rules and procedures. A principal factor in a success of supervisors at the lowest organization level is their ability to plan.

4. THE EFFICIENCY OF PLANS

Plans are efficient, if they achieve their purpose at a reasonable cost, when cost is measured not only in terms of times or money or production but also in degree of individual and group satisfaction. Many managers have followed plans whose costs were greater than the revenue that could be obtained. For example, one airline acquired certain aircraft with costs exceeding revenues. Companies have also tried to sell products that were unacceptable to the market. Plan can even make it impossible to achieve objects if they make enough people in an organization this satisfied or unhappy.

2.4.2 TYPES OF PLAN

Plans can be classified as (1) mission or purpose, (2) objectives or goals (3) strategies (4) policies, (5) procedure, (6) rules, (7) programs, and (8) budgets.



No undesirable

Deviations from plans Undesirable deviation

Close relationship of planning and controlling.

Mission or purposes:

The mission or purpose (the terms are often used interchangeably), identifies the basic purpose or function or tasks of an enterprise or agency or any part of it. Every kind of organisation operation has, or at least should have if it is to be meaningful, a mission or purpose. In every social system, enterprises have a basic function or task assigned to them by society. For example, the purpose of a business generally is the production and distribution of goods and services. The purpose of a state highway department is the design, building, and operation of a system of state highways. The purpose of the courts is the interpretation of laws and their applications. The purpose of a

university is teaching, research, and providing service to the community.

Although we do not do so, some writers distinguish between mission and purpose. While a business, for example, may have a social purpose of producing and distributing goods or services, it can accomplish this by fulfilling a mission of producing certain lines of products. The mission of an oil company, like Exxon, is to search for oil and to produce, refine, and market petroleum and petroleum products, from diesel fuel to chemicals. The mission of Du pont has been expressed as “better thing through chemistry,” and Kimberly – clark (noted for its Kleenex trademark) regards its business mission as the productions and sale of paper and paper products. In the 1960s, the mission of the national aeronautics space administration (NASA) was to get a person to the moon before the Russians. It is true that in some businesses and other enter- prises, the purpose or mission often becomes fuzzy. For example, many conglomerates have regarded their mission as synergy,* which is accomplished through the combination of a variety of companies.

Objectives or Goals

Objectives or goals (the terms are used interchangeably in this book), are the ends towards which activity is aimed. They represent not only the end point of planning but also the end towards which organizing, staffing, leading, and controlling are aimed. The nature of objective and management by objectives will be discussed in greater detail later in this chapter.

Strategies

For years, the military used the word strategies to mean grand plans made in light of what it was believed an adversary might or might not do. While the term still usually has a competitive implication, managers increasingly use it to reflect broad areas of an enterprise's operation. In this book, strategy is defined as the determination of the basic long-term objectives of an enterprise and the adoption of course of action and allocation of resources necessary to achieve these goals.

Policies

Policies are also plans in that they are general statement or understandings that guide or channel thinking in decision-making. Not also policies are "statements"; they are often merely implied from the actions of managers. The president of company, for example, may strictly follow – perhaps convenience rather than as policy- the practice of promoting from within; the practice may then be interpreted as policy and carefully followed by subordinates. In fact, one of the problems of managers is to make sure the subordinates do not interpret as policy minor managerial decisions that are not intended to serve as patterns.

Policies define an area within which a decision is to be made and ensure that the decision will be consistent with, and contribute to an objective. Policies help decide issues before they become problems, make it unnecessary to analyze the managers to delegate authority and still maintain control over what their subordinates do.

There are many types of policies. Examples include policies of hiring only university- trained engineers, encouraging employee suggestion for improved cooperation, promoting from within, conforming strictly to a high standard of business ethics,

setting competitive prices, and insisting on fixed, rather than cost-plus, pricing.

Procedures

Procedures are plans that establish a required method of handling future activities. They are chronological sequences of required actions. They are guides to actions, rather than to thinking, and they detail an exact manner in which certain activities must be accomplished. For example, Case Western University outlines three steps for its appraisal process: (1) setting performance objectives, (2) performing mid-year review of the objectives, and (3) conducting a performance discussion at the end of the period. Procedures often cut across department lines. For example, in a manufacturing company, the procedure for handling orders may involve the sales department (for the original order), the finance department (for acknowledgment of receipt of funds and for customer credit approval), the accounting department (for recording the transaction), the production department (for the order to produce the goods or the authority to release them from stock), and the shipping department (for determination of shipping means and route).

A few examples illustrate the relationship between procedures and policies. Company policy may grant employees vacations; procedures established to implement this policy will provide for scheduling vacations to avoid disruption of work; setting rates of vacation pay and methods for calculating them, maintaining records to ensure each employee of a vacation, and spelling out the means for applying for leave.

Rules

Rules spell out specific required actions or non-actions, allowing no discretion. They are usually the simplest type of plan. "No smoking" is a rule that allows no deviation from stated

course of action. The essence of a rule is that it reflects a managerial decision that a certain action must – or must not – be taken. Rules are different from policies in that policies are meant to guide decision-making by marketing off areas in which managers can use their discretion, while rules allow no discretion in their application.

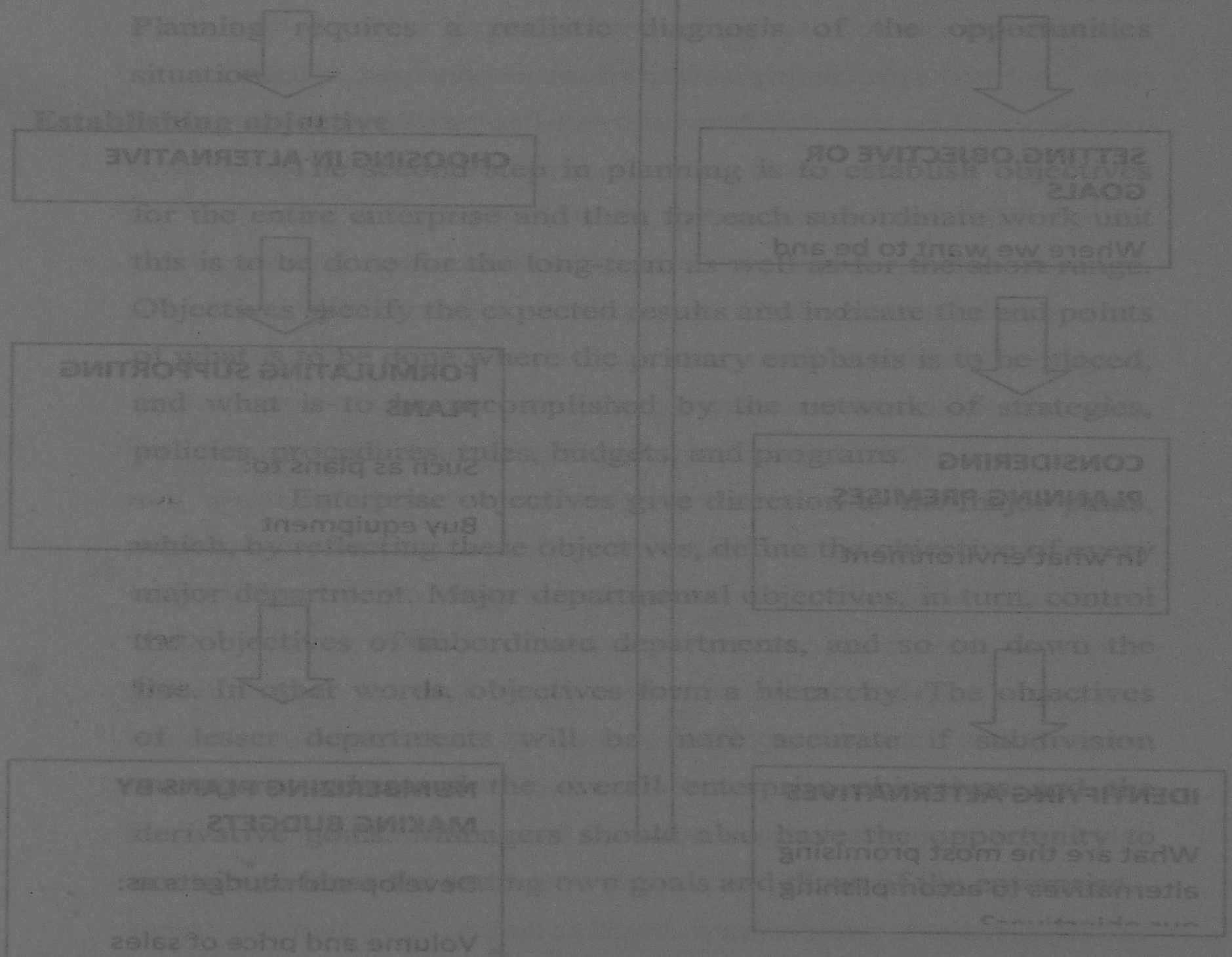
Programs

Programs are a complex of goals, policies, procedures, rules, task assignments, steps to be taken, resources to be employed, and other elements necessary to carry out a given course of action; they are ordinarily supported by budgets. They may be as major as an airline's program to acquire a \$400 million fleet of jets or a five-year program to improve the status and quality of its thousands of supervisors. Or, they may be as minor as a program formulated by a single supervisor to improve the morale of workers in the parts manufacturing department of a farm machinery company.

Budgets

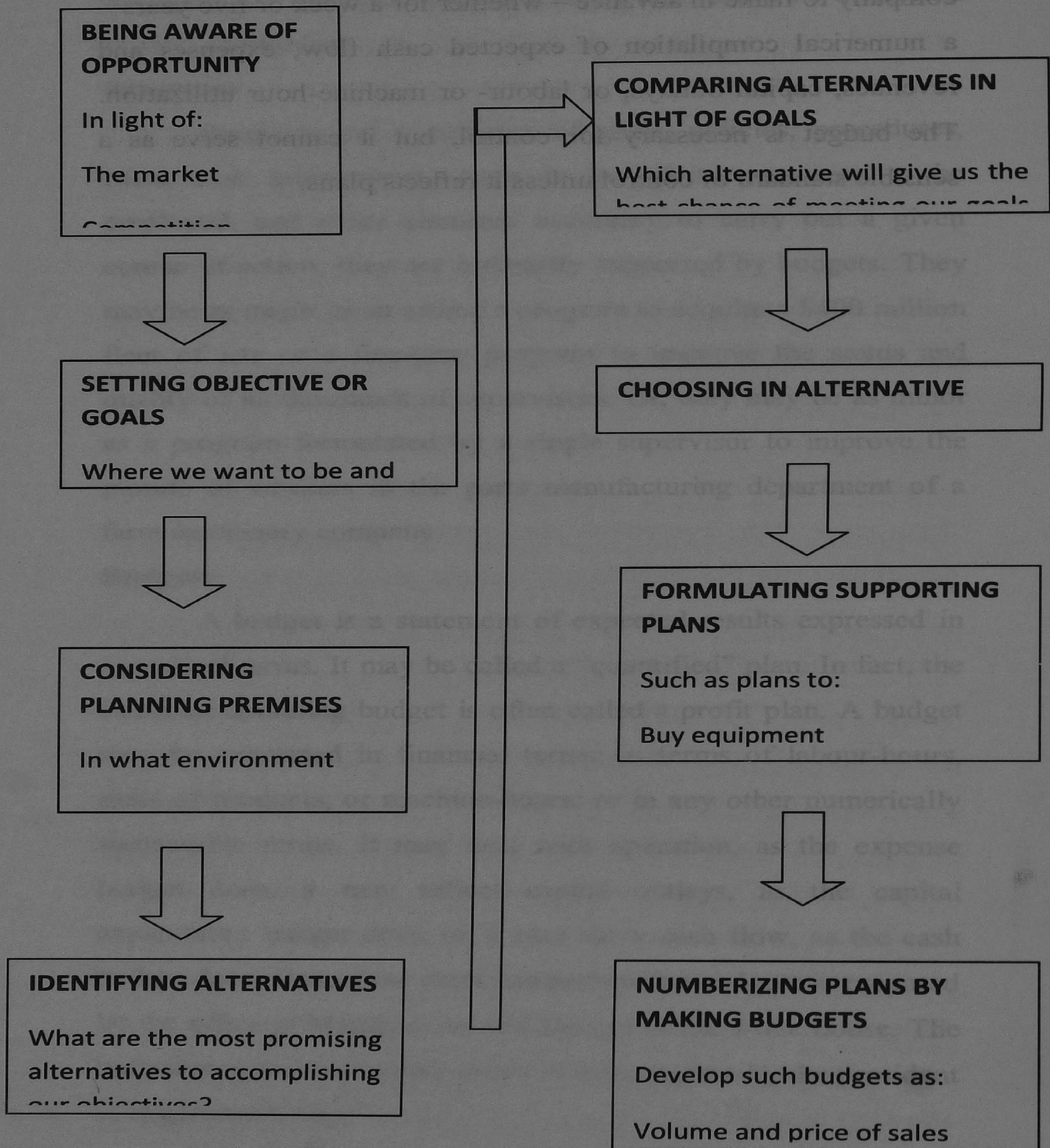
A budget is a statement of expected results expressed in numerical terms. It may be called a "quantified" plan. In fact, the financial operating budget is often called a profit plan. A budget may be expressed in financial terms; in terms of labour-hours, units of products, or machine-hours; or in any other numerically measurable terms. It may deal with operation, as the expense budget does; it may reflect capital outlays, as the capital expenditure budget does; or it may show cash flow, as the cash budget does. One of the most comprehensive budgets is prepared by the office of Management and Budget of the white house. The budget proposal is then presented to the congress by the president of the United States.

Since budgets are also control devices, we reserve our principal discussion of them for chapter 19 on control techniques. However, making a budget is clearly planning. The budget is the fundamental planning instrument in many companies. It forces a company to make in advance – whether for a week or five years – a numerical compilation of expected cash flow, expenses and revenues, capital outlays, or labour- or machine-hour utilization. The budget is necessary for control, but it cannot serve as a sensible standard of control unless it reflects plans.



2.4.3 STEPS IN PLANNING

The practical steps listed below, and diagrammed in figure , are of general application. In practice, however, one must study the feasibility of possible course of action at each stage.



Being Aware of Opportunities

Although it proceeds actual planning and is therefore not strictly a part of the planning process and awareness of opportunities in the external environment as well as within the organization is the real starting point for planning. All managers should take a preliminary look at possible future opportunities and see them clearly and completely, know where their company stands in light of its strength and weakness understand what problems it has to solve and why, and know what it can expect to gain. Setting realistic objectives depends on this awareness. Planning requires a realistic diagnosis of the opportunities situation.

Establishing objective

The second step in planning is to establish objectives for the entire enterprise and then for each subordinate work unit this is to be done for the long-term as well as for the short range. Objectives specify the expected results and indicate the end points of what is to be done where the primary emphasis is to be placed, and what is to be accomplished by the network of strategies, policies, procedures, rules, budgets, and programs.

Enterprise objectives give direction to the major plans, which, by reflecting these objectives, define the objective of every major department. Major departmental objectives, in turn, control the objectives of subordinate departments, and so on down the line. In other words, objectives form a hierarchy. The objectives of lesser departments will be more accurate if subdivision managers understand the overall enterprise objectives and the derivative goals. Managers should also have the opportunity to contribute ideas for setting own goals and those of the enterprise.

3..Developing Premises

The next logical step in planning is to establish, circulate, and obtain agreement to utilize critical planning premises such as forecasts, applicable basic policies, and existing company plans. Premises are assumptions about the environment in which the plan is to be carried out. It is important for all the managers involved in planning to agree on the premises. In fact, the major principle of planning premises is this: the more thoroughly individuals charged with planning understand and agree to utilize consistent planning premises, the more coordinated enterprise planning will be.

Forecasting is important in premises: what kinds of markets will be there? What volume of sales? What prices? What products? What technical developments? What costs? What wage rates? What tax rates and policies? What new plans? What policies with respect to dividends? What political or social environment? How will expansion be financed? What are the long-term trends?

4.Development Alternative Courses

The fourth step in planning is to search for and examine alternative courses of action, especially those not immediately apparent. There is seldom a plan for which reasonable alternatives do not exist, and quite often an alternative that is not obvious proves to be the best.

The more common problem is not finding alternatives but reducing the number of alternatives so that the most promising may be analyzed. Even with mathematical techniques and the computer, there is a limit to the number of alternatives that can be thoroughly examined. The planner must usually make a preliminary examination to discover the most fruitful possibilities.

5.Evaluating Alternative Courses

After seeking out alternatives courses and examining their strong and weak points, the next step is to evaluate the alternatives by weighing them in light of premises and goals. One course may appear to be the most profitable but may require a large cash outlay and have a slow payback; another may look less profitable but may involves less risk; still another may better suit the company's long-range objectives.

There are so many alternatives courses in most situations and so many variables and limitations to be considered that evaluation can be exceedingly difficult. Because of these complexities, the newer methodologies and applications and analysis are discussed in part 6 on controlling.

6.Selecting a Courses

This is the point at which the plan is adopted – the real point of decision-making. Occasionally, an analysis and evaluation of alternative courses will disclose that two or more are advisable, and the manager may decide to follow several courses rather than the best course.

7.Formulating Derivative Plans

When a decision is made, planning is seldom complete, and a seventh step is indicated. Derivative plans are almost invariability required to support the basic plan.

8.Quantifying Plans by Budgeting

After decision are made and plans are set, the final step in giving them meaning, as was indicated in the discussion on types of plans, is to quantify them by converting them into budgets. The overall budget of an enterprise represents the sum total of income and expenses, with resultant profit or surplus, and the budgets of major balance sheet items such as cash and capital expenditures. Each department of program of a business or some

other enterprise can have its own budgets, usually of expenses and capital expenditures, which tie into the overall budget.

Coordinating of Short – and Long-Range Plans

Often short-range plans are made without reference to long-range plans. This is plainly a serious error. The importance of integrating the two types can hardly be overemphasized, and no short-run plan should be made unless it contributes to the achievement of the relevant long-range plan. Much waste arises from decision about immediate situation that fail to consider their effect on more remote objectives.

Responsible managers should continually review and revise immediate decision to determine whether they contribute to long-range programs, and subordinate managers should be regularly briefed on long-range plans so that they will make decision consistent with the company's long-range goals. Doing this is far easier than to correct inconsistencies later, especially since short-term commitments tend to lead to further commitment along the same line.

2.4.4 FORMS OF PLAN

Planning can take many forms in practice and planning practices are likely to vary from organization to organization.

One way to classify the plans is

- Strategic planning
- Tactical planning
- Operational planning

Strategic planning by top management: Using their mission and vision statements, top managers do strategic planning—they determine what the organization's long-term goals should be for the next 1–5 years with the resources they expect to have available. “Strategic planning requires visionary and directional thinking,” says one authority. 19 It should communicate not only

general goals about growth and profits but also ways to achieve them.

Tactical planning by middle management: The strategic priorities and policies are then passed down to middle managers, who must do tactical planning—that is, they determine what contributions their departments or similar work units can make with their given resources during the next 6–24 months.

Operational planning by first-line management: Middle managers then pass these plans along to first-line managers to do operational planning—that is, they determine how to accomplish specific tasks with available resources within the next 1–52 weeks.

Typical operations plans are

- Production plans
- Financial plans
- Marketing plans
- Facilities plans
- Personnel plans

Characteristics of Good plan:

1. Based on clearly defined objectives
2. Should be simple
3. Should be able to define clear achieve
4. Should make best utilization of available resources
5. Should react with organization and work towards success.

Advantages of Planning

1. It facilitates the efficient use of resources
2. It facilitates co-ordination between managers and subordinates involved in the planning process
3. It enables managers to identify the strength, weaknesses, opportunity and threats of the business
4. It facilitates efficient allocation of the business

5. It motivates managers and subordinates involved in planning process
6. It enables managers to focus on the future hence aware of environmental changes
7. Its time serving and initiates budgeting.
8. Enables managers to be realistic in terms of objectives set.
9. Identifies inefficiency and unnecessary duplications of effort
10. Facilitates delegation
11. It reduces gap between objectives and performance

Disadvantages of Planning

1. Consumes lot of time and money
2. If at times limits flexibility of course of action
3. Inaccurate information can lead to failure of plans
4. False sense of security – Management people think that once plans are formulated, actions will automatically be forever. Plans have to be revised periodically.

Importance of Planning

Planning like a navigator of business circumstances. Only proper planning helps manager to come out future courses of action

- Planning removes uncertainty in future
- It helps in management by objectives
- It helps in co-ordination
- It helps in control – distributes responsibilities to different persons and jobs
- It helps in executive development
- It provides a basic decision making structure
- It helps in better utilization of resources
- Provides decentralization

2.5 OBJECTIVES

Objectives were defined earlier as the important ends towards which organizational and individual activities are directed. Since writers and practitioners make no clear distinction between the terms goals and objectives, they are used interchangeably in this book. Within the context of the discussion, it will become clear whether the objectives are long-term or short-term, broad or specific. The emphasis is on verifiable objectives, which means at the end of the period it should be possible to determine whether or not the objective has been achieved. The goal of every manager is to create a surplus (in business organisation, this means profit). Clear and verifiable objectives facilitate measurement of the surplus as well as the effectiveness and efficiency of managerial actions.

The Nature of objectives

Objectives state end results, and overall objectives need to be supported by sub-objectives. Thus, objectives form a hierarchy as well as a network. Moreover, organizations and managers have multiple goals that are sometimes incompatible and may lead to conflicts within the organisation, within the group, and even within individuals. A manager may have to choose between short-term and long-term performance, and personal interests may have to be subordinated to organizational objectives.

Hierarchy of Objectives As Figure 4.3 shows, objectives form a hierarchy, ranging from the broad aim to specific individual objectives. The zenith of the hierarchy is the purpose or mission, which has two dimensions. First, there is the social purpose, such as contributing to the welfare of people by providing goods and services at a reasonable price. Second, there is the mission or purpose of the business, which might be to

furnish convenient, low-cost transportation for the average person. The stated mission might be to produce, market, and service automobiles. As you will notice, the distinction between purpose and mission is a fine one, and therefore, many writers and practitioners do not differentiate between the two terms. At any rate, these aims are in turn translated into general objectives and strategies, such as designing, producing, and marketing reliable, low-cost, fuel-efficient automobiles.

The next level of the hierarchy contains more specific objectives, such as those in the key result areas. These are the areas in which performance is essential for the success of the enterprise.

Although there is no complete agreement on what the key result areas of a business should be – and they may differ between enterprises – Peter F. Drucker suggests the following: market standing, innovation, productivity, physical and financial resources, profitability, manager performance and development, worker performance and attitude, and public responsibility. More recently, however, two other key results areas have gained strategic importance: service and quality.

Examples of objectives for key results areas are the following: to obtain a 10 percent return on investment by the end of calendar year 2005 (profitability); to increase the number of units of product X produced by 7 percent by June 30, 2005 without raising costs or reducing the current quality level (productivity).

The objectives have to be further translated into those of division, departments, and units down to the lowest level of the organization.

Setting Objectives and the Organizational Hierarchy as Figure shows, managers at different levels in the organizational hierarchy are concerned with different kinds of objectives. The board of

directors and top-level managers are very much involved in determining the purpose, the mission, and the overall objectives of the firm, as well as the more specific overall objectives in the key result areas. Middle-level managers, such as the vice president or manager of marketing or the production manager, are involved in the setting of key-result-area objectives, division objectives, and departmental objectives. The primary concern of lower-level managers is setting the objectives of departments and units as well as of their subordinates. Although individual objectives, consisting of performance and development goals, are shown at the bottom of the hierarchy, managers at higher levels should also set objectives for their own performance and development.

There are different views about whether an organizational should use the top-down or the bottom-up approach in setting objectives, as indicated by the arrows in Figure 4.3 in the top-down approach upper-level managers determine the objectives for subordinates, while in the bottom-up approach subordinates initiate the setting of objectives for their positions and present them to their superior.

Proponents of the top-down approach suggest that the total organisation needs direction through corporate objectives provided by the chief executive officer (in conjunction with the board of directors). Proponents of the bottom-up approach, on the other hand, argue that the top management needs to have information from lower level in the form of objectives. In addition, subordinates are likely to be highly motivated by, and committed to, goals that they initiate. Personal experience has shown that the bottom-up approach is underutilized but that either approach alone is insufficient.

Multiplicity of Objectives are normally multiple. For example, merely stating that a university's mission is education and research is not enough. It would be much more accurate (but still not verifiable) to list the overall objectives, which might be the following:

- Attracting students of high quality
- Offering basic training in the liberal arts and sciences as well as in certain professional fields
- Granting postgraduate degree to qualified candidates
- Attracting highly regarded professors
- Discovering and organizing new knowledge through research
- Operating as a private school supported principally through tuition and gifts of alumni and friends

Likewise, at every level in the hierarchy of objectives, goals are likely to be multiple. Some people think that a manager cannot effectively pursue more than two to five objectives. The argument is that too many objectives tend to dilute the drive for their accomplishment. But the limit of two to five objectives seems too arbitrary; managers might pursue more significant objectives. It would be wise to state the relative importance of each objective so that major goals receive more attention than lesser ones. At any rate, the number of objectives managers should realistically set for themselves depends on how much they will do themselves and how much they can assign to subordinates, thereby limiting their role to one of assigning, supervising, and controlling.

How to Set Objectives

Without clear objectives, managing is haphazard. No individual and no group can expect to perform effectively and efficiently unless there is a clear aim. Table 4.1 illustrates some

objectives and how they can be restated in a way that allows measurement.

Quantitative and Qualitative Objectives To be measurable, objectives must be verifiable. This means that one must be able to answer this question: At the end of the period, how do I know if the objective has been accomplished? For example, the objectives of making a reasonable profit (see table 4.1) does not state how much profit is to be made, and what is reasonable to the subordinate may not be at all acceptable to the superior. In the case of such a disagreement, it is of course the subordinate who loses the argument. In contrast, a return on investment of 12 percent at the end of the current fiscal year can be measured; it answers these questions: how much or what? When?

<i>Non-verifiable objectives</i>	<i>Verifiable objective</i>
To make a reasonable profit	To achieve a return on investment of 12% at the end of the current fiscal year
To improve communication	To issue a two-page monthly newsletter beginning July 1, 2005, involving not more than 40 working hours of preparation time (after the first issue)
To improve productivity of the production department	To increase production output by 5% by December 31, 2005,

To develop better managers To install a computer system	without additional costs while maintaining the current quality level To design and conduct a 40-hours in-house program on the “fundamental of managements,” to be completed by October 1, 2005, involving not more than 200 working hours of the management development staff and with at least 90% of the 100 managers passing the exam (specified)
	To install a computerized control system in the production department by December 31, 2005, requiring not more than 500 working hours of systems analysis and operating with not more than 10%

downtime during the
first three months or
2% thereafter

At times, stating results in verifiable terms is more difficult. This is especially true when it involves the objectives for staff personnel and in government. For example, installing a computer system is an important task, but "to install a computer system" is not a verifiable goal. However, suppose the objective is "to install a computerized control system (with certain specification) in the production department by December 31, 2005, with an expenditure of not more than 500 working hours." Then, goal accomplished can be measured. Moreover, quality can also be specified in terms of computer downtime, such as "the system shall be operational 90 percent of the time during the first two months of operation."

Guidelines for Setting Objectives setting objectives are indeed a difficult task. It requires intelligent coaching by the superior and extensive practice by the subordinate. The guidelines shown in table will help managers in setting their objectives.

The list of objectives should not be too long, yet it should cover the main features of the job. As this chapter has emphasized, objectives should be verifiable and should state what is to be accomplished and when. If possible, the quality desired and the projected cost of achieving the objectives should be indicated. Furthermore, objectives should present a challenge, indicate priorities, and promote personal and professional growth and development. These and other criteria for good objectives are summarized in table testing objectives against the criteria shown in the checklist are a good exercise for managers and aspiring managers.

2.5.1 EVOLVING CONCEPTS IN MANAGEMENT BY OBJECTIVES

Management by Objectives (MBO) is now practiced around the world. Yet, despite its wide application, it is not always clear what is meant by MBO. Some still think of it as an appraisal tool; others see it as a motivational technique; still others consider MBO differ widely. We define management by objectives as a comprehensive managerial system that integrates many key managerial activities in a systematic manner and is consciously directed toward the effective and efficient achievement of organisational and individual objectives. This view of MBO as a system of managing is not shared by all. While some still define MBO in a very narrow, limited way, we prefer to see it as a comprehensive goal-driven, success-oriented management system as shown in Figure 4.4 Besides being used for performance appraisal, as an instrument for motivating individuals, and in strategic planning, there are still other managerial subsystems that can be integrated into the MBO process. They include human resource planning and development (staffing as well as individual and organisation development), career planning (building on personal strengths and overcoming weakness), the reward system (paying for performance), budgeting (planning and controlling), and other managerial activities important for a specific position. These various managerial activities need to be integrated into a system. In short, MBO, in order to be effective, must be considered a way of managing as shown in Figure and not an addition to the managerial job.

Benefits and Weaknesses of Management by Objectives

Although goal-oriented management is now one of the most widely practiced managerial approaches, its effectiveness is sometimes questioned. Faulty implementation is often blamed, but another reason is that MBO may be applied as a mechanistic technique focusing on selected aspects of the managerial process without integrating them into a system.

Benefits of Management by Objectives There are considerable evidence, much of it from laboratory studies, that shows the motivational aspects of clear goals. But there are other benefits, such as the following:

- Improvement of managing through results-oriented planning
- Clarification of organizational roles and structures as well as delegation of authorities according to the results expected of the people occupying the roles
- Encouragement of commitment to personal and organizational goals
- Development of effective controls that measure results and lead to corrective actions

Failures of Managements by Objectives and Some Recommendations Despite all its advantages, an MBO system has a number of weaknesses. Most are due to shortcoming in applying the MBO concepts, failure to teach the philosophy of MBO is one of the weaknesses of certain programs. Managers must explain to subordinates what it is, how it works, why it is being done, what part it will play in appraising performance, and, above all, how participants can benefit. The philosophy is built on the concepts of self-control and self-direction.

Failure to give guidelines to goal setters is often another problem managers must know what the corporate goals are and

how their own activities fit in with them. Managers also need planning premises knowledge of nature company policies there is also the difficulty of setting verifiability goals with the right degree of flexibility. Participants in MBO programmes report at times that the excess you concern with economic results puts pressure on individuals that may encourage questionable behaviour. To reduce the probability of resorting to unethical means to achieve results, top management must agree to reasonable objectives, clearly state behavioural expectations and give high priority to ethical behaviour, rewarding it as well as punishing unethical activities.

In addition, emphasis on short-run goals can be done at the expense of the longer range health of the organization more over. The danger of inflexibility can make managers hesitate the change objectives even if a changed environment would require such adjustment.

Other dangers include the over use of quantitative goals and the attempt to use numbers in areas where they are not applicable , or they may down grade important goals that are difficult to state in terms of end results. For example a favorable company image may the key strength of an enterprise, yet stating this in quantitative term is difficult. There is also the danger of forgetting that managing involves more than goal setting.

But even with the difficulties and dangers of managing by objectives in certain situations, this system emphasizes in practice the setting of goals long known to be an essential part of planning and managing.

2.6 ORGANIZING

According to Koontz and O'Donnell, "Organization involves the grouping of activities necessary to accomplish goals and plans, the assignment of these activities to

appropriate departments and the provision of authority, delegation and co-ordination."

Organization involves division of work among people whose efforts must be co-ordinated to achieve specific objectives and to implement pre-determined strategies

2.5.1 NATURE OR CHARACTERISTICS OF ORGANIZING

From the study of the various definitions given by different management experts we get the following information about the characteristics or nature of organization,

(1) Division of Work: Division of work is the basis of an organization. In other words, there can be no organization without division of work. Under division of work the entire work of business is divided into many departments. The work of every department is further sub-divided into sub works. In this way each individual has to do the same work repeatedly which gradually makes that person an expert.

(2) Coordination: Under organizing different persons are assigned different works but the aim of all these persons happens to be the same - the attainment of the objectives of the enterprise. Organization ensures that the work of all the persons depends on each other's work even though it happens to be different. The work of one person starts from where the work of another person ends. The non-completion of the work of one person affects the work of everybody. Therefore, everybody completes his work in time and does not hinder the work of others. It is thus, clear that it is in the nature of an organization to establish coordination among different works, departments and posts in the enterprise.

(3) Plurality of Persons: Organization is a group of many persons who assemble to fulfill a common purpose. A single individual cannot create an organization.

(4) Common Objectives: There are various parts of an organization with different functions to perform but all move in the direction of achieving a general objective.

(5) Well-defined Authority and Responsibility: Under organization a chain is established between different posts right from the top to the bottom. It is clearly specified as to what will be the authority and responsibility of every post. In other words, every individual working in the organization is given some authority for the efficient work performance and it is also decided simultaneously as to what will be the responsibility of that individual in case of unsatisfactory work performance.

(6) Organization is a Structure of Relationship: Relationship between persons working on different posts in the organization is decided. In other words, it is decided as to who will be the superior and who will be the subordinate. Leaving the top level post and the lowest level post everybody is somebody's superior and somebody's subordinate. The person working on the top level post has no superior and the person working on the lowest level post has no subordinate.

(7) Organization is a Machine of Management: Organization is considered to be a machine of management because the efficiency of all the functions depends on an effective organization. In the absence of organization no function can be performed in a planned manner. It is appropriate to call organization a machine of management from another point of view. It is that machine in

which no part can afford to be ill-fitting or non-functional. In other words, if the division of work is not done properly or posts are not created correctly the whole system of management collapses.

(8) Organization is a Universal Process: Organization is needed both in business and non business organizations. Not only this, organization will be needed where two or more than two people work jointly. Therefore, organization has the quality of universality.

(9) Organization is a Dynamic Process: Organization is related to people and the knowledge and experience of the people undergo a change. The impact of this change affects the various functions of the organizations. Thus, organization is not a process that can be decided for all times to come but it undergoes changes according to the needs. The example in this case can be the creation or abolition of a new post according to the need.

2.6.2 IMPORTANCE OR ADVANTAGES OF ORGANIZING

Organization is an instrument that defines relations among different people which helps them to understand as in who happens to be their superior and who is their subordinate. This information helps in fixing responsibility and developing coordination. In such circumstances the objectives of the organization can be easily achieved. That is why, it is said that Organization is a mechanism of management. In addition to that it helps in the other functions of management like planning, staffing, leading, controlling, etc. The importance of organization or its merits becomes clear from the following facts.

(1) Increase in Managerial Efficiency: A good and balanced organization helps the managers to increase their efficiency. Managers, through the medium of organization, make a proper

distribution of the whole work among different people according to their ability.

(2) Proper Utilization of Resources: Through the medium of organization optimum utilization of all the available human and material resources of an enterprise becomes possible. Work is allotted to every individual according to his ability and capacity and conditions are created to enable him to utilize his ability to the maximum extent. For example, if an employee possesses the knowledge of modern machinery but the modern machinery is not available in the organization, in that case, efforts are made to make available the modern machinery.

(3) Sound Communication Possible: Communication is essential for taking the right decision at the right time. However, the establishment of a good communication system is possible only through an organization. In an organization the time of communication is decided so that all the useful information reaches the officers concerned which in turn, helps the decision-making.

(4) Facilitates Coordination: In order to attain successfully the objectives of the organization, coordination among various activities in the organization is essential. Organization is the only medium which makes coordination possible. Under organization the division of work is made in such a manner as to make all the activities complementary to each other increasing their interdependence. Inter-dependence gives rise to the establishment of relations which, in turn, increases coordination.

(5) Increase in Specialization: Under organization the whole work is divided into different parts. Competent persons are appointed to handle all the sub-works and by handling a particular work repeatedly they become specialists. This enables them to

have maximum work performance in the minimum time while the organization gets the benefit of specialization.

(6) Helpful in Expansion: A good organization helps the enterprise in facing competition. When an enterprise starts making available good quality product at cheap rates, it increases the demand for its products. In order to meet the increasing demand for its products and organization has to expand its business. On the other hand, a good organization has an element of flexibility which far from impeding the expansion work encourages it.

2.6.3 ORGANIZING PROCESS

Organization is the process of establishing relationship among the members of the enterprise. The relationships are created in terms of authority and responsibility. To organize is to harmonize, coordinate or arrange in a logical and orderly manner. Each member in the organization is assigned a specific responsibility or duty to perform and is granted the corresponding authority to perform his duty. The managerial function of organizing consists in making a rational division of work into groups of activities and tying together the positions representing grouping of activities so as to achieve a rational, well coordinated and orderly structure for the accomplishment of work. According to Louis A Allen, "Organizing involves identification and grouping the activities to be performed and dividing them among the individuals and creating authority and responsibility relationships among them for the accomplishment of organizational objectives." The various steps involved in this process are:

a) Determination of Objectives:

It is the first step in building up an organization. Organization is always related to certain objectives. Therefore, it is essential for the management to identify the objectives before starting any activity. Organization structure is built on the basis of the objectives of the enterprise. That means, the structure of the organization can be determined by the management only after knowing the objectives to be accomplished through the organization. This step helps the management not only in framing the organization structure but also in achieving the enterprise objectives with minimum cost and efforts. Determination of objectives will consist in deciding as to why the proposed organization is to be set up and, therefore, what will be the nature of the work to be accomplished through the organization.

b) Enumeration of Objectives:

If the members of the group are to pool their efforts effectively, there must be proper division of the major activities. The first step in organizing group effort is the division of the total job into essential activities. Each job should be properly classified and grouped. This will enable the people to know what is expected of them as members of the group and will help in avoiding duplication of efforts. For example, the work of an industrial concern may be divided into the following major functions – production, financing, personnel, sales, purchase, etc.

c) Classification of Activities:

The next step will be to classify activities according to similarities and common purposes and functions and taking the human and material resources into account. Then, closely related and similar activities are grouped into divisions and departments and the departmental activities are further divided into sections.

d) Assignment of Duties:

Here, specific job assignments are made to different subordinates for ensuring a certainty of work performance. Each individual should be given a specific job to do according to his ability and made responsible for that. He should also be given the adequate authority to do the job assigned to him. In the words of Kimball and Kimball - "Organization embraces the duties of designating the departments and the personnel that are to carry on the work, defining their functions and specifying the relations that are to exist between department and individuals."

e) Delegation of Authority:

Since so many individuals work in the same organization, it is the responsibility of management to lay down structure of relationship in the organization. Authority without responsibility is a dangerous thing and similarly responsibility without authority is an empty vessel. Everybody should clearly know to whom he is accountable; corresponding to the responsibility authority is delegated to the subordinates for enabling them to show work performance. This will help in the smooth working of the enterprise by facilitating delegation of responsibility and authority.

2.6.4 ORGANIZATION STRUCTURE

An organization structure is a framework that allots a particular space for a particular department or an individual and shows its relationship to the other. An organization structure shows the authority and responsibility relationships between the various positions in the organization by showing who reports to whom. It is an established pattern of relationship among the components of the organization. March and Simon have stated that-"Organization structure consists simply of those aspects of

pattern of behavior in the organization that are relatively stable and change only slowly." The structure of an organization is generally shown on an organization chart. It shows the authority and responsibility relationships between various positions in the organization while designing the organization structure, due attention should be given to the principles of sound organization.

Significance of Organization Structure

- Properly designed organization can help improve teamwork and productivity by providing a framework within which the people can work together most effectively.
- Organization structure determines the location of decision-making in the organization.
- Sound organization structure stimulates creative thinking and initiative among organizational members by providing well defined patterns of authority.
- A sound organization structure facilitates growth of enterprise by increasing its capacity to handle increased level of authority.
- Organization structure provides the pattern of communication and coordination.
- The organization structure helps a member to know what his role is and how it relates to other roles.

PRINCIPLES OF ORGANIZATION STRUCTURE

Modern organizational structures have evolved from several organizational theories, which have identified certain principles as basic to any organization structure.

a) **Line and Staff Relationships:** Line authority refers to the scalar chain, or to the superior-subordinate linkages, that extend throughout the hierarchy (Koontz, O'Donnell and

Weihrich). Line employees are responsible for achieving the basic or strategic objectives of the organization, while staff plays a supporting role to line employees and provides services. The relationship between line and staff is crucial in organizational structure, design and efficiency. It is also an important aid to information processing and coordination.

b) Departmentalization: Departmentalization is a process of horizontal clustering of different types of functions and activities on any one level of the hierarchy. Departmentalization is conventionally based on purpose, product, process, function, personal things and place.

c) Span of Control: This refers to the number of specialized activities or individuals supervised by one person. Deciding the span of control is important for coordinating different types of activities effectively.

d) De-centralization and Centralization: De-centralization refers to decision making at lower levels in the hierarchy of authority. In contrast, decision making in a centralized type of organizational structure is at higher levels. The degree of centralization and de-centralization depends on the number of levels of hierarchy, degree of coordination, specialization and span of control. Every organizational structure contains both centralization and de-centralization, but to varying degrees. The extent of this can be determined by identifying how much of the decision making is concentrated at the top and how much is delegated to lower levels. Modern organizational structures show a strong tendency towards de-centralization.

FORMAL AND INFORMAL ORGANIZATION

The formal organization refers to the structure of jobs and positions with clearly defined functions and relationships as prescribed by the top management. This type of organization is built by the management to realize objectives of an enterprise and is bound by rules, systems and procedures. Everybody is assigned a certain responsibility for the performance of the given task and given the required amount of authority for carrying it out. Informal organization, which does not appear on the organization chart, supplements the formal organization in achieving organizational goals effectively and efficiently. The working of informal groups and leaders is not as simple as it may appear to be. Therefore, it is obligatory for every manager to study thoroughly the working pattern of informal relationships in the organization and to use them for achieving organizational objectives.

FORMAL ORGANIZATION

Chester I Bernard defines formal organization as -"a system of consciously coordinated activities or forces of two or more persons. It refers to the structure of well-defined jobs, each bearing a definite measure of authority, responsibility and accountability." The essence of formal organization is conscious common purpose and comes into being when persons—

- (i) Are able to communicate with each other
- (ii) Are willing to act and
- (iii) Share a purpose.

The formal organization is built around four key pillars. They are:

- Division of labor
- Scalar and functional processes
- Structure and
- Span of control

Thus, a formal organization is one resulting from planning where the pattern of structure has already been determined by the top management.

Characteristic Features of formal organization

- Formal organization structure is laid down by the top management to achieve organizational goals.
- Formal organization prescribes the relationships amongst the people working in the organization.
- The organization structures is consciously designed to enable the people of the organization to work together for accomplishing the common objectives of the enterprise
- Organization structure concentrates on the jobs to be performed and not the individuals who are to perform jobs.
- In a formal organization, individuals are fitted into jobs and positions and work as per the managerial decisions. Thus, the formal relations in the organization arise from the pattern of responsibilities that are created by the management.
- A formal organization is bound by rules, regulations and procedures.
- In a formal organization, the position, authority, responsibility and accountability of each level are clearly defined.
- Organization structure is based on division of labor and specialization to achieve efficiency in operations.
- A formal organization is deliberately impersonal. The organization does not take into consideration the sentiments of organizational members.
- The authority and responsibility relationships created by the organization structure are to be honored by everyone.
- In a formal organization, coordination proceeds according to the prescribed pattern.

Advantages of formal organization

- The formal organization structure concentrates on the jobs to be performed. It, therefore, makes everybody responsible for a given task.
- A formal organization is bound by rules, regulations and procedures. It thus ensures law and order in the organization.
- The organization structure enables the people of the organization to work together for accomplishing the common objectives of the enterprise

Disadvantages or criticisms of formal organization

- The formal organization does not take into consideration the sentiments of organizational members.
- The formal organization does not consider the goals of the individuals. It is designed to achieve the goals of the organization only.
- The formal organization is bound by rigid rules, regulations and procedures. This makes the achievement of goals difficult.

INFORMAL ORGANIZATION

Informal organization refers to the relationship between people in the organization based on personal attitudes, emotions, prejudices, likes, dislikes etc. an informal organization is an organization which is not established by any formal authority, but arises from the personal and social relations of the people. These relations are not developed according to procedures and regulations laid down in the formal organization structure; generally large formal groups give rise to small informal or social groups. These groups may be based on same taste, language, culture or some other factor. These groups are not pre-planned,

but they develop automatically within the organization according to its environment.

Characteristics features of informal organization

- Informal organization is not established by any formal authority. It is unplanned and arises spontaneously.
- Informal organizations reflect human relationships. It arises from the personal and social relations amongst the people working in the organization.
- Formation of informal organizations is a natural process. It is not based on rules, regulations and procedures.
- The inter-relations amongst the people in an informal organization cannot be shown in an organization chart.
- In the case of informal organization, the people cut across formal channels of communications and communicate amongst themselves.
- The membership of informal organizations is voluntary. It arises spontaneously and not by deliberate or conscious efforts.
- Membership of informal groups can be overlapping as a person may be member of a number of informal groups.
- Informal organizations are based on common taste, problem, language, religion, culture, etc. it is influenced by the personal attitudes, emotions, whims, likes and dislikes etc. of the people in the organization.

Benefits of Informal organization

- It blends with the formal organization to make it more effective.
- Many things which cannot be achieved through formal organization can be achieved through informal organization.
- The presence of informal organization in an enterprise makes the managers plan and act more carefully.

- Informal organization acts as a means by which the workers achieve a sense of security and belonging. It provides social satisfaction to group members.
- An informal organization has a powerful influence on productivity and job satisfaction.
- The informal leader lightens the burden of the formal manager and tries to fill in the gaps in the manager's ability.
- Informal organization helps the group members to attain specific personal objectives.
- Informal organization is the best means of employee communication. It is very fast.
- Informal organization gives psychological satisfaction to the members. It acts as a safety valve for the emotional problems and frustrations of the workers of the organization because they get a platform to express their feelings.
- It serves as an agency for social control of human behavior.

DIFFERENCES BETWEEN FORMAL AND INFORMAL ORGANIZATION

Formal Organization	Informal Organization
1. Formal organization is established with the explicit aim of achieving well-defined goals.	1. Informal organization springs on its own. Its goals are ill defined and intangible.
2. Formal organization is bound together by authority relationships among members. A hierarchical structure is created, constituting top management, middle management and supervisory management.	2. Informal organization is characterized by a generalized sort of power relationships. Power in informal organization has bases other than rational legal right.
3. Formal organization recognizes certain tasks which are to be carried out to achieve its goals.	3. Informal organization does not have any well-defined tasks.
4. The roles and relationships of people in formal organization are impersonally defined	4. In informal organization the relationships among people are interpersonal.

5. In formal organization, much emphasis is placed on efficiency, discipline, conformity, consistency and control.	5. Informal organization is characterized by relative freedom, spontaneity, by relative freedom, spontaneity, homeliness and warmth.
6. In formal organization, the social and psychological needs and interests of members of the organization get little attention.	6. In informal organization the socio psychological needs, interests and aspirations of members get priority.
7. The communication system in formal organization follows certain pre-determined patterns and paths.	7. In informal organization, the communication pattern is haphazard, intricate and natural.
8. Formal organization is relatively slow to respond and adapt to changing situations and realities.	8. Informal organization is dynamic and very vigilant. It is sensitive to its surroundings.

LINE AND STAFF AUTHORITY

In an organization, the line authority flows from top to bottom and the staff authority is exercised by the specialists over the line managers who advise them on important matters. These specialists stand ready with their specialty to serve line managers as and when their services are called for, to collect information and to give help which will enable the line officials to

carry out their activities better. The staff officers do not have any power of command in the organization as they are employed to provide expert advice to the line officers. The 'line' maintains discipline and stability; the 'staff' provides expert information. The line gets out the production, the staffs carries on the research, planning, scheduling, establishing of standards and recording of performance. The authority by which the staff performs these functions is delegated by the line and the performance must be acceptable to the line before action is taken.

The following figure depicts the line and staff authority:

Types of Staff

The staff position established as a measure of support for the line managers may take the following forms:

1. Personal Staff: Here the staff official is attached as a personal assistant or adviser to the line manager. For example, Assistant to managing director.
2. Specialized Staff: Such staff acts as the fountainhead of expertise in specialized areas like R & D, personnel, accounting etc.
3. General Staff: This category of staff consists of a set of experts in different areas who are meant to advise and assist the top management on matters called for expertise. For example, financial advisor, technical advisor etc.

Features of line and staff organization

- Under this system, there are line officers who have authority and command over the subordinates and are accountable for the tasks entrusted to them. The staff officers are specialists who offer expert advice to the line officers to perform their tasks efficiently.

- Under this system, the staff officers prepare the plans and give advice to the line officers and the line officers execute the plan with the help of workers.

- The line and staff organization is based on the principle of specialization.

Advantages

- It brings expert knowledge to bear upon management and operating problems. Thus, the line managers get the benefit of specialized knowledge of staff specialists at various levels.

- The expert advice and guidance given by the staff officers to the line officers benefit the entire organization.

- As the staff officers look after the detailed analysis of each important managerial activity, it relieves the line managers of the botheration of concentrating on specialized functions.

- Staff specialists help the line managers in taking better decisions by providing expert advice. Therefore, there will be sound managerial decisions under this system.

- It makes possible the principle of undivided responsibility and authority, and at the same time permits staff specialization. Thus, the organization takes advantage of functional organization while maintaining the unity of command.

- It is based upon planned specialization.

- Line and staff organization has greater flexibility, in the sense that new specialized activities can be added to the line activities without disturbing the line procedure.

Disadvantages

- Unless the duties and responsibilities of the staff members are clearly indicated by charts and manuals, there may be considerable confusion throughout the organization as to the functions and positions of staff members with relation to the line supervisors.

- There is generally a conflict between the line and staff executives. The line managers feel that staff specialists do not always give right type of advice, and staff officials generally complain that their advice is not properly attended to.

- Line managers sometimes may resent the activities of staff members, feeling that prestige and influence of line managers suffer from the presence of the specialists.

- The staff experts may be ineffective because they do not get the authority to implement their recommendations.

- This type of organization requires the appointment of large number of staff officers or experts in addition to the line officers. As a result, this system becomes quite expensive.

- Although expert information and advice are available, they reach the workers through the officers and thus run the risk of misunderstanding and misinterpretation.

- Since staff managers are not accountable for the results, they may not be performing their duties well.

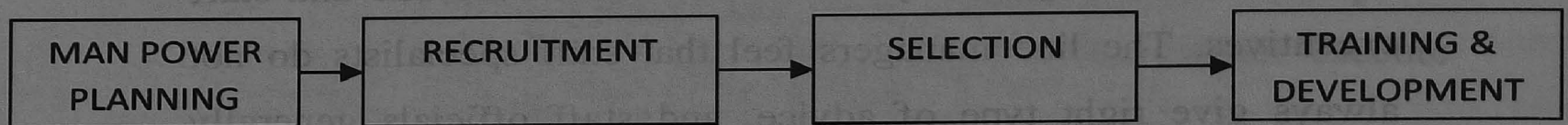
- Line managers deal with problems in a more practical manner. But staff officials who are specialists in their fields tend to be more theoretical. This may hamper coordination in the organization.

2.7 STAFFING

Staffing involves filling the positions needed in the organization structure by appointing competent and qualified persons for the job.

2.7.1 STAFFING PROCESS

The staffing process encompasses man power planning, recruitment, selection, and training.



a) Manpower requirements:

Manpower Planning which is also called as Human Resource Planning consists of putting right number of people, right kind of people at the right place, right time, doing the right things for which they are suited for the achievement of goals of the organization. The primary function of man power planning is to analyze and evaluate the human resources available in the organization, and to determine how to obtain the kinds of personnel needed to staff positions ranging from assembly line workers to chief executives.

b) Recruitment:

Recruitment is the process of finding and attempting to attract job candidates who are capable of effectively filling job vacancies. Job descriptions and job specifications are important in the recruiting process because they specify the nature of the job and the qualifications required of job candidates.

c) Selection:

Selecting a suitable candidate can be the biggest challenge for any organization. The success of an organization largely depends on its staff. Selection of the right candidate builds the foundation of any organization's success and helps in reducing turnovers.

d) Training and Development:

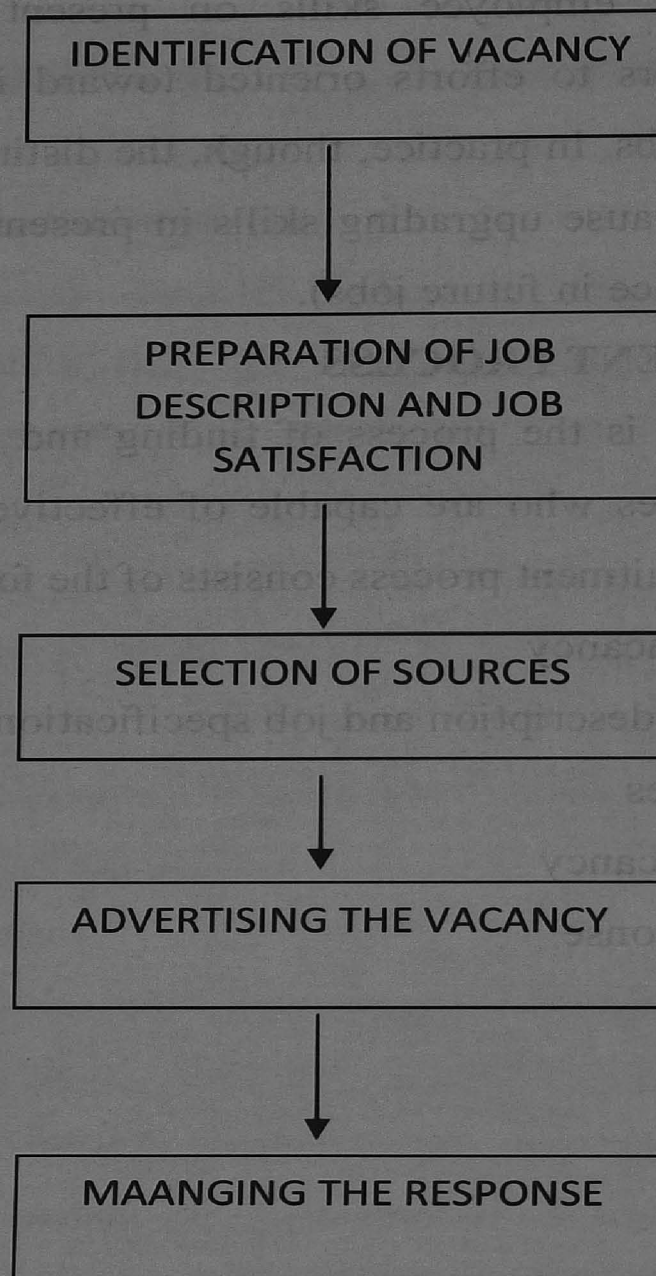
Training and Development is a planned effort to facilitate employee learning of job related behaviors in order to improve employee performance. Experts sometimes distinguish between the terms “training” and “development”; “training” denotes

efforts to increase employee skills on present jobs, while “development” refers to efforts oriented toward improvements relevant to future jobs. In practice, though, the distinction is often blurred (mainly because upgrading skills in present jobs usually improves performance in future jobs).

2.6.2 RECRUITMENT PROCESS

Recruitment is the process of finding and attempting to attract job candidates who are capable of effectively filling job vacancies. The recruitment process consists of the following steps

- Identification of vacancy
- Preparation of job description and job specification
- Selection of sources
- Advertising the vacancy
- Managing the response



a) Identification of vacancy:

The recruitment process begins with the human resource department receiving requisitions for recruitment from any department of the company. These contain:

- Posts to be filled
- Number of persons
- Duties to be performed
- Qualifications required

b) Preparation of job description and job specification:

A job description is a list of the general tasks, or functions, and responsibilities of a position. It may often include to whom the position reports, specifications such as the

qualifications or skills needed by the person in the job, or a salary range. A job specification describes the knowledge, skills, education, experience, and abilities you believe are essential to performing a particular job.

c) Selection of sources:

Every organization has the option of choosing the candidates for its recruitment processes from two kinds of sources: internal and external sources. The sources within the organization itself (like transfer of employees from one department to other, promotions) to fill a position are known as the internal sources of recruitment. Recruitment candidates from all the other sources (like outsourcing agencies etc.) are known as the external sources of the recruitment.

d) Advertising the vacancy:

After choosing the appropriate sources, the vacancy is communicated to the candidates by means of a suitable media such as television, radio, newspaper, internet, direct mail etc.

e) Managing the response:

After receiving an adequate number of responses from job seekers, the sieving process of the resumes begins. This is a very essential step of the recruitment selection process, because selecting the correct resumes that match the job profile, is very important. Naturally, it has to be done rather competently by a person who understands all the responsibilities associated with the designation in its entirety. Candidates with the given skill set are then chosen and further called for interview. Also, the applications of candidates that do not match the present nature of the position but may be considered for future requirements are filed separately and preserved.

The recruitment process is immediately followed by the selection process.

2.7.3 JOB ANALYSIS

Job Analysis is the process of describing and recording aspects of jobs and specifying the skills and other requirements necessary to perform the job. The outputs of job analysis are

- a) Job description
- b) Job specification

Job Description

A job description (JD) is a written statement of what the job holder does, how it is done, under what conditions it is done and why it is done. It describes what the job is all about, throwing light on job content, environment and conditions of employment. It is descriptive in nature and defines the purpose and scope of a job. The main purpose of writing a job description is to differentiate the job from other jobs and state its outer limits.

Contents

A job description usually covers the following information:

- Job title: Tells about the job title, code number and the department where it is done.
- Job summary: A brief write-up about what the job is all about.
- Job activities: A description of the tasks done, facilities used, extent of supervisory help, etc.
- Working conditions: The physical environment of job in terms of heat, light, noise and other hazards.
- Social environment: Size of work group and interpersonal interactions required to do the job.

Job Specification

Job specification summarizes the human characteristics needed for satisfactory job completion. It tries to describe the key qualifications someone needs to perform the job successfully. It

spells out the important attributes of a person in terms of education, experience, skills, knowledge and abilities (SKAs) to perform a particular job. The job specification is a logical outgrowth of a job description. For each job description, it is desirable to have a job specification. This helps the organization to find what kinds of persons are needed to take up specific jobs.

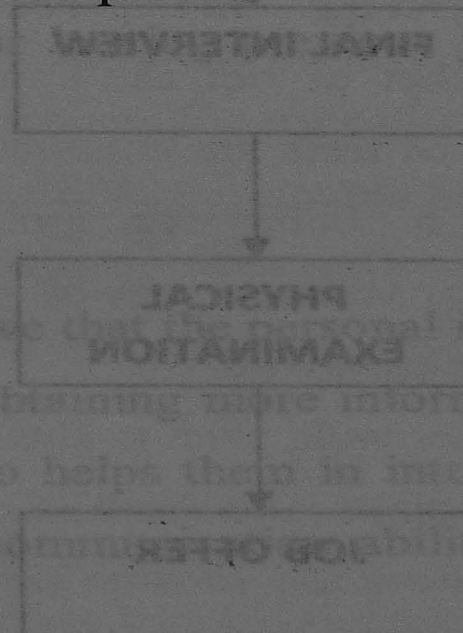
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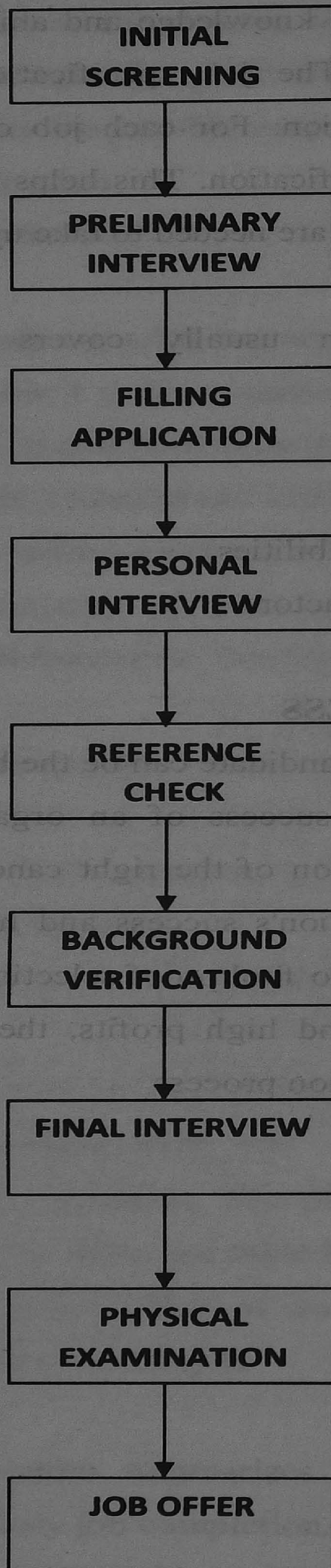
A job specification usually covers the following information:

- Education
- Experience
- Skill, Knowledge, Abilities
- Work Orientation Factors
- Age

2.7.4 SELECTION PROCESS

Selecting a suitable candidate can be the biggest challenge for any organisation. The success of an organization largely depends on its staff. Selection of the right candidate builds the foundation of any organization's success and helps in reducing turnovers. Though there is no fool proof selection procedure that will ensure low turnover and high profits, the following steps generally make up the selection process





a) Initial Screening

This is generally the starting point of any employee selection process. Initial Screening eliminates unqualified applicants and helps save time. Applications received from various sources are scrutinized and irrelevant ones are discarded.

b) Preliminary Interview

It is used to eliminate those candidates who do not meet the minimum eligibility criteria laid down by the organization. The skills, academic and family background, competencies and interests of the candidate are examined during preliminary interview. Preliminary interviews are less formalized and planned than the final interviews. The candidates are given a brief up about the company and the job profile; and it is also examined how much the candidate knows about the company. Preliminary interviews are also called screening interviews.

c) Filling Application Form

A candidate who passes the preliminary interview and is found to be eligible for the job is asked to fill in a formal application form. Such a form is designed in a way that it records the personal as well professional details of the candidates such as age, qualifications, reason for leaving previous job, experience, etc.

d) Personal Interview

Most employers believe that the personal interview is very important. It helps them in obtaining more information about the prospective employee. It also helps them in interacting with the candidate and judging his communication abilities, his ease of

handling pressure etc. In some Companies, the selection process comprises only of the Interview.

e) References check

Most application forms include a section that requires prospective candidates to put down names of a few references. References can be classified into - former employer, former customers, business references, reputable persons. Such references are contacted to get a feedback on the person in question including his behaviour, skills, conduct etc.

f) Background Verification

A background check is a review of a person's commercial, criminal and (occasionally) financial records. Employers often perform background checks on employers or candidates for employment to confirm information given in a job application, verify a person's identity, or ensure that the individual does not have a history of criminal activity, etc., that could be an issue upon employment.

g) Final Interview

Final interview is a process in which a potential employee is evaluated by an employer for prospective employment in their organization. During this process, the employer hopes to determine whether or not the applicant is suitable for the job. Different types of tests are conducted to evaluate the capabilities of an applicant, his behaviour, special qualities etc. Separate tests are conducted for various types of jobs.

h) Physical Examination

If all goes well, then at this stage, a physical examination is conducted to make sure that the candidate has sound health and does not suffer from any serious ailment.

i) Job Offer

A candidate who clears all the steps is finally considered right for a particular job and is presented with the job offer. An applicant can be dropped at any given stage if considered unfit for the job.

2.8 DIRECTING

"Activating deals with the steps a manager takes to get sub-ordinates and others to carry out plans" - Newman and Warren.

Directing concerns the total manner in which a manager influences the actions of subordinates. It is the final action of a manager in getting others to act after all preparations have been completed.

2.8.1 ELEMENTS OF DIRECTING

The three elements of directing are

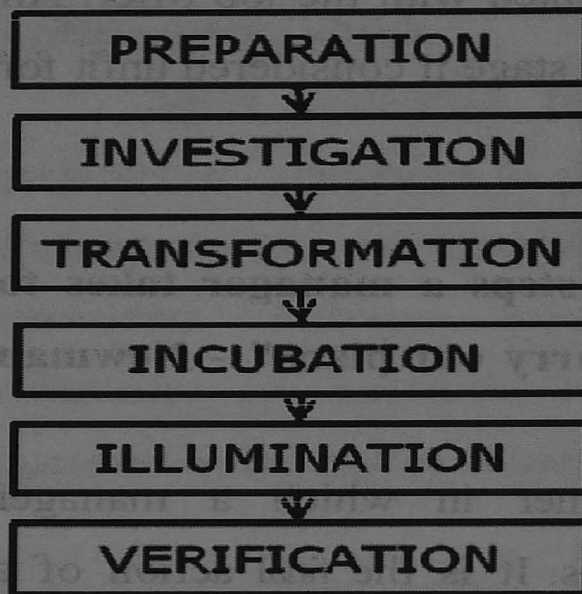
- Motivation
- Leadership
- Communication

CREATIVITY AND INNOVATION

Often used interchangeably, they should to be considered separate and distinct. Creativity can be described as problem identification and idea generation and innovation is considered as idea selection, development and commercialization. Creativity is creation of new ideas and Innovation is implementation of the new ideas.

There cannot be innovation without creativity. There can be creativity without innovation but it has no value.

Steps involved in creativity



a) Preparation: This is the first stage at which the base for creativity and innovation is defined; the mind is prepared for subsequent use in creative thinking. During preparation the individual is encouraged to appreciate the fact that every opportunity provides situations that can educate and experiences from which to learn.

The creativity aspect is kindled through a quest to become more knowledgeable. This can be done through reading about various topics and/or subjects and engaging in discussions with others. Taking part in brainstorming sessions in various forums like professional and trade association seminars, and taking time to study other countries and cultures to identify viable opportunities is also part of preparation. Of importance is the need to cultivate a personal ability to listen and learn from others.

b) Investigation: This stage of enhancing entrepreneurial creativity and innovation involves the business owner taking time to study the problem at hand and what its various components are.

c) Transformation: The information thus accumulated and acquired should then be subjected to convergent and divergent thinking which will serve to highlight the inherent similarities and differences. Convergent thinking will help identify aspects that are similar and connected while divergent thinking will highlight the differences. This twin manner of thinking is of particular importance in realizing creativity and innovation for the following reasons:

- One will be able to skim the details and see what the bigger picture is the situation/problem's components can be reordered and in doing so new patterns can be identified.
- It will help visualize a number of approaches that can be used to simultaneously tackle the problem and the opportunity.
- One's decision-making abilities will be bettered such that the urge to make snap decisions will be resisted.

d) Incubation: At this stage in the quest for creativity and innovation it is imperative that the subconscious reflect on the accumulated information, i.e. through incubation, and this can be improved or augmented when the entrepreneur:

- Engages in an activity completely unrelated to the problem/opportunity under scrutiny.
- Takes time to daydream i.e. letting the mind roam beyond any restrictions self-imposed or otherwise.
- Relax and play
- Study the problem/opportunity in a wholly different environment

e) Illumination: This happens during the incubation stage and will often be spontaneous. The realizations from the past stages combine at this instance to form a breakthrough.

f) **Verification:** This is where the entrepreneur attempts to ascertain whether the creativity of thought and the action of innovation are truly effective as anticipated. It may involve activities like simulation, piloting, prototype building, test marketing, and various experiments. While the tendency to ignore this stage and plunge headlong with the breakthrough may be tempting, the transformation stage should ensure that the new idea is put to the test.

2.8.2 MOTIVATION AND SATISFACTION

MOTIVATION

"Motivation" is a Latin word, meaning "to move". Human motives are internalized goals within individuals. Motivation may be defined as those forces that cause people to behave in certain ways. Motivation encompasses all those pressures and influences that trigger, channel, and sustain human behavior. Most successful managers have learned to understand the concept of human motivation and are able to use that understanding to achieve higher standards of subordinate work performance.

According to Koontz and O'Donnell, "Motivation is a class of drives, needs, wishes and similar forces".

NATURE AND CHARACTERISTICS OF MOTIVATION

Psychologists generally agree that all behavior is motivated, and that people have reasons for doing the things they do or for behaving in the manner that they do. Motivating is the work a manager performs to inspire, encourage and impel people to take required action.

The characteristics of motivation are given below:-

Ø Motivation is an Internal Feeling

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

Ø Motivation is related to Needs

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

Ø Motivation Produces Goal-Directed Behaviour

Goals are anything which will alleviate a need and reduce a drive. An individual's behavior is directed towards a goal.

Ø Motivation can be either Positive or Negative

Positive or incentive motivation is generally based on reward. According to Flippo - "positive motivation is a process of attempting to influence others to do your will through the possibility of gain or reward".

Negative or fear motivation is based on force and fear. Fear causes persons to act in a certain way because they are afraid of the consequences if they don't.

IMPORTANCE OF MOTIVATION

A manager's primary task is to motivate others to perform the tasks of the organization. Therefore, the manager must find the keys to get 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 an effective instrument in the hands of a manager for inspiring the work force and creating

confidence in it. By motivating the work force, management creates "will to work" which is necessary for the achievement of organizational goals. The various benefits of motivation are:-

- Motivation is one of the important elements in the directing process. By motivating the workers, a manager directs or guides the workers' actions in the desired direction for accomplishing the goals of the organization.
- Workers will tend to be as efficient as possible by improving upon their skills and knowledge so that they are able to contribute to the progress of the organization thereby increasing productivity.
- For performing any tasks, two things are necessary. They are: (a) ability to work and (b) willingness to work. Without willingness to work, ability to work is of no use. The willingness to work can be created only by motivation.
- Organizational effectiveness becomes, to some degree, a question of management's ability to motivate its employees, to direct at least a reasonable effort towards the goals of the organization.
- Motivation contributes to good industrial relations in the organization. When the workers are motivated, contented and disciplined, the frictions between the workers and the management will be reduced.
- Motivation is the best remedy for resistance to changes. When changes are introduced in an organization, generally, there will be resistance from the workers. But if the workers of an organization are motivated, they will accept, introduce and implement the changes whole heartily and help to keep the organization on the right track of progress.
- Motivation facilitates the maximum utilization of all factors

of production, human, physical and financial resources and thereby contributes to higher production. Motivation promotes a sense of belonging among the workers. The workers feel that the enterprise belongs to them and the interest of the enterprise is their interests.

- Many organizations are now beginning to pay increasing attention to developing their employees as future resources upon which they can draw as they grow and develop.

SATISFACTION

Employee satisfaction (Job satisfaction) is the terminology used to describe whether employees are happy and contented and fulfilling their desires and needs at work. Many measures purport that employee satisfaction is a factor in employee motivation, employee goal achievement, and positive employee morale in the workplace.

Employee satisfaction, while generally a positive in your organization, can also be a downer if mediocre employees stay because they are satisfied with your work environment.

Factors contributing to employee satisfaction include treating employees with respect, providing regular employee recognition, empowering employees, offering above industry-average benefits and compensation, providing employee perks and company activities, and positive management within a success framework of goals, measurements, and expectations.

Employee satisfaction is often measured by anonymous employee satisfaction surveys administered periodically that gauge employee satisfaction in areas such as:

- Management,

- Understanding of mission and vision,
- Empowerment,
- Teamwork,
- Communication, and
- Coworker interaction.

The facets of employee satisfaction measured vary from company to company.

A second method used to measure employee satisfaction is meeting with small groups of employees and asking the same questions verbally. Depending on the culture of the company, either method can contribute knowledge about employee satisfaction to managers and employees.

2.8.3 JOB DESIGN

It is the process of Work arrangement (or rearrangement) aimed at reducing or overcoming job dissatisfaction and employee alienation arising from repetitive and mechanistic tasks. Through job design, organizations try to raise productivity levels by offering non-monetary rewards such as greater satisfaction from a sense of personal achievement in meeting the increased challenge and responsibility of one's work.

Approaches to job design include:

- **Job enlargement:** Job enlargement changes the jobs to include more and or different tasks. Job enlargement should add interest to the work but may or may not give employees more responsibility.

- **Job rotation:** Job rotation moves employees from one task to another. It distributes the group tasks among a number of employees.
- **Job enrichment:** Job enrichment allows employees to assume more responsibility, accountability and independence when learning new tasks or to allow for greater participation and new opportunities

2.8.4 TYPES OF MOTIVATION TECHNIQUES

If a manager wants to get work done by his employees, he may either hold out a promise of a reward (positive motivation) or he/she may install fear (negative motivation). Both these types are widely used by managements.

a) Positive Motivation

This type of motivation is generally based on reward. A positive motivation involves the possibility of increased motive satisfaction. According to Flippo - "Positive motivation is a process of attempting to influence others to do your will through the possibility of gain or reward". Incentive motivation is the "pull" mechanism. The receipt of awards, due recognition and praise for work-well done definitely lead to good team spirit, co-operation and a feeling of happiness.

- Positive motivation include:-
- Praise and credit for work done
- Wages and Salaries
- Appreciation
- A sincere interest in subordinates as individuals
- Delegation of authority and responsibility

b) Negative Motivation:

This type of motivation is based on force and fear. Fear

causes persons to act in a certain way because they fear the consequences. Negative motivation involves the possibility of decreased motive satisfaction. It is a "push" mechanism. The imposition of punishment frequently results in frustration among those punished, leading to the development of maladaptive behaviour. It also creates a hostile state of mind and an unfavourable attitude to the job. However, there is no management which has not used the negative motivation at some time or the other.

2.8.5 MOTIVATION THEORIES

Some of the motivation theories are discussed below

a) McGregor's Theory X and Theory Y:

McGregor states that people inside the organization can be managed in two ways. The first is basically negative, which falls under the category X and the other is basically positive, which falls under the category Y. After viewing the way in which the manager dealt with employees, McGregor concluded that a manager's view of the nature of human beings is based on a certain grouping of assumptions and that he or she tends to mold his or her behavior towards subordinates according to these assumptions.

Under the assumptions of theory X:

- Employees inherently do not like work and whenever possible, will attempt to avoid it.
- Because employees dislike work, they have to be forced, coerced or threatened with punishment to achieve goals.
- Employees avoid responsibilities and do not work fill formal directions are issued.

- Most workers place a greater importance on security over all other factors and display little ambition.

In contrast under the assumptions of theory Y:

- Physical and mental effort at work is as natural as rest or play.
- People do exercise self-control and self-direction and if they are committed to those goals.
- Average human beings are willing to take responsibility and exercise imagination, ingenuity and creativity in solving the problems of the organization.
- That the way the things are organized, the average human being's brainpower is only partly used.

On analysis of the assumptions it can be detected that theory X assumes that lower-order needs dominate individuals and theory Y assumes that higher-order needs dominate individuals. An organization that is run on Theory X lines tends to be authoritarian in nature, the word "authoritarian" suggests such ideas as the "power to enforce obedience" and the "right to command." In contrast Theory Y organizations can be described as "participative", where the aims of the organization and of the individuals in it are integrated; individuals can achieve their own goals best by directing their efforts towards the success of the organization.

b) Abraham Maslow's "Need Hierarchy Theory":

One of the most widely mentioned theories of motivation is the hierarchy of needs theory put forth by psychologist Abraham Maslow. Maslow saw human needs in the form of a hierarchy, ascending from the lowest to the highest, and he concluded that when one set of needs is satisfied, this kind of need ceases to be a motivator.

As per his theory these needs are:

(i) Physiological needs:

These are important needs for sustaining the human life. Food, water, warmth, shelter, sleep, medicine and education are the basic physiological needs which fall in the primary list of need satisfaction. Maslow was of an opinion that until these needs were satisfied to a degree to maintain life, no other motivating factors can work.

(ii) Security or Safety needs:

These are the needs to be free of physical danger and of the fear of losing a job, property, food or shelter. It also includes protection against any emotional harm.

(iii) Social needs:

Since people are social beings, they need to belong and be accepted by others. People try to satisfy their need for affection, acceptance and friendship.

(iv) Esteem needs:

According to Maslow, once people begin to satisfy their need to belong, they tend to want to be held in esteem both by themselves and by others. This kind of need produces such satisfaction as power, prestige status and self-confidence. It includes both internal esteem factors like self-respect, autonomy and achievements and external esteem factors such as states, recognition and attention.

(v) Need for self-actualization:

Maslow regards this as the highest need in his hierarchy. It is the drive to become what one is capable of becoming; it includes growth, achieving one's potential and self-fulfillment. It is to maximize one's potential and to accomplish something.



All of the needs are structured into a hierarchy and only once a lower level of need has been fully met, would a worker be motivated by the opportunity of having the next need up in the hierarchy satisfied. For example a person who is dying of hunger will be motivated to achieve a basic wage in order to buy food before worrying about having a secure job contract or the respect of others.

A business should therefore offer different incentives to workers in order to help them fulfill each need in turn and progress up the hierarchy. Managers should also recognize that workers are not all motivated in the same way and do not all move up the hierarchy at the same pace. They may therefore have to offer a slightly different set of incentives from worker to worker.

c) Frederick Herzberg's motivation-hygiene theory:

Frederick has tried to modify Maslow's need Hierarchy theory. His theory is also known as two-factor theory or Hygiene theory. He stated that there are certain satisfiers and dissatisfiers for employees at work. Intrinsic

factors are related to job satisfaction, while extrinsic factors are associated with dissatisfaction. He devised his theory on the question: "What do people want from their jobs?" He asked people to describe in detail, such situations when they felt exceptionally good or exceptionally bad. From the responses that he received, he concluded that opposite of satisfaction is not dissatisfaction. Removing dissatisfying characteristics from a job does not necessarily make the job satisfying. He states that presence of certain factors in the organization is natural and the presence of the same does not lead to motivation. However, their non-presence leads to de-motivation. In similar manner there are certain factors, the absence of which causes no dissatisfaction, but their presence has motivational impact. Examples of Hygiene factors are:

Security, status, relationship with subordinates, personal life, salary, work conditions, relationship with supervisor and company policy and administration.

Examples of Motivational factors are:

Growth prospectus job advancement, responsibility, challenges, recognition and achievements.

d) Victor Vroom's Expectancy theory:

The most widely accepted explanations of motivation have been propounded by Victor Vroom. His theory is commonly known as expectancy theory. The theory argues that the strength of a tendency to act in a specific way depends on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual to make this simple, expectancy theory says that an employee can be motivated to perform better when there is a belief that the better performance will lead to good performance appraisal and that this shall result into realization

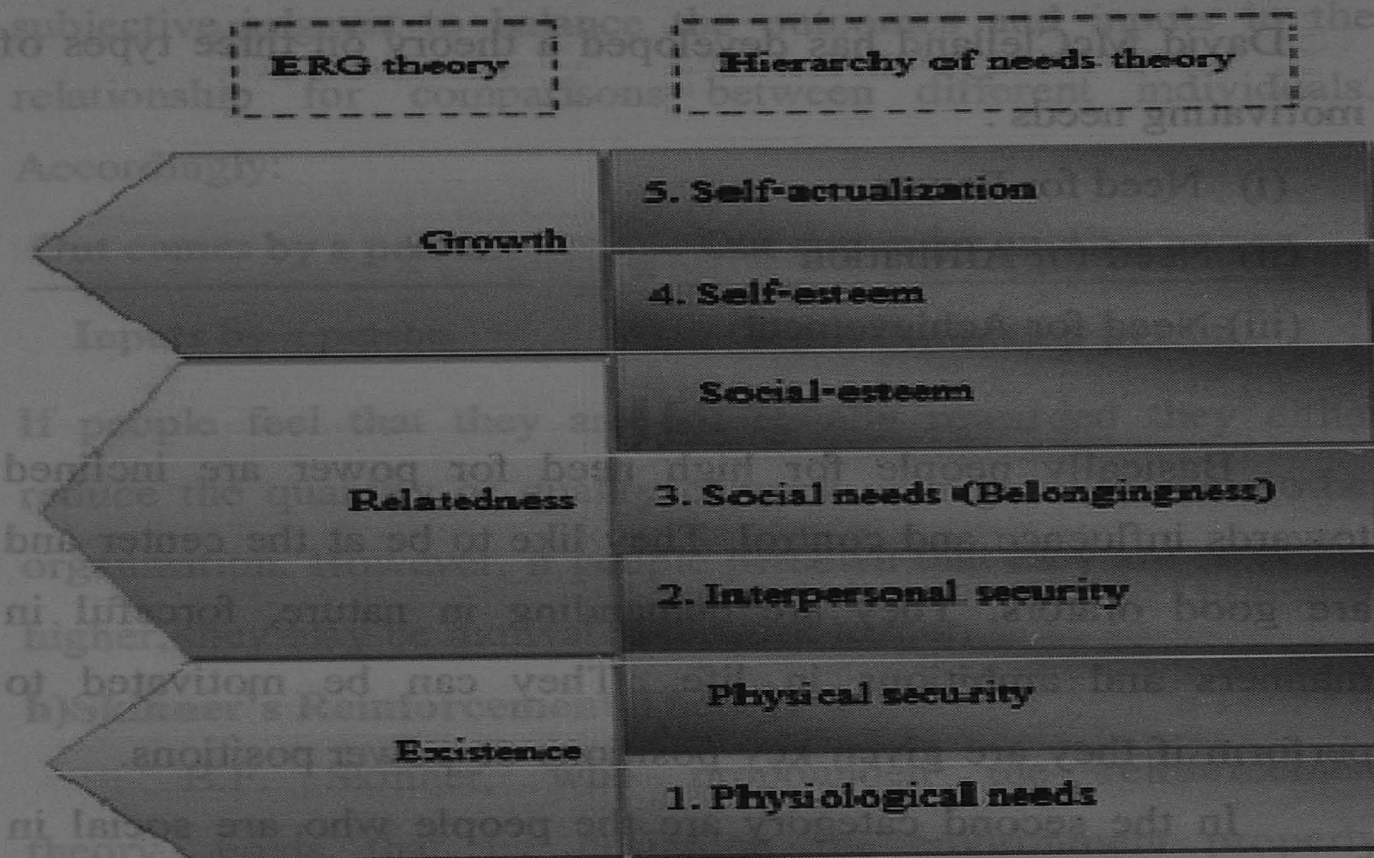
of personal goal in form of some reward. Therefore an employee is:

Motivation = Valence x Expectancy.

The theory focuses on three things:

- Efforts and performance relationship
- Performance and reward relationship
- Rewards and personal goal relationship

e) Clayton Alderfer's ERG Theory:



Alderfer has tried to rebuild the hierarchy of needs of Maslow into another model named ERG i.e. Existence – Relatedness – Growth. According to him there are 3 groups of core needs as mentioned above. The existence group is concerned mainly with providing basic material existence. The second group is the individuals need to maintain interpersonal relationship with other members in the group. The final group is the intrinsic desire to grow and develop personally. The major conclusions of this theory are:

- In an individual, more than one need may be operative at the same time.
- If a higher need goes unsatisfied than the desire to satisfy a lower need intensifies.
- It also contains the frustration-regression dimension.

f) McClelland's Theory of Needs:

David McClelland has developed a theory on three types of motivating needs :

- (i) Need for Power
- (ii) Need for Affiliation
- (iii) Need for Achievement

Basically people for high need for power are inclined towards influence and control. They like to be at the center and are good orators. They are demanding in nature, forceful in manners and ambitious in life. They can be motivated to perform if they are given key positions or power positions.

In the second category are the people who are social in nature. They try to affiliate themselves with individuals and groups. They are driven by love and faith. They like to build a friendly environment around themselves. Social recognition and affiliation with others provides them motivation.

People in the third area are driven by the challenge of success and the fear of failure. Their need for achievement is moderate and they set for themselves moderately difficult tasks. They are analytical in nature and take calculated risks. Such people are motivated to perform when they see at least some chances of success.

McClelland observed that with the advancement in hierarchy the need for power and achievement increased rather than Affiliation. He also observed that people who were at the top, later ceased to be motivated by this drives.

g. Stacey Adam's Equity Theory

As per the equity theory of J. Stacey Adams, people are motivated by their beliefs about the reward structure as being fair or unfair, relative to the inputs. People have a tendency to use subjective judgment to balance the outcomes and inputs in the relationship for comparisons between different individuals. Accordingly:

$$\frac{\text{Out comes by a person}}{\text{Inputs by a person}} = \frac{\text{Out comes by another person}}{\text{Input by another person}}$$

If people feel that they are not equally rewarded they either reduce the quantity or quality of work or migrate to some other organization. However, if people perceive that they are rewarded higher, they may be motivated to work harder.

h) Skinner's Reinforcement Theory:

B.F. Skinner, who propounded the reinforcement theory, holds that by designing the environment properly, individuals can be motivated. Instead of considering internal factors like impressions, feelings, attitudes and other cognitive behavior, individuals are directed by what happens in the environment external to them. Skinner states that work environment should be made suitable to the individuals and that punishment actually leads to frustration and de-motivation. Hence, the only way to motivate is to keep on making positive changes in the external environment of the organization.

2.8.6 LEADERSHIP

Definition

Leadership is defined as influence, the art or process of influencing people so that they will strive willingly and enthusiastically toward the achievement of group goals.

- Leaders act to help a group attain objectives through the maximum application of its capabilities.
- Leaders must instill values – whether it be concern for quality, honesty and calculated risk taking or for employees and customers.

Importance of Leadership

1. Aid to authority
2. Motive power to group efforts
3. Basis for co operation
4. Integration of Formal and Informal Organization.

LEADERSHIP STYLES

The leadership style we will discuss here are:

a) Autocratic style

b) Democratic Style

c) Laissez Faire Style

a) Autocratic style

Manager retains as much power and decision-making authority as possible. The manager does not consult employees, nor are they allowed to give any input. Employees are expected to obey orders without receiving any explanations. The motivation environment is produced by creating a structured set of rewards and punishments.

Autocratic leadership is a classical leadership style with the following characteristics:

- Manager seeks to make as many decisions as possible
- Manager seeks to have the most authority and control in decision making
- Manager seeks to retain responsibility rather than utilize complete delegation
- Consultation with other colleagues in minimal and decision making becomes
 - Managers are less concerned with investing their own leadership development, and prefer to simply work on the task at hand.

Advantages

Reduced stress due to increased control

A more productive group 'while the leader is watching'

Improved logistics of operations

Faster decision making

Disadvantages

Short - termistic approach to management.

Manager perceived as having poor leadership skills

Increased workload for the manager

People dislike being ordered around

Teams become dependent upon their leader

b) Democratic Style

Democratic Leadership is the leadership style that promotes the sharing of responsibility, the exercise of delegation and continual consultation.

The style has the following characteristics:

- Manager seeks consultation on all major issues and decisions.
- Manager effectively delegate tasks to subordinates and give them full control and responsibility for those tasks.
- Manager welcomes feedback on the results of initiatives and the work environment.
- Manager encourages others to become leaders and be involved in leadership development.

Advantages

Positive work environment

Successful initiatives

Creative thinking

Reduction of friction and office politics

Reduced employee turnover

Disadvantages

- Takes long time to take decisions
- Danger of pseudo participation

Like the other styles, the democratic style is not always appropriate. It is most successful when used with highly skilled or experienced employees or when implementing operational changes or resolving individual or group problems.

c) Laissez-Faire Style

This French phrase means "leave it be" and is used to describe a leader who leaves his/her colleagues to get on with their work. The style is largely a "hands off" view that tends to minimize the amount of direction and face time required.

Advantages

- No work for the leader
- Frustration may force others into leadership roles
- Allows the visionary worker the opportunity to do what they want, free from interference
- Empowers the group

Disadvantages

It makes employees feel insecure at the unavailability of a manager.

The manager cannot provide regular feedback to let employees know how well they are doing.

Managers are unable to thank employees for their good work.

The manager doesn't understand his or her responsibilities and is hoping the employees can cover for him or her.

LEADERSHIP THEORIES

The various leadership theories are

a) **Great Man Theory:**

Assumptions

- Leaders are born and not made.
- Great leaders will arise when there is a great need.

Description

Early research on leadership was based on the study of people who were already great leaders. These people were often from the aristocracy, as few from lower classes had the opportunity to lead. This contributed to the notion that leadership had something to do with breeding.

The idea of the Great Man also strayed into the mythic domain, with notions that in times of need, a Great Man would arise, almost by magic. This was easy to verify, by pointing to people such as Eisenhower and Churchill, let alone those further back along the timeline, even to Jesus, Moses, Mohammed and the Buddah.

Discussion

Gender issues were not on the table when the 'Great Man' theory was proposed. Most leaders were male and the thought of a Great Woman was generally in areas other than leadership. Most researchers were also male, and concerns about andocentric bias were a long way from being realized.

b) Trait Theory:

Assumptions

- People are born with inherited traits.
- Some traits are particularly suited to leadership.
- People who make good leaders have the right (or sufficient) combination of traits.

Description

Early research on leadership was based on the psychological focus of the day, which was of people having inherited characteristics or traits. Attention was thus put on discovering these traits, often by studying successful leaders, but with the underlying assumption that if other people could also be found with these traits, then they, too, could also become great leaders.

McCall and Lombardo (1983) researched both success and failure identified four primary traits by which leaders could succeed or 'derail':

Emotional stability and composure: Calm, confident and predictable, particularly when under stress.

Admitting error: Owning up to mistakes, rather than putting energy into covering up.

Good interpersonal skills: able to communicate and persuade others without resort to negative or coercive tactics.

Intellectual breadth: Able to understand a wide range of areas, rather than having a narrow (and narrow-minded) area of expertise.

c) Behavioral Theory: Assumptions

- Leaders can be made, rather than are born.
- Successful leadership is based in definable, learnable behavior.

Description

Behavioral theories of leadership do not seek inborn traits or capabilities. Rather, they look at what leaders actually do. If success can be defined in terms of describable actions, then it should be relatively easy for other people to act in the same way. This is easier to teach and learn than to adopt the more ephemeral 'traits' or 'capabilities'.

d) Participative Leadership: Assumptions

- Involvement in decision-making improves the understanding of the issues involved by those who must carry out the decisions.
- People are more committed to actions where they have 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.

Description

A Participative Leader, rather than taking autocratic decisions, seeks to involve other people in the process, possibly including subordinates, peers, superiors and other stakeholders. Often, however, as it is within the managers' whim to give or deny control to his or her subordinates, most participative activity is within the immediate team. The question of how much influence others are given thus may vary on the manager's preferences and beliefs, and a whole spectrum of participation is possible

e) Situational Leadership: Assumptions

- The best action of the leader depends on a range of situational factors.

Descriptions

When a decision is needed, an effective leader does not just fall into a single preferred style. In practice, as they say, things are not that simple.

Factors that affect situational decisions include motivation and capability of followers. This, in turn, is affected by factors within the particular situation. The relationship between followers and the leader may be another factor that affects leader behavior as much as it does follower behavior.

The leaders' perception of the follower and the situation will affect what they do rather than the truth of the situation. The leader's perception of themselves and other factors such as stress and mood will also modify the leaders' behavior.

f) Contingency Theory: Assumptions

- The leader's ability to lead is contingent upon various situational factors, including the leader's preferred style, the capabilities and behaviors of followers and also various other situational factors.

Description

Contingency theories are a class of behavioral theory that contend that there is no one best way of leading and that a leadership style that is effective in some situations may not be successful in others.

An effect of this is that leaders who are very effective at one place and time may become unsuccessful either when transplanted to another situation or when the factors around them change.

Contingency theory is similar to situational theory in that there is an assumption of no simple one right way. The main difference is that situational theory tends to focus more on the behaviors that

the leader should adopt, given situational factors (often about follower behavior), whereas contingency theory takes a broader view that includes contingent factors about leader capability and other variables within the situation.

g) Transactional Leadership: Assumptions

- People are motivated by reward and punishment.
- Social systems work best with a clear chain of command.
- When people have agreed to do a job, a part of the deal is that they cede all authority to their manager.
- The prime purpose of a subordinate is to do what their manager tells them to do.

Description

The transactional leader works through creating clear structures whereby it is clear what is required of their subordinates, and the rewards that they get for following orders. Punishments are not always mentioned, but they are also well-understood and formal systems of discipline are usually in place.

The early stage of Transactional Leadership is in negotiating the contract whereby the subordinate is given a salary and other benefits, and the company (and by implication the subordinate's manager) gets authority over the subordinate.

When the Transactional Leader allocates work to a subordinate, they are considered to be fully responsible for it, whether or not they have the resources or capability to carry it out. When things go wrong, then the subordinate is considered to be personally at fault, and is punished for their failure (just as they are rewarded for succeeding).

h)Transformational Leadership: Assumptions

- People will follow a person who inspires them.
- A person with vision and passion can achieve great things.
- The way to get things done is by injecting enthusiasm and energy.

Description

Working for a Transformational Leader can be a wonderful and uplifting experience. They put passion and energy into everything. They care about you and want you to succeed. Transformational Leaders are often charismatic, but are not as narcissistic as pure Charismatic Leaders, who succeed through a belief in themselves rather than a belief in others.

One of the traps of Transformational Leadership is that passion and confidence can easily be mistaken for truth and reality.

Transformational Leaders, by definition, seek to transform. When the organization does not need transforming and people are happy as they are, then such a leader will be frustrated. Like wartime leaders, however, given the right situation they come into their own and can be personally responsible for saving entire companies.

2.8.7 COMMUNICATION

Communication is the exchange of messages between people for the purpose of achieving common meanings. Unless common meanings are shared, managers find it extremely difficult to influence others. Whenever group of people interact, communication takes place. Communication is the exchange of information using a shared set of symbols. It is the process that links group members and enables them to

coordinate their activities. Therefore, when managers foster effective communication, they strengthen the connections between employees and build cooperation. Communication also functions to build and reinforce interdependence between various parts of the organization. As a linking mechanism among the different organizational subsystems, communication is a central feature of the structure of groups and organizations. It helps to coordinate tasks and activities within and between organizations.

DEFINITION

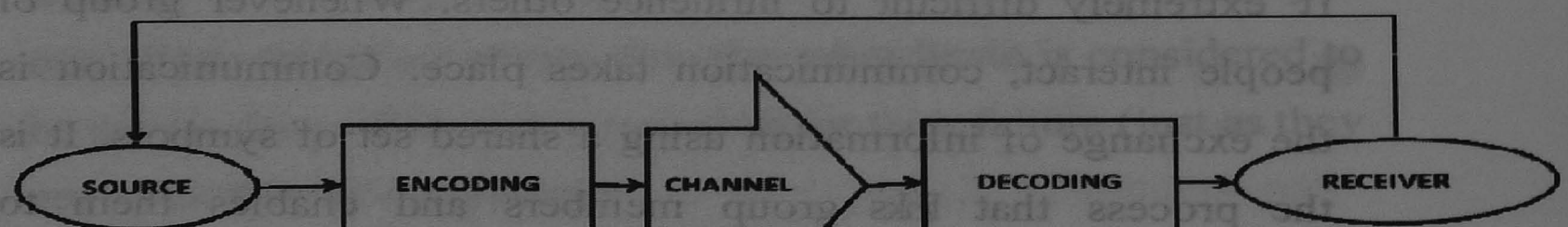
According to Koontz and O'Donnell, "Communication, is an intercourse by words, letters symbols or messages, and is a way that the organization members shares meaning and understanding with another".

COMMUNICATION PROCESS

Communication is important in building and sustaining human relationships at work. Communication can be thought of as a process or flow. Before communication can take place, a purpose, expressed as a message to be conveyed is needed. It passes between the sender and the receiver. The result is transference of meaning from one person to another.

The figure below depicts the communication process. This model is made up of seven parts:

(1) Source, (2) Encoding, (3) Message, (4) Channel, (5) Decoding, (6) Receiver, and (7) Feedback.



a) Source:

The source initiates a message. This is the origin of the communication and can be an individual, group or inanimate object. The effectiveness of a communication depends to a considerable degree on the characteristics of the source. The person who initiates the communication process is known as sender, source or communicator. In an organization, the sender will be a person who has a need or desire to send a message to others. The sender has some information which he wants to communicate to some other person to achieve some purpose. By initiating the message, the sender attempts to achieve understanding and change in the behaviour of the receiver.

b) Encoding

Once the source has decided what message to communicate, the content of the message must be put in a form the receiver can understand. As the background for encoding information, the sender uses his or her own frame of reference. It includes the individual's view of the organization or situation as a function of personal education, interpersonal relationships, attitudes, knowledge and experience. Three conditions are necessary for successful encoding the message.

- **Skill:** Successful communicating depends on the skill you possess. Without the requisite skills, the message of the communicator will not reach the receiver in the desired form. One's total communicative success includes speaking, reading, listening and reasoning skills.
- **Attitudes:** Our attitudes influence our behaviour. We hold predisposed ideas on a number of topics and our communications are affected by these attitudes.

- **Knowledge:** We cannot communicate what we don't know. The amount of knowledge the source holds about his or her subject will affect the message he or she seeks to transfer.

b) **The Message**

The message is the actual physical product from the source encoding. The message contains the thoughts and feelings that the communicator intends to evoke in the receiver. The message has two primary components:-

- **The Content:** The thought or conceptual component of the message is contained in the words, ideas, symbols and concepts chosen to relay the message.
- **The Affect:** The feeling or emotional component of the message is contained in the intensity, force, demeanor (conduct or behaviour), and sometimes the gestures of the communicator.

c) **The Channel**

The actual means by which the message is transmitted to the receiver (Visual, auditory, written or some combination of these three) is called the channel. The channel is the medium through which the message travels. The channel is the observable carrier of the message. Communication in which the sender's voice is used as the channel is called oral communication. When the channel involves written language, the sender is using written communication. The sender's choice of a channel conveys additional information beyond that contained in the message itself. For example, documenting an employee's poor performance in writing conveys that the manager has taken the problem seriously.

g) **Decoding**

Decoding means interpreting what the message means. The extent to which the decoding by the receiver depends heavily

on the individual characteristics of the sender and receiver. The greater the similarity in the background or status factors of the communicators, the greater the probability that a message will be perceived accurately. Most messages can be decoded in more than one way. Receiving and decoding a message are a type of perception. The decoding process is therefore subject to the perception biases.

g) The Receiver:

The receiver is the object to whom the message is directed. Receiving the message means one or more of the receiver's senses register the message - for example, hearing the sound of a supplier's voice over the telephone or seeing the boss give a thumbs-up signal. Like the sender, the receiver is subject to many influences that can affect the understanding of the message. Most important, the receiver will perceive a communication in a manner that is consistent with previous experiences. Communications that are not consistent with expectations is likely to be rejected.

h) Feedback:

The final link in the communication process is a feedback loop. Feedback, in effect, is communication traveling in the opposite direction. If the sender pays attention to the feedback and interprets it accurately, the feedback can help the sender learn whether the original communication was decoded accurately. Without feedback, one-way communication occurs between managers and their employees. Faced with differences in their power, lack of time, and a desire to save face by not passing on negative information, employees may be discouraged from providing the necessary feedback to their managers.

Guidelines for effective Communication

- (i) Senders of message must clarify in their minds what they want to communicate. Purpose of the message and making a plan to achieve the intended end must be clarified.
- (ii) Encoding and decoding be done with symbols that are familiar to the sender and the receiver of the message.
- (iii) For the planning of the communication, other people should be consulted and encouraged to participate.
- (iv) It is important to consider the needs of the receivers of the information. Whenever appropriate, one should communicate something that is of value to them, in the short run as well as in the more distant future.
- (v) In communication, tone of voice, the choice of language and the congruency between what is said and how it is said influence the reactions of the receiver of the message.
- (vi) Communication is complete only when the message is understood by the receiver. And one never knows whether communication is understood unless the sender gets a feedback.
- (vii) The function of communication is more than transmitting the information. It also deals with emotions that are very important in interpersonal relationships between superiors, subordinates and colleagues in an organization.
- (viii) Effective communicating is the responsibility not only of the sender but also of the receiver of the information.

BARRIERS TO EFFECTIVE COMMUNICATION

Barriers to communication are factors that block or significantly distort successful communication. Effective managerial communication skills helps overcome some, but not all, barriers to communication in organizations. The more prominent barriers to effective communication which every manager should be aware of is given below:

a) Filtering:

Filtering refers to a sender manipulating information so it will be seen more favourably by the receiver. The major determinant of filtering is the number of levels in an organization's structure. The more vertical levels in the organization's hierarchy, the more opportunities for filtering. Sometimes the information is filtered by the sender himself. If the sender is hiding some meaning and disclosing in such a fashion as appealing to the receiver, then he is "filtering" the message deliberately. A manager in the process of altering communication in his favor is attempting to filter the information.

b) Selective Perception:

Selective perception means seeing what one wants to see. The receiver, in the communication process, generally resorts to selective perception i.e., he selectively perceives the message based on the organizational requirements, the needs and characteristics, background of the employees etc. Perceptual distortion is one of the distressing barriers to the effective communication. People interpret what they see and call it a reality. In our regular activities, we tend to see those things that please us and to reject or ignore unpleasant things. Selective perception allows us to keep out dissonance (the existence of conflicting elements in our perceptual set) at a tolerable level. If we encounter something that does not fit our current image of reality, we structure the situation to minimize our dissonance. Thus, we manage to overlook many stimuli from the environment that do not fit into our current perception of the world. This process has significant implications for managerial

activities. For example, the employment interviewer who expects a female job applicant to put her family ahead of her career is likely to see that in female applicants, regardless of whether the applicants feel that way or not.

c) Emotions:

How the receiver feels at the time of receipt of information influences effectively how he interprets the information. For example, if the receiver feels that the communicator is in a jovial mood, he interprets that the information being sent by the communicator to be good and interesting. Extreme emotions and jubilation or depression are quite likely to hinder the effectiveness of communication. A person's ability to encode a message can become impaired when the person is feeling strong emotions. For example, when you are angry, it is harder to consider the other person's viewpoint and to choose words carefully. The angrier you are, the harder this task becomes. Extreme emotions – such as jubilation or depression – are most likely to hinder effective communication. In such instances, we are most prone to disregard our rational and objective thinking processes and substitute emotional judgments.

d) Language:

Communicated message must be understandable to the receiver. Words mean different things to different people. Language reflects not only the personality of the individual but also the culture of society in which the individual is living. In organizations, people from different regions, different backgrounds, and speak different languages. People will have different academic backgrounds, different intellectual facilities, and hence the jargon they use varies. Often,

communication gap arises because the language the sender is using may be incomprehensible, vague and indigestible. Language is a central element in communication. It may pose a barrier if its use obscures meaning and distorts intent. Words mean different things to different people. Age, education and cultural background are three of the more obvious variables that influence the language a person uses and the definitions he or she gives to words. Therefore, use simple, direct, declarative language.

Speak in brief sentences and use terms or words you have heard from your audience. As much as possible, speak in the language of the listener. Do not use jargon or technical language except with those who clearly understand it.

e) Stereotyping:

Stereotyping is the application of selective perception. When we have preconceived ideas about other people and refuse to discriminate between individual behaviours, we are applying selective perception to our relationship with other people. Stereotyping is a barrier to communications because those who stereotype others use selective perception in their communication and tend to hear only those things that confirm their stereotyped images. Consequently, stereotypes become more deeply ingrained as we find more "evidence" to confirm our original opinion. Stereotyping has a convenience function in our interpersonal relations. Since people are all different, ideally we should react and interact with each person differently. To do this, however, requires considerable psychological effort. It is much easier to categorize (stereotype) people so that we can interact with them as members of a particular category. Since the number of categories is small, we end up treating many people the same

even though they are quite different. Our communications, then, may be directed at an individual as a member of a category at the sacrifice of the more effective communication on a personal level.

f) Status Difference:

The organizational hierarchy poses another barrier to communication within organization, especially when the communication is between employee and manager. This is so because the employee is dependent on the manager as the primary link to the organization and hence more likely to distort upward communication than either horizontal or downward communication. Effective supervisory skills make the supervisor more approachable and help reduce the risk of problems related to status differences. In addition, when employees feel secure, they are more likely to be straightforward in upward communication.

g) Use of Conflicting Signals:

A sender is using conflicting signals when he or she sends inconsistent messages. A vertical message might conflict with a nonverbal one. For example, if a manager says to his employees, "If you have a problem, just come to me. My door is always open", but he looks annoyed whenever an employee knocks on his door". Then we say the manager is sending conflicting messages. When signals conflict, the receivers of the message have to decide which, if any, to believe.

h) Reluctance to Communicate:

For a variety of reasons, managers are sometimes reluctant to transmit messages. The reasons could be:-

- They may doubt their ability to do so.
- They may dislike or be weary of writing or talking to others.

- They may hesitate to deliver bad news because they do not want to face a negative reaction.

When someone gives in to these feelings, they become a barrier to effective communications.

i) Projection:

Projection has two meanings.

(a) Projecting one's own motives into others behavior. For example, managers who are motivated by money may assume their subordinates are also motivated by it. If the subordinate's prime motive is something other than money, serious problems may arise.

(b) The use of defense mechanism to avoid placing blame on oneself. As a defense mechanism, the projection phenomenon operates to protect the ego from unpleasant communications. Frequently, individuals who have a particular fault will see the same fault in others, making their own fault seem not so serious.

j) The "Halo Effect":

The term "halo effect" refers to the process of forming opinions based on one element from a group of elements and generalizing that perception to all other elements. For example, in an organization, a good attendance record may cause positive judgments about productivity, attitude, or quality of work. In performance evaluation system, the halo effect refers to the practice of singling out one trait of an employee (either good or bad) and using this as a basis for judgments of the total employee.

CHANNELS OF COMMUNICATION

a) Formal Communication

Formal communication follows the route formally laid down in the organization structure. There are three directions in which communications flow: downward, upward and laterally (horizontal).

i) Downward Communication

Downward communication involves a message traveling to one or more receivers at the lower level in the hierarchy. The message frequently involves directions or performance feedback. The downward flow of communication generally corresponds to the formal organizational communications system, which is usually synonymous with the chain of command or line of authority. This system has received a great deal of attention from both managers and behavioral scientists since it is crucial to organizational functioning.

ii) Upward Communication

In upward communication, the message is directed toward a higher level in the hierarchy. It often takes the form of progress reports or information about successes and failures of the individuals or work groups reporting to the receiver of the message. Sometimes employees also send suggestions or complaints upward through the organization's hierarchy.

The upward flow of communication involves two distinct manager-subordinate activities in addition to feedback:

- The participation by employees in formal organizational decisions.

- Employee appeal is a result against formal organization decisions. The employee appeal is a result of the industrial democracy concept that provides for two-way communication in areas of disagreement.

iii) Horizontal Communication

When takes place among members of the same work group, among members of work groups at the same level, among managers at the same level or among any horizontally equivalent personnel, we describe it as lateral communications. In lateral communication, the sender and receiver(s) are at the same level in the hierarchy. Formal communications that travel laterally involve employees engaged in carrying out the same or related tasks. The messages might concern advice, problem solving, or coordination of activities.

b) Informal Communication or Grapevine

Informal communication, generally associated with interpersonal communication, was primarily seen as a potential hindrance to effective organizational performance. This is no longer the case. Informal communication has become more important to ensuring the effective conduct of work in modern organizations.

Probably the most common term used for the informal communication in the workplace is “grapevine” and this communication that is sent through the organizational grapevine is often considered gossip or rumor. While grapevine communication can spread information quickly and can easily cross established organizational boundaries, the information it carries can be changed through the deletion or exaggeration crucial details thus causing the information inaccurate – even if it’s based on truth.

The use of the organizational grapevine as an informal communication channel often results when employees feel threatened, vulnerable, or when the organization is experiencing change and when communication from management is restricted and not forthcoming.

2.9 CONTROLLING

Control is the process through which managers assure that actual activities conform to planned activities.

In the words of Koontz and O'Donnell - "Managerial control implies measurement of accomplishment against the standard and the correction of deviations to assure attainment of objectives according to plans."

Nature & Purpose of Control

- Control is an essential function of management
- Control is an ongoing process
- Control is forward – working because past cannot be controlled
- Control involves measurement
- The essence of control is action
- Control is an integrated system

2.9.1 CONTROL PROCESS

The basic control process involves mainly these steps

a) The Establishment of Standards:

Because plans are the yardsticks against which controls must be revised, it follows logically that the first step in the control process would be to accomplish plans. Plans can be considered as the criterion or the standards against which we compare the actual performance in order to figure out the deviations.

Examples for the standards

- **Profitability standards:** In general, these standards indicate how much the company would like to make as profit over a given time period- that is, its return on investment.
- **Market position standards:** These standards indicate the share of total sales in a particular market that the company would like to have relative to its competitors.
- **Productivity standards:** How much that various segments of the organization should produce is the focus of these standards.
- **Product leadership standards:** These indicate what must be done to attain such a position.
- **Employee attitude standards:** These standards indicate what types of attitudes the company managers should strive to indicate in the company's employees.
 - **Social responsibility standards:** Such as making contribution to the society.
 - **Standards reflecting the relative balance between short and long range goals.**

b) Measurement of Performance:

The measurement of performance against standards should be on a forward looking basis so that deviations may be detected in advance by appropriate actions. The degree of difficulty in measuring various types of organizational

performance, of course, is determined primarily by the activity being measured. For example, it is far more difficult to measure the performance of highway maintenance worker than to measure the performance of a student enrolled in a college level management course.

c) Comparing Measured Performance to Stated Standards:

When managers have taken a measure of organizational performance, their next step in controlling is to compare this measure against some standard. A standard is the level of activity established to serve as a model for evaluating organizational performance. The performance evaluated can be for the organization as a whole or for some individuals working within the organization. In essence, standards are the yardsticks that determine whether organizational performance is adequate or inadequate.

d) Taking Corrective Actions:

After actual performance has been measured compared with established performance standards, the next step in the controlling process is to take corrective action, if necessary. Corrective action is managerial activity aimed at bringing organizational performance up to the level of performance standards. In other words, corrective action focuses on correcting organizational mistakes that hinder organizational performance. Before taking any corrective action, however, managers should make sure that the standards they are using were properly established and that their measurements of organizational performance are valid and reliable.

At first glance, it seems a fairly simple proposition that managers should take corrective action to eliminate problems -

the factors within an organization that are barriers to organizational goal attainment. In practice, however, it is often difficult to pinpoint the problem causing some undesirable organizational effect.

BARRIERS FOR CONTROLLING

There are many barriers, among the most important of them:

- Control activities can create an undesirable overemphasis on short-term production as opposed to long-term production.
- Control activities can increase employees' frustration with their jobs and thereby reduce morale. This reaction tends to occur primarily where management exerts too much control.
- Control activities can encourage the falsification of reports.
- Control activities can cause the perspectives of organization members to be too narrow for the good of the organization.
- Control activities can be perceived as the goals of the control process rather than the means by which corrective action is taken.

2.9.2 REQUIREMENTS FOR EFFECTIVE CONTROL

The requirements for effective control are

a) Control should be tailored to plans and positions

This means that, all control techniques and systems should reflect the plans they are designed to follow. This is because every plan and every kind and phase of an operation has its unique characteristics.

b) Control must be tailored to individual managers and their responsibilities

This means that controls must be tailored to the personality of individual managers. This because control systems and information are intended to help individual managers carry out

their function of control. If they are not of a type that a manager can or will understand, they will not be useful.

c) Control should point up exceptions as critical points

This is because by concentration on exceptions from planned performance, controls based on the time honored exception principle allow managers to detect those places where their attention is required and should be given. However, it is not enough to look at exceptions, because some deviations from standards have little meaning and others have a great deal of significance.

d) Control should be objective

This is because when controls are subjective, a manager's personality may influence judgments of performance inaccuracy. Objective standards can be quantitative such as costs or man hours per unit or date of job completion. They can also be qualitative in the case of training programs that have specific characteristics or are designed to accomplish a specific kind of upgrading of the quality of personnel.

e) Control should be flexible

This means that controls should remain workable in the case of changed plans, unforeseen circumstances, or oversight failures. Much flexibility in control can be provided by having alternative plans for various probable situations.

f) Control should be economical

This means that control must worth their cost. Although this requirement is simple, its practice is often complex. This is because a manager may find it difficult to know what a particular system is worth, or to know what it costs.

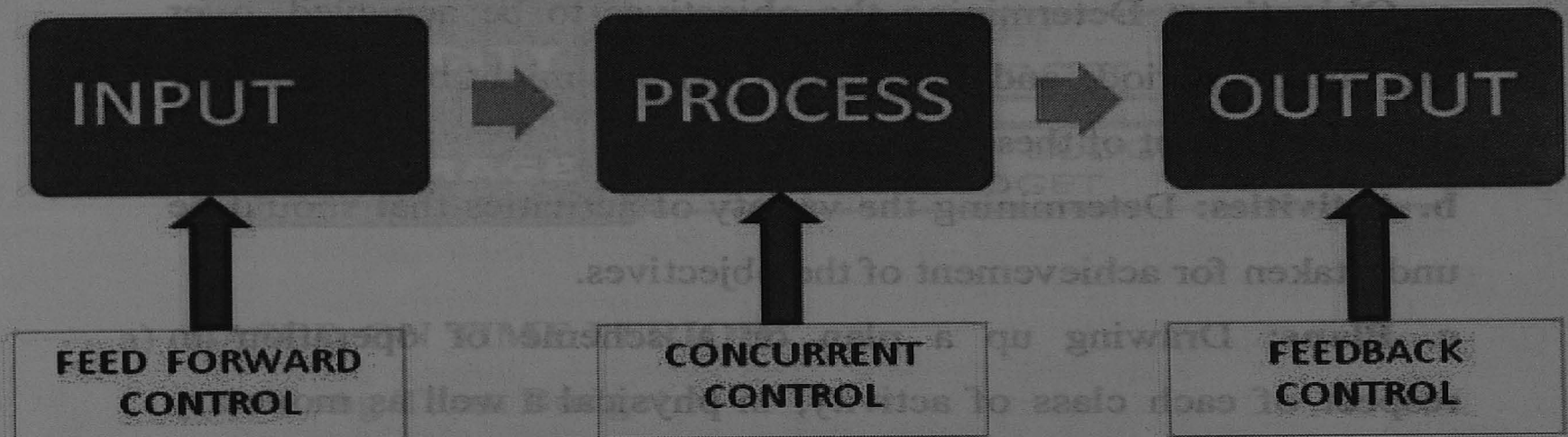
g) Control should lead to corrective actions

This is because a control system will be of little benefit if it does not lead to corrective action, control is justified only if the

indicated or experienced deviations from plans are corrected through appropriate planning, organizing, directing, and leading.

2.9.3 TYPES OF CONTROL SYSTEMS

The control systems can be classified into three types namely feed forward, concurrent and feedback control systems.



a) **Feed forward controls:** They are preventive controls that try to anticipate problems and take corrective action before they occur. Example – a team leader checks the quality, completeness and reliability of their tools prior to going to the site.

b) **Concurrent controls:** They (sometimes called screening controls) occur while an activity is taking place. Example – the team leader checks the quality or performance of his members while performing.

c) **Feedback controls:** They measure activities that have already been completed. Thus corrections can take place after performance is over. Example – feedback from facilities engineers regarding the completed job.

2.8.4 BUDGETARY CONTROL

Definition: Budgetary Control is defined as "the

establishment of budgets, relating the responsibilities of executives to the requirements of a policy, and the continuous comparison of actual with budgeted results either to secure by individual action the objective of that policy or to provide a base for its revision.

Salient features:

- a. Objectives:** Determining the objectives to be achieved, over the budget period, and the policy (ies) that might be adopted for the achievement of these ends.
- b. Activities:** Determining the variety of activities that should be undertaken for achievement of the objectives.
- c. Plans:** Drawing up a plan or a scheme of operation in respect of each class of activity, in physical as well as monetary terms for the full budget period and its parts.
- d. Performance Evaluation:** Laying out a system of comparison of actual performance by each person section or department with the relevant budget and determination of causes for the discrepancies, if any.
- e. Control Action:** Ensuring that when the plans are not achieved, corrective actions are taken; and when corrective actions are not possible, ensuring that the plans are revised and objective achieved

2.9.5 CLASSIFICATION OF BUDGETS

Budgets may be classified on the following bases –

TIME PERIOD	• LONG-TERM BUDGET • SHORT-TERM BUDGET
CONDITIONS	• BASIC BUDGET • CURRENT BUDGET
CAPACITY	• FIXED BUDGET • FLEXIBLE BUDGET
COVERAGE	• FUNCTIONAL BUDGET • MASTER BUDGET

a) BASED ON TIME PERIOD:

(i) Long Term Budget

Budgets which are prepared for periods longer than a year are called LongTerm

Budgets. Such Budgets are helpful in business forecasting and forward planning. Eg: Capital Expenditure Budget and R&D Budget.

(ii) Short Term Budget

Budgets which are prepared for periods less than a year are known as ShortTerm Budgets. Such Budgets are prepared in cases where a specific action has to be immediately taken to bring any variation under control.

Eg: Cash Budget.

b) BASED ON CONDITION:

(i) Basic Budget

A Budget, which remains unaltered over a long period of time, is called Basic Budget.

(ii) Current Budget

A Budget, which is established for use over a short period of time and is related to the current conditions, is called Current Budget.

c) BASED ON CAPACITY:

(i) Fixed Budget

It is a Budget designed to remain unchanged irrespective of the level of activity actually attained. It operates on one level of activity and less than one set of conditions. It assumes that there will be no change in the prevailing conditions, which is unrealistic.

(ii) Flexible Budget

It is a Budget, which by recognizing the difference between fixed, semi variable and variable costs is designed to change in relation to level of activity attained. It consists of various budgets for different levels of activity

d) BASED ON COVERAGE:

(i) Functional Budget

Budgets, which relate to the individual functions in an organization, are known as Functional Budgets, e.g. purchase Budget, Sales Budget, Production Budget, plant Utilization Budget and Cash Budget.

(ii) Master Budget

It is a consolidated summary of the various functional budgets. It serves as the basis upon which budgeted Profit & Loss Account and forecasted Balance Sheet are built up.

BUDGETARY CONTROL TECHNIQUES

The various types of budgets are as follows

i) Revenue and Expense Budgets:

The most common budgets spell out plans for revenues and operating expenses in rupee terms. The most basic of revenue budget is the sales budget which is a formal and detailed expression of the sales forecast. The revenue from sales of products or services furnishes the principal income to pay operating expenses and yield profits. Expense budgets may deal with individual items of expense, such as travel, data processing, entertainment, advertising, telephone, and insurance.

ii) Time, Space, Material, and Product Budgets:

Many budgets are better expressed in quantities rather than in monetary terms. e.g. direct-labor-hours, machine-hours, units of materials, square feet allocated, and units produced. The Rupee cost would not accurately measure the resources used or the results intended.

iii) Capital Expenditure Budgets:

Capital expenditure budgets outline specifically capital expenditures for plant, machinery, equipment, inventories, and other items. These budgets require care because they give definite form to plans for spending the funds of an enterprise. Since a business takes a long time to recover its investment in plant and equipment, (Payback period or gestation period) capital expenditure budgets should usually be tied in with fairly long-range planning.

iv) Cash Budgets:

The cash budget is simply a forecast of cash receipts and disbursements against which actual cash "experience" is measured. The availability of cash to meet obligations as they fall due is the first requirement of existence, and handsome business profits do little good when tied up in inventory, machinery, or other non cash assets.

v) Variable Budget:

The variable budget is based on an analysis of expense items to determine how individual costs should vary with volume of output.

Some costs do not vary with volume, particularly in so short a period as 1 month, 6 months, or a year. Among these are depreciation, property taxes and insurance, maintenance of plant and equipment, and costs of keeping a minimum staff of supervisory and other key personnel. Costs that vary with volume of output range from those that are completely variable to those that are only slightly variable.

The task of variable budgeting involves selecting some unit of measure that reflects volume; inspecting the various categories of costs (usually by reference to the chart of accounts); and, by statistical studies, methods of engineering analyses, and other means, determining how these costs should vary with volume of output.

vi) Zero Based Budgets:

The idea behind this technique is to divide enterprise programs into "packages" composed of goals, activities, and needed resources and then to calculate costs

for each package from the ground up. By starting the budget of each package from base zero, budgeters calculate costs afresh for each budget period; thus they avoid the common tendency in budgeting of looking only at changes from a previous period.

Advantages

here are a number of advantages of budgetary control:

- Compels management to think about the future, which is probably the most important feature of a budgetary planning and control system. Forces management to look ahead, to set out detailed plans for achieving the targets for each department, operation and (ideally) each manager, to anticipate and give the organization purpose and direction.
- Promotes coordination and communication.
- Clearly defines areas of responsibility. Requires managers of budget centre's to be made responsible for the achievement of budget targets for the operations under their personal control.
- Provides a basis for performance appraisal (variance analysis). A budget is basically a yardstick against which actual performance is measured and assessed. Control is provided by comparisons of actual results against budget plan. Departures from budget can then be investigated and the reasons for the differences can be divided into controllable and non-controllable factors.
 - Enables remedial action to be taken as variances emerge.
 - Motivates employees by participating in the setting of budgets.
 - Improves the allocation of scarce resources.
 - Economizes management time by using the management by exception principle.

Problems in budgeting

- Whilst budgets may be an essential part of any marketing activity they do have a number of disadvantages, particularly in perception terms.

- Budgets can be seen as pressure devices imposed by management, thus resulting in:

- a) Bad labour relations

- b) Inaccurate record-keeping.

- Departmental conflict arises due to:

- a) Disputes over resource allocation

- b) Departments blaming each other if targets are not attained.

- It is difficult to reconcile personal/individual and corporate goals.

- Waste may arise as managers adopt the view, "we had better spend it or we will lose it".

This is often coupled with "empire building" in order to enhance the prestige of a department.

- Responsibility versus controlling, i.e. some costs are under the influence of more than one person, e.g. power costs.
- Managers may overestimate costs so that they will not be blamed in the future should they overspend.

2.10 SUMMARY

Managers carry out the functions of planning, organizing staffing, Directing and Controlling. Managing as practice is art, organized knowledge about management is science. The development of management theory involves the development of concepts, principles and techniques.

Planning involves selecting mission and objectives, and the actions to achieve them. Planning and Controlling are closely related. There are many types of plan, such as purposes and mission, objectives or goals, strategies, policies, procedures, rules, programs and budgets.

Objectives are the end points toward which activities are aimed. Management By Objectives (MBO) has been widely used for performance appraisal and employee motivation, but it is really a system of managing. MBO results better managing

Organizing process includes Determination of Objectives, Enumeration of Objectives, Classification of Activities, Assignment of Duties, and Delegation of Authority. Organization Structure - Principles of Organization structure includes Line and Staff Relationships, Departmentalization, Span of Control, Decentralization and Centralization.

The formal organization refers to the structure of jobs and positions with clearly defined functions and relationships as prescribed by the top management. Informal organization is a network of personal and social relations.

Staffing involves filling the positions needed in the organization structure by appointing competent and qualified persons for the job. Recruitment process includes Identification of vacancy, Preparation of job description and job specification, Selection of sources, Advertising the vacancy and managing the response. Selection process may include interviews, tests and the use of assessment centers.

Directing includes creativity and innovation. Motivating is the work a manager performs to inspire, encourage and impel people to take required action. A manager's primary task is to motivate others to perform the tasks of the organization. Employee satisfaction (Job satisfaction) is the terminology used to describe whether employees are happy and contented and fulfilling their desires and needs at work. Leadership is the art or process of influencing people so that they will strive willingly and enthusiastically toward the achievement of group goals. Communication is the exchange of messages between people for the purpose of achieving common meanings. Communication can be in written form, but more information is communicated orally.

Control is the process through which managers assure that actual activities conform to planned activities. The control systems can be classified into three types namely feed forward, concurrent and feedback control systems. By starting the budget of each package from base zero, budgeters calculate costs afresh for each budget period; thus they avoid the common tendency in budgeting of looking only at changes from a previous period.

2.11 CHECK YOUR PROGRESS

1. Who said “ Management as soft science which does not have hard and fast rules “
- 2..Levels of management are?
3. List steps involved in organizing process
4. Who stated “ organization structure consists simply of those aspects of pattern of behavior in the organization that are relatively stable and change only slowly”
5. Who defined Formal organization as a “system of consciously co ordinated activities of two or more peoples.

6. List steps involved in organizing process.
- 7 Who defined Formal organization as a “system of consciously co ordinated activities of two or more peoples.
8. List elements of directing
9. David Mc Clelland three types of motivating needs

2.12 ANSWERS TO CHECK YOUR PROGRESS

- 1. Earnest dale.**
- 2. Top , middle and lower management**
- 3. 1. Determination of objectives 2. Enumeration of objectives**
- 3. Classification of objectives 4. Assignment of duties 5. Delegation of authority/**
- 4. March and Simon**
- 5. Chester I Bernard**
- 6. Motivation, leadership and communication**
- 7. Need for power, need for affiliation and need for achievement.**
- 8. 1. Autocratic 2. Democratic and laissez faire style.**
- 9. 1. Feed forward controls 2. Concurrent controls 3. Feed back control.**

2.13 EXERCISES AND QUESTIONS

1. Explain the functions of management.
2. Explain management is science or art or both science and art
3. Explain the types of plan
4. What are steps in planning? Explain
5. List out the features of MBO
6. Explain nature and characteristics of organizing
7. Explain the organizing process
8. Explain Formal and Informal organization

9. Explain the staffing process
10. What are the recruitment processes? Explain
11. Explain the selection process
12. What are the elements of Directing?
13. Why has the Maslow theory of needs been criticized? To what extent, if any, is it valid?
14. Compare and contrast the Maslow and Herzberg theories of motivation
15. Explain the leadership theories
16. Explain the communication process
17. Write a note on
 - a. Barriers and Breakdowns in communication
 - b. Guidelines in improving communication
18. Define controlling as a managerial function. Explain the basic control process
19. Explain classification of Budgets.

UNIT – 3

INTRODUCTION TO

ORGANISATIONAL BEHAVIOUR

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3.13 ANSWERS TO CHECK YOUR PROGRESS

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3.0 UNIT OBJECTIVES

After studying this lesson, the students are able to :

- i) Understand the concepts of organizational behavior and its application in managing people
- ii) Apply the different approaches to organizational behavior and enhance the human relationships within the organization.
- iii) Explore the relationships among the various components of organizational behavior and their effectiveness.

3.1 INTRODUCTION

Organizations are social systems. If one wishes to work in them or to manage them, it is necessary to understand how they operate. Organizations combine science and people – technology and humanity. Unless we have qualified people to design and implement, techniques alone will not produce desirable results. Human behavior in organizations is rather unpredictable. It is unpredictable because it arises from people's deep-seated needs and value systems. However, it can be partially understood in terms of the framework of behavioral science, management and other disciplines. There is no idealistic solution to organizational problems. All that can be done is to increase our understanding and skills so that human relations at work can be enhanced

3.2 ORGANISATION BEHAVIOUR - CONCEPTS

Organizational Behavior is field of study that investigates the impact that individuals, groups and structure have on behavior within organization. It is the study and application of knowledge about how people act within organizations. It is a human tool for human benefit. It applies broadly to the behavior of people in all types of organizations, such as business, government, schools and services organizations. It covers three determinants of behavior in organizations: individuals, groups, and structure. OB is an applied field. It applies the knowledge gained about individuals, and the

effect of structure on behavior, in order to make organizations work more effectively. OB covers the core topics of motivation, leadership behavior and power, interpersonal communication, group structure and process, learning, attitude development and perception, change process, conflict, job *design* and work stress. Before studying organizational behavior, it is desirable to know the meanings of organization and management.

3.2.1 Organization

Organization as a purposeful system with several subsystems where individuals and activities are organized to achieve certain predetermined goals through division of labor and coordination of activities. Division of labor refers to how the work is divided among the employees and coordination refers to how all the various activities performed by the individuals are integrated or brought together to accomplish the goals of the organization. The term organizing is used to denote one aspect of the managerial activities when he or she is preparing and scheduling the different tasks that need to be completed for the job to be done.

3.2.2 Management

It refers to the functional process of accomplishing the goals of the organization through the help of others. A manager is an individual who is given the responsibility for achieving the goals assigned to him or her as part of the overall goals of the organization and who is expected to get the job done. The terms of top management, lower management are frequently used to indicate the hierarchical levels of those who are engaged in the process of getting the goals of the organization accomplished.

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3.3 Key Elements of Organisational Behavior

The key elements in organizational behavior are people, structure, technology and the external elements in which the organization operates. When people join together in an organization to accomplish an objective, some kind of infrastructure is required. People also use technology to help get the job done, so there is an interaction of people, structure and technology. In addition, these elements are influenced by the external environment, and they influence it. Each of the four elements of organizational behavior will be considered briefly.

3.3.1 People

People make up the internal social system of the organization. They consist of individuals and groups, and large groups as well as small ones. People are the living, thinking, feelings beings who created the organizations. It exists to achieve their objectives. Organizations exist to serve people. People do not exist to serve organizations. The work force is one of the critical resources that need to be managed. In managing human resources, managers have to deal with:

- i) Individual employee who are expected to perform the tasks allotted to them
- ii) Dyadic relationships such as superior-subordinate interactions
- iii) Groups who work as teams and have the responsibility for getting the job done,
- iv) People outside the organization system such as customers and government officials

3.3.2 Structure

Structure defines the official relationships of people in organizations. Different jobs are required to accomplish all of an

organization's activities. There are managers and employees, accountants and assemblers. These people have to be related in some structural way so that their work can be effective. The main structure relates to power and to duties. For example, one person has authority to make decisions that affect the work of other people.

Some of the key concepts of organization structure are listed as below:

- a) **Hierarchy of Authority:** This refers to the distribution of authority among organizational positions and authority grants the position holder certain rights including right to give direction to others and the right to punish and reward.
- b) **Division of Labor:** This refers to the distribution of responsibilities and the way in which activities are divided up and assigned to different members of the organization is considered to be an element of the social structure.
- c) **Span of Control:** This refers to the total number of subordinates over whom a manager has authority
- d) **Specialization:** This refers to the number of specialties performed within the organization.
- e) **Standardization:** It refers to the existence of procedures for regularly recurring events or activities
- f) **Formalization:** This refers to the extent to which rules, procedures, and communications are written down
- g) **Centralization:** This refers to the concentration of authority to make decision.

Complexity: This refers to both vertical differentiation and horizontal differentiation. **Vertical differentiation:** outlines number of hierarchical levels; **horizontal differentiation** highlights the number of units within the organization (e.g departments, divisions). Organizations can be structured as relatively rigid,

formalized systems or as relatively loose, flexible systems. Thus the structure of the organizations can range on a continuum of high rigidity to high flexibility. There are two broad categories of organization: i) Mechanistic form of organization ii) Organic form of Organization

3.3.3 Mechanistic form of Organisation

It is characterized by high levels of complexity, formalization and centralization. A highly mechanistic system is characterized by centralized decision making at the top, a rigid hierarchy of authority, well but narrowly defined job responsibilities especially at lower levels, and extensive rules and regulations which are explicitly make known to employees through written documents. In mechanistic organization, labor is divided and subdivided into many highly specialized tasks (high complexity), workers are granted limited discretion in performing their tasks and rules and procedures are carefully defined (high formalization); and there is limited participation in decision making which tends to be conducted at the highest levels of management high centralization.

3.3.4 Organic form of Organisation

A highly organic system is characterized by decentralized decision-making which allows people directly involved with the job to make their own decisions, very few levels in the hierarchy with flexible authority and reporting patterns, loosely defined job responsibilities for members, and very few written rules and regulations. It is relatively simple, informal and decentralized. Compared with mechanistic organizations, employees in organic organizations, such as design firms or research labs, tend to be more generalist in their orientation.

3.3.5 Jobs and Tasks

Job refers to the sum total of an individual's assignment at the workplace. Tasks refer to the various activities that need to be performed to get the job done. The nature of tasks, its executives by various individuals, nature of interdependence and inter-relatedness, group activities etc have implication for organizational effectiveness. Thus the jobs and tasks have to be designed and managed properly. Core Job Characteristics: There are five job characteristics which are central to providing potential motivation to workers. They are: Skill variety, Task identity, Task significance, Autonomy, and Feedback from the job itself.

5. Task Variety: This denotes the extent to which any particularly job utilizes a range of skills, abilities and talents of the employees. If number of different skills is used by the employee on the job, the job is going to provide challenge and growth experience to the workers.

- ii) Task Identity: This indicates the extent to which the job involves a 'whole' and identifiable piece of work. If the job involves the whole components (eg – painting a portrait), then the individual can identify with the ultimate creation turned out by him and derive pride and satisfaction from having done a good job.

- iii) Task significance: This refers to the meaningfulness or significance of the impact that a job has on the lives of others – both inside and outside of the organization. If what one does has an impact on the well being of others, the job becomes psychologically rewarding to the person who performs it.

- iv) Autonomy: This refers to the extent to which the job provides an employee the freedom, independent and discretion to schedule work and make decision and formulate the procedures to get the job done without interference from others. The greater the

degree of autonomy, the more the person doing the job feels in control.

v) **Feedback from the Job itself:** This indicates the extent to which the person who is working on the job can assess whether they are doing things right or wrong even as they are performing the job. That is, the job itself is stimulating one and enjoyable.

Job Design: Jobs can be designed to range from highly simple to highly complex tasks in terms of the use of the workers skill. Some of the job design options are as follows:

i) **Job Simplification:** The jobs are broken down into very small parts as in the assembly line operations where a fragmented task is repeatedly done over and over again by the same individual.

ii) **Job Rotation:** This involves moving employees among different tasks over a period of time. Management does not have to bother with combining tasks, but at the same time, the workers do not get bored with doing one simple task over several years. The employee is periodically rotated from one job to another within the work setting

iii) **Job Enlargement:** This involves simply adding more tasks to the job so that the workers have a variety of simple tasks to perform rather than doing just one task repetitively. Two or more tasks are combined and the individual does the combined tasks altogether.

iv) **Job Enrichment:** This offers a greater challenge to the workers because it requires the use of variety of skills possessed by them. This involves building in motivating factors into the job, giving the workers more responsibility and control over work, and offering learning opportunities for the individual on the job.

Organizations have technologies for transforming inputs and outputs. These technologies consist of physical objects, activities and process, knowledge, all of which are brought to bear on raw materials labor and capital inputs during a transformation process. The core technology is that set of productive components most directly associated with the transformation process, for example, production or assembly line in manufacturing firm. Technology provides the physical and economic resources with which people work. They cannot accomplish much with their bare hands, so they build buildings, design machines, create work processes and assemble resources. The technology that results has a significant influence on working relationships. An assembly line is not the same as a research laboratory, and a steel mill does not have the same working conditions as a hospital. The great benefit of technology is that it allows people to do more and better work, but it also restricts people in various ways. It has costs as well as benefits.

Classification of Technology:

Thomson classified technology into three categories: Long-linked technology, Mediating Technology and Intensive Technology.

i) Long linked Technology: In this, tasks are broken into a number of sequential and interdependent steps, where the outputs of one unit become the input of the next. (eg. Assembly line) this facilitates to have high volume of output and efficiency. This technology calls for mechanistic structures with high levels of specialization, standardization and formalization.

ii) Mediating Technology: This links different parties who need to be brought together in a direct or indirect way (eg. Banks – use mediating technology to lend money to borrowers by taking money from depositors)

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iii) Intensive Technology: It is used when a group of specialists are brought together to solve complex problems using a variety of technologies (eg. Hospital – parties are treated with the help of experts drawn from different fields of specialization). Coordination of the different activities is achieved in the system primarily through mutual adjustment among those engaged in solving the problem in the different units. Organic structures would fit in this system using intensive technology.

3.3.7 Environment

All organizations operate within an external environment. A single organization does not exist alone. It is part of a larger system that contains thousand of other elements. All the semutually influence each other in a complex system that becomes the life style of the people. Individual organization, such as a factory or school cannot escape from being influenced by this external environment. It influences the attitudes of people, affects working conditions, and provides competition for resources and power. Every organization interacts with other members of its environment. The interactions allow the organization to acquire raw material, hire employees, secure capital, obtain knowledge, and build, lease or buy facilities and equipment. Since the organization process a product or service for consumption by the environment, it will also interact with its customers. Other environmental actions, who regulate or over see these exchanges, interact with the organization as well (distributors, advertising agencies, tradeassociations, government of the countries in which business is conducted)

Two Distinct Sets of Environment:

i) **Specific Environment:** This includes the suppliers, customers, competitors, governments' agencies, employees, unions, political parties etc.

ii) **General Environment:** It includes the economic, political, cultural, technological and social factors in which the organization embedded. Organizations are embedded in an environment within which they operate. Some of the external factors may be completely beyond the control of the organization to change, such as the cultural, social or economic, or governmental aspects. However, many of the other factors such as sizing up the market, being in tune with the technological changes takes place, being a step ahead of competition, or stocking up and buffering supplies when certain materials are likely to be in short supply, are all within the control of the organization. Effectively managing these situations, however, requires constant and close vigilance, adaptability to changes, and being able to manage problematical situations through good decisions making. Those organizations which are proactive (that is, watchful and take action before crisis situations occur) and can manage their external environment are more effective than those that are reactive (that is, caught off guard and wake up after facing the crises situation) and are unable to cope effectively. **Fit between Environment and Structure:** Firms facing a fast changing or turbulent external environment were very effective when they had more organic structures which provided flexibility for quick changes to be make within the internal environment of the system. Similarly, firms which operated in a relatively stable external environment were very effective when they had more mechanistic structures. This mechanistic structure allowed the system to

operate in a predictable manner since authority, responsibility, procedures, and rules were clearly specified.

3.4 Basic Approaches of Organisational Behavior

i) **An Interdisciplinary Approach:** It is integrating many disciplines. It integrates social sciences and other disciplines that can contribute to the Organizational Behavior. It draws from these disciplines any ideas that will improve the relationships between people and organization. Its interdisciplinary nature is similar to that of medicine, which applies physical, biological and social science workable medical practice. Organizations must have people, and people working toward goals must have organizations, so it is desirable to treat the two as a working unit.

ii) **Scientific Management Approach:** The fundamental concern of the scientific management school was to increase the efficiency of the worker basically through good job design and appropriate training of the workers. Taylor is the father of the scientific management movement and he developed many ideas to increase organizational efficiency. Taylor showed that through proper job design, worker selection, employee training and incentives, productivity can be increased. The scientific management school advocated that efficiency can be attained by finding the right methods to get the job done, through specialization on the job, by planning and scheduling, by using standard operating mechanisms, establishing standard times to do the job, by proper selection and training of personnel and through wage incentives.

iii) **A Human Resources (Supportive) Approach:** It is developmental approach concerned with the growth and development of people toward higher levels of competency creativity and fulfillment, because people are the central resource in any organizations and any society. It helps people grow in self-

control and responsibility and then it tries to create a climate in which all employees may contribute to the limits of their improved abilities. It is assumed that expanded capabilities and opportunities for people will lead directly to improvements in operating effectiveness. Work satisfaction will be a direct result when employees make fuller use of their capabilities. Essentially, the human resources approach means that better people achieve better results.

iv) A Contingency Approach: Traditional management relies on one basic principle – there is one best way of managing things and these things can be applied across the board in all the instances. The situational effect will be totally ignored in this traditional management. Situations are much more complex than first perceived and the different variables may require different behavior which means that different environments required different behavior for effectiveness. Each situation much be analyzed carefully to determine the significant variables that exist in order to establish the kinds of practices that will be more effective. Contingency theorist argues that the external environment and several aspects of the internal environment govern the structure of the organization and the process of management. Effective management will vary in different situations depending on the individual and groups in the organization, the nature of jobs, technology, the type of environment facing the organization and its structure. For example, if the employees are highly matured and willing to take more responsibility, the managers can follow delegating style and give full freedom to their employees. If the employees are not so matured and avoid taking any responsibility, the managers must follow directing style. Depends upon the situation, that is, ensure more successful results.

v) A Systems Approach: This implies that organization consists of many inter related and inter dependent elements affecting one another in order to achieve the overall results. Conceptually a system implies that there are a multitude of variables in organization and that each of them affects all the others in complex relationships. An event that appears to affect one individual or one department actually may have significant influences elsewhere in the organization. Systems theorists describe the organization as “open to its external environment”, receiving certain inputs from the environment such as human resources, raw materials etc, and engaging in various operations to transform those raw materials into a finished products and finally turning out the “outputs” in its final form to be sent to the environment. The organization, since it is open to the environment, also receives feedback from the environment and takes corrective action as necessary.

3.5 PERCEPTION

3.5.1 INTRODUCTION

Perception can be defined as a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment. Perception is not just what one sees with eyes. It is a much more complex process by which an individual selectively absorbs or assimilates the stimuli in the environment, cognitively organizes the perceived information in a specific fashion and then interprets the information to make an assessment about what people select, organize, and interpret or attach meaning to events happening in the environment. Since perception is subjective process, different people may perceive the same environment differently based on what particular aspects of the situation they choose. For example, some employees may

perceive the work place as great if it has favorable working conditions, good pay. Others may perceive it as great if it has challenging assignments and opportunity to grow. Managers should sharpen their truly are. When “misperception” occurs due to perceptual errors and distortion, managers are bound to make poor or improper decision.

Perception is process through which short-run changes are made in behavior in response to inputs from work environment. The process itself consists of two major actions – i) attention to incoming stimuli and ii) translation of such stimuli into a message that leads to a meaningful behavioral response. Perception is form of behavior and, therefore, influenced by at least the following factors: i) characteristics of the object or source of incoming stimuli (such as a supervisor issuing work request); ii) the situation or conditions under which the stimuli occur (such as timing of a message) and iii) characteristics of the perceiving person. The last category is extremely important in determining the way incoming stimuli will be interpreted and subsequent response. An individual's motives, previous learning and personality will influence perception. Managers must take such consideration into account in predicting the way their actions and order will be perceived by others.

Five Stages in Perceptual Process:

Stage I: Observation Phase – It depicts the environmental stimuli being observed by the five senses of the perceived

Stage II: Selection of the Stimuli: This is governed both by factors external to the perceived, such as the characteristics of the stimulus, and internal to the individual, such as the personality disposition and motivations of the perceiver.

Stage III: Organizing Stage – In this stage, the perceiver is influenced by figure and ground, grouping, and several perceptual errors such as stereotyping halo effects, projection and perceptual defense.

Stage IV: Interpretation Stage: This stage is governed by the perceiver's assumptions of people and events and attributions about causes of behavior and feelings.

Stage V: Behavior Response: In this stage the response of the perceiver takes on both covert and overt characteristics. Covert response will be reflected in the attitudes, motives, and feelings of the perceiver and overt responses will be reflected in the actions of the individual.

3.5.2 Factors Influencing Perception:

Several factors influence how we process the perceptual inputs and transform them into outputs. There are three broad categories: Characteristics of Perceiver, Characteristics of Target, and Characteristics of Situation.

3.5.3 Characteristics of Perceiver:

A person's needs and motives, self-concept, past experience, emotional state, and personality aspects strongly influence the perceptual process.

Needs and Motives:

Unsatisfied needs or motives stimulate individuals and may exert a strong influence on their perception. For examples, two groups of subjects – One group who is deprived of food for about 24 hours and the other group which had food enough were shown the blurred pictures and asked to explain the contents. The first group perceived the blurred image as food far more frequently than the other group. People needs and motives thus play a big part in the perceptual process.

Self Concept:

It refers how a person perceives himself/herself which in turn influence his or her perception of the world around them. If a person perceives himself as incompetent, then he perceives the world as threatening. On the other hand, if he feels himself as confident and capable, he will perceive everything around as friendly.

Attitudes:

The preferences and likingness affects ones perception. A lecturer, who likes bigger class, feels comfortable in a lecture session which has more than hundred students. Another lecturer, who likes small class with a lot of questions, may not be so comfortable in such big classes.

Interests:

Individual's focus of attention is also influenced by the interests of people. A plastic surgeon will more likely to notice an imperfect nose than a plumber. Because of our individual interests differ considerably, what one person notices in a situation, can differ from what other person perceives.

Past experiences:

Individuals past experiences also influence in molding ones perception. For example if one has had problem responding to examination questions in the past, he or she will tend to perceive even simple, straightforward examination question as tricky. Likewise, if a person was betrayed by a couple of friends, he or she would never venture to cultivate new friendship in future.

Psychological or Emotional State:

If an individual is depressed, he or she is likely to perceive the same situation differently from the other person who is at the extreme level of excitement or happiness. If a person has been scared of seeing a snake in the garden, she is likely to perceive a

rope under the bed as a snake. Thus, the emotional and psychological states of an individual also influence the perceptual process and the different types of interpretation of the situation.

Expectation:

Expectations can also distort the perceptual process. If a person expects police officers to be more authoritative and dictatorial, he or she may perceive them as if they are rough and tough regardless of the Police Officers actual traits.

New Experience:

If a person experiences something new, that is more likely to grab attention than the objects or events that has been experienced before. For example, a person is more likely to notice the operations along an assembly line if this is first time that person has seen an assembly line. In 1970's women police officers are highly visible because traditionally Police Officers positions were predominantly held by males.

Personality Characteristics:

There is a strong relationship between personality factors and perception. For example, secure people tend to perceive others as warm supportive than those, who are more cold and indifferent. Similarly, self-accepting persons perceive others as lining and accepting them. Those who are not self-accepting tend to distrust others. Insecure, thoughtless or non self-accepting persons are less likely to perceive themselves and those around them accurately. In all probabilities, they are likely to distort, misinterpret or in other ways defensively perceive the situation

Characteristics of Target:

The ways things are organized around us are greatly influencing the perceptual process. Some of the typical characteristics include bright color, noise; novel objects, bigger unusual size, moving objects, status, appearance, contrast, intensity, repetition etc. catch

people attention. For example, an unusual noise raised by a person, a strong beam of light suddenly flashed, a very handsome, attractive person among a group of clumsy people, a red light against the black background, an unusually obese person amidst a group of slim people etc.

Organization of Target:

People tend to organize the various parts of elements in the environment as a meaningful whole. Such organizing activity is a cognitive process and those are based on Gestalt Principles. The following are the four Gestalt Principles – Figure and Ground, Proximity, Similarity, Closure, Continuation.

Figure and Ground:

What a person observes is dependent on how a central figure is being separated from its background. This implies that the perceived object or person or event stands out distinct from its background and occupies the cognitive space of the individual. In a dance programme, the spectators' tend to perceive the dance performance against the back ground music, backdrop setup etc. The perceiver thus tends to organize only the information which stands out in the environment which seems to be significant to the individual.

Proximity

People tend to perceive things, which are nearer to each other, as together as group rather than separately. If four or five members are standing together, we tend to assume that they are belonging to same group rather than as separately. As a result of physical proximity, we often put together objects or events or people as one group even though they are unrelated. Employees in a particular section are seen as group.

Similarity:

Persons, objects or events that are similar to each other also tend to be grouped together. This organizing mechanism helps us to deal with information in an efficiently way rather than getting bogged down and confused with too many details. For examples, if we happen to see a group of foreign nationals at an International seminar, Indians are grouped as one group, British as another, Americans as yet another based on the similarity of nationalities.

Closure:

In many situation, the information what we intend to get may be in bits and pieces and not fully complete in all respects. However, we tend to fill up the gaps in the missing parts and making it as meaningful whole. Such mental process of filling up the missing element is called as closure. For example, while giving promotions to the staff members, the managers will try to get full information to make an effective decision, in absence of getting complete information, managers try to make meaningful assumptions and based on that suitable decision will be made.

3.5.3 Characteristics of the Situation:

The context at which the incident is occurring can influence the perceptual process. The physical, social, organizational settings, time etc can influence how we interpret the stimuli. For example, late coming of subordinate at birthday party may be ignored but treated him as an important guests by the manager, but at same time, the same person's late coming to an important official meeting will be viewed as seriously and manager may issue a memo seeking his explanation. Thus, the location of an event, the social context in which takes place, timing and the roles played by the actors play a significant part in how we interpret the situation.

3.5.4 Person Perception: Making judgment about others

Attribution Theory:

While observing people's behavior such as getting an overseas assignment or promotion to top management position or failed miserably in university examination or fired from the employer etc, we attempt to determine whether it was internally caused or external caused. If those factors such as knowledge, skill, effort, talent, hard work, positive attitude are responsible for the occurrence of behavior, it is labeled as internally caused. Internally caused behaviors are those that are believed to be under the personal control of the individual. If those factors such as situational factors such as location advantage, non availability of material, contacts with influential others, etc are responsible for the occurrence of behavior, it is labeled as externally caused. Externally caused behavior is seen as resulting from outside causes; that is, the person is seen as forced into the behavior by the situation. If an employee is late for work, one can attribute his late coming due to laziness or lack of interest in the job of over sleeping. This would be internal interpretation. If an employee late coming is due to traffic jam or road accident or his wife sickness, then he is making external attribution.

There are three factors which are used to determine whether the behavior is caused by internal factors or due to external factors. They are: Distinctiveness, Consensus and Consistency.

Distinctiveness:

It refers to whether an individual displays different behaviors in different situations. If a person is coming late not only to office but also to picnic party or to birth day party or to attending meeting etc. If his late coming behavior is not unique, it will probably be judged as internal. (Low Distinctiveness) If his late coming behavior is unusual, that is, only to office work, his late

coming behavior is due to external attribution. (High Distinctiveness)

Consensus:

It refers to whether all the people who are facing with a similar situation respond in the same way or not. If all the people are responding the same way, then there is high consensus. If consensus is high, then his late coming behavior is due to external factors. If only this worker is late and all others are punctual, then there is low consensus. If consensus is low, then his late coming is due to internal factor

Consistency:

It refers whether a person responds the same all the time, that is, whether his late coming is common in all the days or once in a blue moon. If his late coming is reported in all the days, then there is high consistency. If there is high consistency, his late coming behavior is due to internal factor. If his late coming is reported only one time, then there is low consistency. If there is low consistency, then his late coming is due to external factors. The more consistent the behavior, the more the observer is inclined to attribute it to internal factors.

Errors in Attribution:

While attributing the causes for the behavior of individuals, people tend to commit two types of errors.

Fundamental Attribution Error:

There is tendency to underestimate the influence of external factors and overestimate the influence of internal factors when making judgment about the behavior of others particularly with reference to the victims of accidents or failures. This is called the fundamental attribution errors. For example, a sales manager is likely to attribute the poor performance of his sales agents to

laziness rather than to the new product line introduced by the competitor or current recession prevailing in the society etc.

Self-Serving Bias:

There is also a tendency for individuals to attribute their own success to internal factors such as ability or effort, while putting the blame for failure on external factors such as luck or fate. This is called the self-serving bias. While assessing the performance of subordinates, the managers are likely to provide feedback in a distorted manner depending on whether it is positive or negative

3.6 DECISIONMAKING

The word decision has been derived from the Latin word "decidere" which means "cutting off". Thus, decision involves cutting off of alternatives between those that are desirable and those that are not desirable.

In the words of George R. Terry, "Decision-making is the selection based on some criteria from two or more possible alternatives".

Characteristics of Decision Making

- Decision making implies that there are various alternatives and the most desirable alternative is chosen to solve the problem or to arrive at expected results.
- The decision-maker has freedom to choose an alternative.
- Decision-making may not be completely rational but may be judgemental and emotional.
- Decision-making is goal-oriented.
- Decision-making is a mental or intellectual process because the final decision is made by the decision-maker.

- A decision may be expressed in words or may be implied from behaviour.
- Choosing from among the alternative courses of operation implies uncertainty about the final result of each possible course of operation.
- Decision making is rational. It is taken only after a thorough analysis and reasoning and weighing the consequences of the various alternatives.

TYPES OF DECISIONS

a) Programmed and Non-Programmed Decisions: Herbert Simon has grouped organizational decisions into two categories based on the procedure followed. They are:

i) Programmed decisions: Programmed decisions are routine and repetitive and are

made within the framework of organizational policies and rules. These policies and rules are established well in advance to solve recurring problems in the organization. Programmed decisions have short-run impact. They are, generally, taken at the lower level of management.

ii) Non-Programmed Decisions: Non-programmed decisions are decisions taken to meet non-repetitive problems. Non-programmed decisions are relevant for solving unique/unusual problems in which various alternatives cannot be decided in advance. A common feature of non-programmed decisions is that they are novel and non-recurring and therefore, readymade solutions are not available. Since these decisions are of high importance and have long-term consequences, they are made by top level management.

b) Strategic and Tactical Decisions: Organizational decisions may also be classified as strategic or tactical.

i) Strategic Decisions: Basic decisions or strategic decisions are decisions which are of

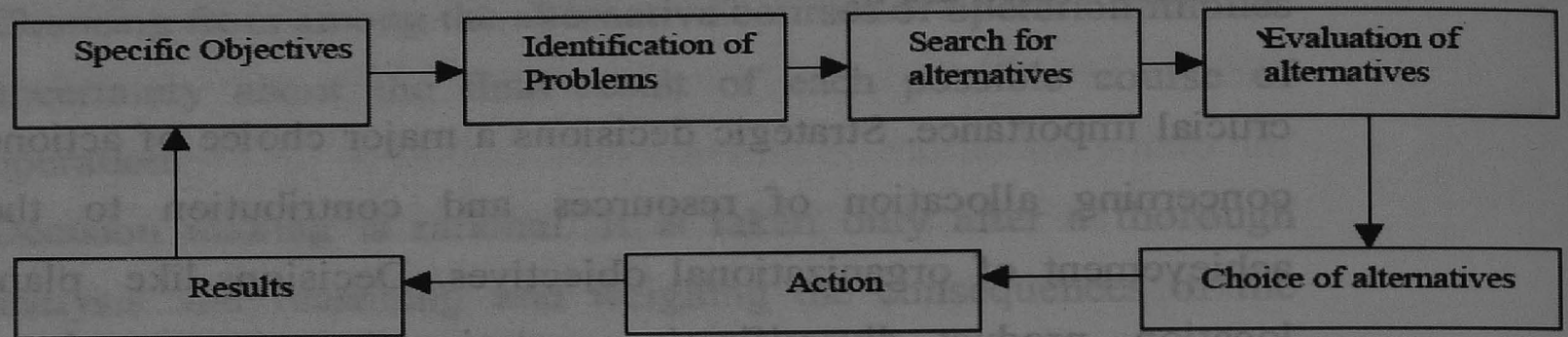
crucial importance. Strategic decisions are a major choice of actions concerning allocation of resources and contribution to the achievement of organizational objectives. Decisions like plant location, product diversification, entering into new markets, selection of channels of distribution, capital expenditure etc are examples of basic or strategic decisions.

ii) Tactical Decisions: Routine decisions or tactical decisions are decisions which are routine and repetitive. They are derived out of strategic decisions. The various features of a tactical decision are as follows:

- Tactical decision relates to day-to-day operation of the organization and has to be taken very frequently.
- Tactical decision is mostly a programmed one. Therefore, the decision can be made within the context of these variables.
- The outcome of tactical decision is of short-term nature and affects a narrow part of the organization.
- The authority for making tactical decisions can be delegated to lower level managers because: first, the impact of tactical decision is narrow and of short-term nature and Second, by delegating authority for such decisions to lower-level managers, higher level managers are free to devote more time on strategic decisions.

DECISIONMAKINGPROCESS

The decision making process is presented in the figure below:



1. Specific Objective: The need for decision making arises in order to achieve certain specific objectives. The starting point in any analysis of decision making involves the determination of whether a decision needs to be made.

2. Problem Identification: A problem is a felt need, a question which needs a solution. In the

words of Joseph L Massie "A good decision is dependent upon the recognition of the right problem". The objective of problem identification is that if the problem is precisely and specifically identifies, it will provide a clue in finding a possible solution. A problem can be identified clearly, if managers go through diagnosis and analysis of the problem.

Diagnosis: Diagnosis is the process of identifying a problem from its signs and symptoms. A symptom is a condition or set of conditions that indicates the existence of a problem. Diagnosing the real problem implies knowing the gap between what is and what ought to be, identifying the reasons for the gap and understanding the problem in relation to higher objectives of the organization.

Analysis: Diagnosis gives rise to analysis. Analysis of a problem requires:

- Who would make decision?
- What information would be needed?
- From where the information is available?

Analysis helps managers to gain an insight into the problem.

2. Search for Alternatives: A problem can be solved in several ways; however, all the ways cannot be equally satisfying. Therefore, the decision maker must try to find out the various alternatives available in order to get the most satisfactory result of a decision. A decision maker can use several sources for identifying alternatives:

- His own past experiences
- Practices followed by others and
- Using creative techniques.

4. Evaluation of Alternatives: After the various alternatives are identified, the next step is to evaluate them and select the one that will meet the choice criteria. /the decision maker must check proposed alternatives against limits, and if an alternative does not meet them, he can discard it. Having narrowed down the alternatives which require serious consideration, the decision maker will go for evaluating how each alternative may contribute towards the objective supposed to be achieved by implementing the decision.

5. Choice of Alternative: The evaluation of various alternatives presents a clear picture as to how each one of them contribute to the objectives under question. A comparison is made among the likely outcomes of various alternatives and the best one is chosen.

6. Action: Once the alternative is selected, it is put into action. The actual process of decision making ends with the choice of an alternative through which the objectives can be achieved.

7. Results: When the decision is put into action, it brings certain results. These results must correspond with objectives, the starting point of decision process, if good decision has been made and implemented properly. Thus, results provide indication whether decision making and its implementation is proper.

Characteristics of Effective Decisions

An effective decision is one which should contain three aspects. These aspects are given below:

- **Action Orientation:** Decisions are action-oriented and are directed towards relevant and controllable aspects of the environment. Decisions should ultimately find their utility in implementation.
- **Goal Direction:** Decision making should be goal-directed to enable the organization to meet its objectives.
- **Effective in Implementation:** Decision making should take into account all the possible factors not only in terms of external context but also in internal context so that a decision can be implemented properly.

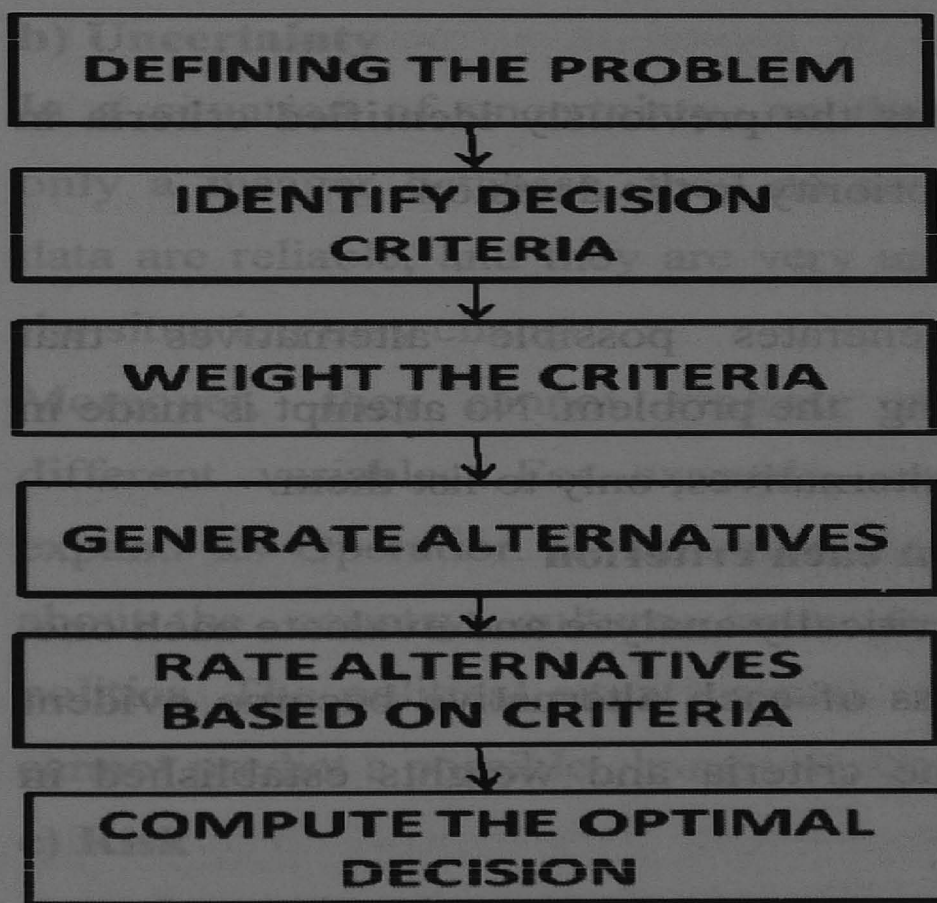
RATIONAL DECISION MAKING MODEL

The Rational Decision Making Model is a model which emerges from Organizational Behavior. The process is one that is logical and follows the orderly path from problem identification through solution. It provides a structured and

sequenced approach to decision making. Using such an approach can help to ensure discipline and consistency is built into your decision making process.

The Six-Step Rational Decision-Making Model

1. Define the problem.
2. Identify decision criteria
3. Weight the criteria
4. Generate alternatives
5. Rate each alternative on each criterion
6. Compute the optimal decision



1) Defining the problem

This is the initial step of the rational decision making process. First the problem is identified and then defined to get a clear view of the situation.

2) Identify decision criteria

Once a decision maker has defined the problem, he or she needs to identify the decision criteria that will be important in solving the problem. In this step, the decision maker is determining what's relevant in making the decision.

This step brings the decision maker's interests, values, and personal preferences into the process.

Identifying criteria is important because what one person thinks is relevant, another may not. Also keep in mind that any factors not identified in this step are considered as irrelevant to the decision maker.

3) Weight the criteria

The decision-maker weights the previously identified criteria in order to give them correct priority in the decision.

4) Generate alternatives

The decision maker generates possible alternatives that could succeed in resolving the problem. No attempt is made in this step to appraise these alternatives, only to list them.

5) Rate each alternative on each criterion

The decision maker must critically analyze and evaluate each one. The strengths and weakness of each alternative become evident as they compared with the criteria and weights established in second and third steps.

6) Compute the optimal decision

Evaluating each alternative against the weighted criteria and selecting the alternative with the highest total score.

DECISIONMAKINGUNDERVERARIOUSCONDITIONS

The conditions for making decisions can be divided into three types. Namely a) Certainty, b) Uncertainty and c) Risk

Virtually all decisions are made in an environment to at least some uncertainty. However; the degree will vary from relative certainty to great uncertainty. There are certain risks involved in making decisions.

a) Certainty:

In a situation involving certainty, people are reasonably sure about what will happen when they make a decision. The information is available and is considered to be reliable, and the cause and effect relationships are known.

b) Uncertainty

In a situation of uncertainty, on the other hand, people have only a meager database, they do not know whether or not the data are reliable, and they are very unsure about whether or not the situation may change.

Moreover, they cannot evaluate the interactions of the different variables. For example, a corporation that decides to expand its Operation to an unfamiliar country may know little about the country, culture, laws, economic environment, and politics. The political situation may be volatile that even experts cannot predict a possible change in government.

c) Risk

In a situation with risks, factual information may exist, but it may be incomplete. To improve decision making One

may estimate the objective probability of an outcome by using, for example, mathematical models. On the other hand, subjective probability, based on judgment and experience may be used.

All intelligent decision makers dealing with uncertainty like to know the degree and nature of the risk they are taking in choosing a course of action. One of the deficiencies in using the traditional approaches of operations research for problem solving is that many of the data used in model are merely estimates and others are based on probabilities. The ordinary practice is to have staff specialists come up with best estimates.

Virtually every decision is based on the interaction of a number of important variables, many of which have an element of uncertainty but, perhaps, a fairly high degree of probability. Thus, the wisdom of launching a new product might depend on a number of critical variables: the cost of introducing the product, the cost of producing it, the capital investment that will be required, the price that can be set for the product, the size of the potential market, and the share of the total market that it will represent.

3.7 LEARNING PROCESS

3.7.1 INTRODUCTION

Most people have been close to formal learning situations for a significant part of their lives. They are very curious to know about its dynamics and seek to clarify the following questions. To what extent can we attribute a person's behavior to learning? Will people learn things in spite of their environment? What is the difference between learning a behavior and acquiring it naturally? Can a skill be acquired or must an individual be born with such a

talent as part their personality. These kinds of question demand that managers have a thorough understanding of what learning is and in what ways learning influences behavior.

Learning is part of every one's life. In our life, all complex behavior is learned. Learning is defined as any relatively permanent change in behavior that occurs as a result of experience. Whenever any change occurs learning is taken place in the individual. If an individual behaves, reacts, responds as a result of experience which is different from others, a person has encountered some new learning experience in his life. This definition consists of the following four key elements:

i) Change process: Learning involves some change in oneself in terms of observable actions explicitly shown to others or change in ones attitude or thought process occur with oneself implicitly. Change may be good or bad or positive or negative from an organization point of view. If a person is happened to experience some negative incidents, that person will hold prejudices or bias or to restrict their output. On the contrary, if a person is encountering some good incident, that person is likely to hold positive attitude.

ii) Permanent change: Due to whatever exposure a person encounters, the impact what it generates may be long lasting and permanent. Hence, the change must be of relatively permanent. If change occurs due to fatigue or alcohol consumption or temporary adaptation, it may be vanished once the goal is achieved.

iii) Setting behavioral actions: Explicit changes occurring in behavior is the main goal of learning process. A change in an individual's thought process or attitudes without any changes in any explicit behavior will not be considered as learning process.

iv) Need for meaningful experiences: Some form of experiences is necessary for learning. Experience may be acquired directly

through observation or practice. If experience results in a relatively permanent change in behavior, one can confidently say that learning has taken place.

Theories of Learning: There are three types of learning theories. These theories are classical conditioning, operant conditioning and social learning.

3.7.2 CLASSICAL CONDITIONING:

Russian physiologist Ivan Pavlov developed classical conditioning theory. When he was doing a research on the chemical properties of saliva of dog, he noticed accidentally that the dog started salivating the moment hearing the sound of a door of cupboard clinking. Based on his observation, he wanted to do some experiment whether the dog can be conditioned to respond to any neutral stimuli. He used a simple surgical procedure to operate the salivary glands of a dog to measure accurately the amount of saliva. **Pavlov's Experiment:** Pavlov conducted his experiment in three stages.

Stage I: When Pavlov presented the dog with a piece of meat, the dog exhibited a noticeable increase in salivation. The meat is unconditional stimulus and salivation is unconditional response.

Stage II: In this stage, the dog was not given a piece of meat but only exposed to a sound of ringing bell; the dog did not salivate to the mere sound of a ringing bell.

Stage III: Pavlov decided to link both the presentation of meat and the ringing of a bell one after the other with an interval of 5 minutes. After repeatedly hearing the bell before getting the meat, the dog began to salivate as soon the bell rang. There is an association or link between meat and ringing a bell. After repeating the association between meat and ringing a bell, the dog

started salivating merely at the sound of the bell, even if no food was offered. The dog is now conditioned to respond to a sound of a bell and started salivating. This is called classical conditioning process. Thus, classical condition is defined as the formation of S-R link (Stimulus-Response) or habit between a conditioned stimulus and a conditioned response through the repeated pairing of conditioned stimulus with an unconditioned stimulus.

In this experiment, the meat is unconditioned stimulus, and the expected response that is, salivating to the meat is called as unconditioned response. The sound of a bell is a neutral stimulus which does not have any property to elicit salivation, is called as conditioned stimulus. Although it was originally neutral, if the bell was paired with meat (unconditioned stimulus) it acquired the same property as meat eliciting the salivation. The sound of a bell produced salivation when presented alone. This is called conditioned response, that is, now the dog is conditioned to respond to the sound of a bell. Learning conditioned response involves building up an association between a conditioned stimulus and unconditioned stimulus. When the stimuli, one is natural and the other one neutral are paired, the neutral one becomes a conditioned stimulus and hence takes on the properties of the unconditioned stimulus. Closely associated with classical conditioning as a vehicle for learning new behaviors are the phenomenon of extinction, spontaneous recovery, stimulus generalization and stimulus discrimination. Extinction

Once a dog has learned to salivate to a bell, does this reflex continue to occur if the bell is sounded for many trials without the meat (unconditioned stimulus). Pavlov found that without meat, the bell elicits less and less salivation on each trial and eventually stopped salivating once for all. This phenomenon is called as extinction. Spontaneous Recovery, But they also found that

extinction does not return the animal fully to the unconditioned state. The mere passage of time following extinction can partially renew the conditioned reflex, a phenomenon is known as spontaneous recovery. And a single pairing of the conditioned stimulus with the unconditioned stimulus can renew the conditioned reflex, which can be abolished again only by another series of extinction trials. On the basis of such findings, Pavlov concluded that the conditioned reflex is not truly lost during the extinction, but is somehow inhibited, and that it can be disinhibited by such means as the passage of time or the recurrence of the unconditioned stimulus.

Stimulus Generalization

Learning research has demonstrated that individuals can respond to two separate stimuli in the same way on the basis of their similarities. Once the dog is conditioned to salivate to sound of a bell, the dog is also likely to respond to the sound of a buzzer sound which is similar to the sound of a bell. In work life, for example, coffee taster must learn to respond appropriately to various flavor and aromas in deciding whether to accept or reject samples of coffee beans. Once they have learned what an ideal tastes and aroma should be, they must judge and compare samples to this standard. After conditioning, stimuli that resemble the conditioned stimulus will elicit the conditioned response even though they themselves are never paired with the unconditioned stimulus. This phenomenon is called generalization. The magnitude or likelihood of a response to the new stimulus is correlated with its degree of similarity to the original conditioned stimulus. Thus a dog conditioned to salivate to a 100-hertz tone also salivated to tones of other frequencies. But the farther the tone was in frequency from the original conditioned stimulus, the less the dog would salivate to it. For example, the acceptable or

permissible level of standard is up to 4 degree variation, the taster will check to what extent the samples of coffee ordered is matching to this permissible within the 4 degree standard. On the basis of this similarity, the taster responds in a similar fashion to all samples and accepts those which are matching to that standard. If a person is learned to drive a car, and apply the same principles of driving to drive other mode of vehicles such as truck, van etc.

Stimulus Discrimination

Individuals can respond differently in the presence of two separate stimuli on the basis of differences in their characteristics. In the salivation experiment, the dog is conditioned to salivate to the sound of bell and not to the sound of any other sound. In due course of time, the dog is able to discriminate the sounds which are relatively different from the ideal bell sound. The dog, on the basis of stimulus dissimilarity, responds differently to the sounds of different tones by salivating only to the sound of a bell and not to any other mode of sound such as buzzer, metronome, musical note etc. The dog has shown stimulus discrimination. In another experiment, dog is conditioned to salivate to the sight of Black Square and not to any other colored square. After a series of trails in which presentation of gray square were never followed by food and the presentation of the Black Square were always followed by food, the dog stopped salivating to the gray square and continued to salivate to the black one. The researchers continued this procedure with even-darker shades of gray, until the dog is conditioned to discriminate a Black Square from the gray shades. In traffic control, the drivers are learned to respond to different colors of signal and maintain the order in the traffic regulation.

Stimulus generalization and discrimination are highly important as facilitator of learning through classical conditioning. Because of our ability to recognize similarities, individuals are able to

transfer what we already know to new situations through the process of stimulus association and generalization. Classical conditioning is a major avenue of learning among individuals in work organizations. For example, trainers in organizations take great care to make sure that conditions in the classroom or training facility are as similar as possible to actual work conditions in order to assure that what is learned can be transferred to the job.

Application of Classical Conditioning Principles at Work

Whenever President or Vice-President of Corporate Office visits factory site the employees in the shop floor will be more attentive at work and look more prim, proper and active in their work life. It is quite natural that top management personnel visit (Unconditioned Stimulus) evoking or eliciting a desired response—being prim and proper at work from the employees (Unconditioned Response). The routine cleaning of windows or floor of the administrative office will be neutral stimulus never evoking any response from the employees. If the visit of the top management personnel is associated with such cleaning process, eventually the employees would turn on their best output and look prim and active the moment windows and floor are being cleaned up. The employees had learned to associate the cleaning of the windows with a visit from the head office. The cleaning process (conditioned stimulus) evoked attentive and active work behavior (conditioned response). Similarly, Christmas Carols songs bring pleasant memories of childhood as these songs are being associated with the festive Christmas Spirit. Classical conditioning is passive. It is elicited in response to a specific, identifiable event.

3.7.3 OPERANT CONDITIONING

Operant conditioned principle is proposed by B.F. Skinner, an American Psychologist. It is a type of conditioning in which desired voluntary behavior leads to a reward or prevent a punishment. Operant conditioning principle emphasizes strongly that the behavior of an individual is a function of its consequences. If the consequences are pleasant, the behavior associated with such consequences will be repeated again and again. If the consequences are unpleasant, the behavior will be in extinct. The rationale behind this theory is that people learn to behave in order to get something they want or to avoid something they don't want. Operant condition is learned process. The tendency to repeat such behaviour is influenced by the reinforcement or lack of reinforcement brought about by the consequences of the behavior. The proper reinforcement strengthens a behavior and increases the likelihood that it will be repeated.

Skinner's Experiment: Skinner developed an apparatus to conduct a series of learning experiment using rats. He named that apparatus as Skinner's Box which has certain features such as a lever, bowl, light, water container etc. A highly deprived rat is placed in the box. Once a rat nudges or touches or hits the lever attached in the corner of the box, a piece of food pellet is dropped in the bowl. By trail and error, the rat learns that hitting the lever is followed by getting a food pellet in the bowl. Skinner coined the term operant response to any behavioral act such as pressing or hitting or nudging the lever that has some effect on the environment. Thus in a typical experiment with a skinner box, hitting or pressing the lever is an operant response, and the increased rate of lever hitting or pressing that occurs when the

response is followed by a pellet of food exemplifies operant conditioning.

Application of Operant Conditioning in Work Life

If a sales person who hits the assigned target of sales quota will be reinforced with a suitable attractive reward, the chances of hitting further sales target in future will be exemplified. Skinner argued that creating pleasant consequences (giving attractive rewards) to follow specific forms of behavior (hitting sales target) would increase the frequency of that behavior. People will most likely engage in desired behaviors if they are positively reinforced for doing so. Rewards are most effective if they immediately follow the desired response. In addition, behavior that is not rewarded is less likely to be repeated. A commissioned sales person wanting to earn a sizeable income finds that doing so is contingent on generating high sales in his territory.

3.7.4 SOCIAL LEARNING THEORY

People learn through both observation and direct experience, which is called as social learning theory. Individual learn by observing what happens to other people and just by being told about something, as well as by direct experiences. By observing people around us, mostly from parents, teachers, peers, films and television performers, bosses, we learn new behavior pattern. Albert Bandura, who has most vigorously studied observational learning in humans, has emphasized that people observe others to learn not just specific motor skills (such as driving a car and performing surgery) but also more general modes or styles of behaving. Bandura demonstrated both of these functions of observational learning – acquiring specific actions and learning general styles of behavior – in experiments with children. Bandura proposed that people actively observe the behavior of other people to gain knowledge about the kinds of

things that people do, and use that knowledge in situations where it is useful. Social learning theory gives much importance to perceptual process. People respond to how they perceive and defy consequences, not to the objective consequence themselves. The influence of models is key to the social learning process. The following four processes are vital to determine the influence that a model will have on an individual.

i) Attention Process: People learn from a model only when they recognize and pay attention to its critical features. People tend to be most influenced by models that are attractive, repeatedly available similar to us in our estimation.

ii) Retention Process: A model's influence will depend on how well the individual remembers the model's action after the model is no longer readily available.

iii) Motor Reproduction Process: After a person has seen a new behavior by observing the model, the watching must be converted to doing. This process then demonstrates that the individual can perform the modeled activities.

iv) Reinforcement Process: Individual will be motivated to exhibit they modeled behavior if positive incentives or rewards are provided. Behavior that is positively reinforced will be given more attention, learned better and performed more often.

3.8 ATTITUDES

3.8.1 INTRODUCTION

It is defined as individuals' feelings like likes and dislikes, pros and cons, favorable or unfavorable, positive or negative towards various other people, objects, events or activities. These are the evaluative statements – either favorable or unfavorable towards object or people. I like coke. I do not like rock music. These are expression of attitudes towards products. In organizations, attitudes are important because they affect job

behaviors. If employees believe that supervisors, auditors, bosses, engineers are all in a conspiracy to make the employee work harder for the same or less money, then it makes sense to try understand how attitudes were formed, their relationship to actual job behavior and how they can be made more favorable.

Attitudes can be defined as an individual's feelings about or inclinations towards other persons, objects, events, or activities. Attitudes encompass such affective feelings as likes and dislikes, and satisfactions and dissatisfactions. Our needs, past experiences, selfconcept, and personality shape the beliefs, feelings, and opinion we hold towards the perceived world. Once we have formed our likes and dislikes, we generally cling on to them and find it difficult to change our attitudes, unless we make a conscious and determined effort to do so. An interesting phenomenon is that our values shape our attitudes. Traditionally, behavioral scientists have divided attitudes into two major groups:

i) those that are cognitive (for example, beliefs or expectations about cause-effect relationships between events) and ii) those that are evaluative (for example, liking or disliking for event). An example of a cognitive attitude would be an employee's belief that superior job performance would be rewarded by praise from a superior. An example of an evaluative attitude would be the degree to which he or she would like or value such praise.

3.8.2 COMPONENTS OF ATTITUDES

There are three components of attitudes such as Cognitive (Thinking), Affective (Feeling) and Conotive (Behavioral).

i) Cognitive Component:

Cognitive component deals with thinking, evaluation, comparison, rational, logical issues with respect to the targeted object. This will facilitate to form a strong belief or further strengthen the belief system towards various objects. By observing and analyzing the various features of Sony lap top computer, you may form a very good opinion stating that Sony laptop is best among others. Such an evaluation is based on the cognitive component of attitudes.

ii) Affective Component:

Affective component deals with feelings or emotional issues of the targeted objects. I do not like Ramesh as he had hunted down a rare species of deer's in the forest. As deers are harmless creatures, I love them very much. The disliking of Ramesh is due to emotional aspects or personal feelings towards the targeted object.

iii) Behavioral Components:

This refers to intention to behave in a certain way towards someone or something. As I do not like rock music, I am not interested to attend the concert. The action of not attending is due to a part of disliking of rock music concert. All these three components collectively act together for the formation of attitudes.

3.8.3 SOURCES OF ATTITUDES

Attitudes are formed through various sources. We acquire or learn from parents, teachers, peer group members.

i) Family Members:

Parents or siblings influence strongly to form favorable or unfavorable attitudes towards various objects. The child rearing practices, the types of reinforcement received from parents or siblings will help mould certain attitudes such as strong

preference towards color, religious faith, choices of food habits etc which would be stable and long lasting over a period of time.

ii) Reference Group:

People tend to form a strong attitude based on the influence of powerful personalities whom they admire a lot. For example, celebrities, charismatic political or religious leaders significantly influence either to strengthen the existing attitudes or form new attitudes. Marketing managers rely on celebrity figures to endorse the products to subtly influence their admirers to buy the products.

iii) Peer Group influence:

Friends or colleagues at work place will have a strong influence on the formation of certain attitudes or belief system due to pressure to conforming to their norms, standards, values etc. People need people. The acceptance or reassurance of group members will strongly reinforce the chosen attitudes and behavior.

iv) Socialization and Learning process:

The way in which people are brought up in family, the do's and don'ts laid down by the parents, educational and educational institutions, the rules and regulations of work place, the types of rituals, cultures, norms of society etc will strongly influence the formation of attitudes.

3.8.4 TYPES OF ATTITUDES

There are three types of job-related attitudes such as job satisfaction, job involvement, and organizational commitment.

i) Job Satisfaction:

The term job satisfaction refers to an individual's general attitudes towards their job. The likingness or dislikingness differ from individual to individual with respect to job contextual factors or

job content factors. Some people give much importance to job contextual factors like salary, security, supervision, supportive colleagues, company policy, working conditions, perquisites, promotions, equitable rewards etc. Whereas others may show much interest in job content factors such as advancement, challenging assignments, career progress, appreciation and recognition, work itself. Research results revealed that the job satisfaction had a tremendous impact on improving productivity, enhancing quality requirements, reduced absenteeism rate and employee turnover. The employees expressed their dissatisfaction through so many ways such as leaving the organization, raising their voice to demand to improve the working conditions, be patient by passively waiting for the conditions to improve and neglecting everything in work.

A person with a positive attitude is likely to have more job satisfaction, while a person with negative attitude is likely to have job dissatisfaction towards his or her job. Job satisfaction is one of the major determinants of an employee's organizational citizenship behavior. Satisfied employee would seem more likely to take positively about the organization, help others and go beyond the normal expectation in their job. Moreover, satisfied employees normally are more prone to go beyond the call of duty because they were to reciprocate their positive experiences.

The following are some of the major determinants of job satisfaction – mentally challenging work, equitable rewards, supportive working conditions, supportive fellow employees, personality-job fit, company policies and programs.

ii) Job Involvement:

This refers to the extent to which a person identifies psychologically with her or his job. The person feels that the job is more meaningful and it utilizes one's talent and skills to the

fullest extent. There is a perfect harmony between the types of skills a person possesses and the work content. The individual experiences as if the whole work is being carried out by him having full control over everything related to the work. Due to this perception, performance level will be increasing significantly and enhance the overall self worth. Employees with a high level of job involvement strongly identify with and really care about the kind of work they do in their job. Job involvement measures the degree to which a person identifies psychologically with her or his job and considers her or his perceived performance level important to her or his self-worth. Employees with a high level of job involvement strongly identify with and really care about the kind of work they do in their job. There is high level of relationship between job involvement and fewer absences and lower resignation rates of an individual.

iii) Organizational Commitment:

It refers to the extent to which an employee identifies with a particular organization and its goals, and wishes to maintain membership in the organization. The person shows much of association and loyalty to their organization. Organizational commitment has gained a great deal of interest in recent years because of the changing nature of the workplace. People, who feel a perfect congruence between his values, beliefs, attitudes, and the organizational policies, practices, programs and its overall work culture, are likely to have more commitment than those who have incongruence. In order to elicit a high level of commitment from the employees, a due care must be taken at every stages right from the recruitment to retirement. Administering suitable screening tests such as aptitude tests, personality tests, interest's tests etc will help significantly placing a right person to do a right type of job. With fewer workers,

managers want workers who identify with the organization's purpose and will work hard to achieve its goals. Organizational commitment can also be enhanced through organizational communication process, team briefing, supportive leadership etc. A good fit between the personality and the job, an internal locus of control, positive realistic expectations, opportunities for career advancement etc are the good predictors of organizational commitment. A well designed formal mentoring program has also been shown to increase organizational commitment. Promotional opportunity, providing employees with more information, supervisor's support etc are likely to improve organizational commitment.

3.8.5 ATTITUDES AND CONSISTENCY

People always seek harmony in their life. They desire to maintain consistency between attitudes and behavior or consistency among their various attitudes. Even in case of divergent opinion or happen to work in a place where the work demands are not aligned with the basic values, people will show interest to change either the nature of assignment or leave the organization or change their basic values in such a way to ensure consistency in their life style. This means that individuals seek to reconcile divergent attitudes and to align their attitudes and behavior so that they appear rational and consistent. Where there is an inconsistency, forces are initiated to return the individual to a state of equilibrium where attitudes and behavior are again consistent. This can be done by altering either the attitudes or the behavior, or by developing a rationalization for the discrepancy.

3.8.6 COGNITIVE DISSONANCE THEORY

Cognitive dissonance refers to any incompatibility between their behavior and attitudes or incompatibility among a various attitudes. In general, people always prefer a consistency or

equilibrium in their life. Festinger argued that any form of incompatibility will lead to a state of discomfort in the minds of people and people will try to attempt to reduce the dissonance and seek a stable state where there is a minimum level of dissonance. It is very difficult process to avoid dissonance completely. But one can minimize the occurrences of such dissonance by carefully choosing the choices or changing the attitudes suitably. One of the most interesting examples of this cognitive dissonance is as follows: Mr Ramesh, who has been brought up with high moral values and cultivated to do right things and uphold strong human values, has joined a pharmaceutical firm as sales representative promoting and selling drugs meant for expectant mothers. Based on this understanding and knowledge of pharmaceutical field, he noticed that a particular drug is likely to have more side effects and it is harmful to the expectant mother. His boss is forcing him to push the product more aggressively among the doctors and hospitals. Due to this, he is undergoing a high level of cognitive dissonance due to discrepancy between his attitudes (belief that the drug is harmful to the expectant mother) and behavior (promoting and selling the drug). What will he do? Clearly, Ramesh is experiencing a high degree of cognitive dissonance. Because of the importance of the elements in this example, one cannot expect Ramesh to ignore the inconsistency. There are several paths that he can follow to deal with her dilemma.

- i) He can change his behavior (stop promoting and selling drug) and quitting the job.
- ii) He can reduce dissonance by concluding that the dissonance behavior is not so important after all (I have to make a living, and in my role as a sales representative, I have to promote the drug and make my organization to maker profit).

iii) He can change her attitude (There is nothing wrong in this drug, and giving rationalization that all drugs have some amount of side effects).

The degree of influence that individuals believe they have over the elements has an impact on how they will react to the dissonance. If they perceive the dissonance to be uncontrollable results, they are less likely to be receptive to attitudes change. Rewards also influence the degree to which individuals are motivated to reduce dissonance. High dissonance, when accompanied by high rewards, tends to reduce the tension inherent in the dissonance. This occurrence is perhaps personified in the expression "Everyone has their price". The reward acts to reduce dissonance by increasing the consistency side of the individual's balance sheet.

Self-Perception Theory:

Attitudes are used to make sense out of an action that has already occurred. When asked about an attitude towards some object, individuals recall their behavior relevant to that object and then infer their attitude from the past behavior. So if an employee were asked about his feelings about being travel agent, he might think I have had this same job as travel agent ten years ago, so I must like it. Self-perception theory therefore argues that attitudes are used, after the fact, to make sense of the action that has already occurred rather than as device that precede and guide action.

Attitudes Surveys:

It is eliciting responses from employees through questionnaires about how they feel about their jobs, work groups, supervisors, and the organization. Typically attitude surveys present the employee with a set of statements or questions. Ideally, the items will be tailor-made to obtain the specific information that

management desires. An attitude score is achieved by summing up responses to the individual questionnaire items. These scores can be then being averaged for work groups, department, divisions or the organizations as whole. Surveys have been used over the last three decades to measure attitudes such as job satisfaction, climate, leadership, teamwork, and commitment. As a result, a number of surveys have reasonable national averages that can be used to compare against organizations results. Using attitude surveys on a regular basis provides managers with valuable feedback on how employees perceive their working conditions. Policies and practices that management views as objectives and fair may be seen as inequitable by employees in general. Such type of things can be gathered by conducting attitudes surveys.

3.9 MOTIVATION

3.9.1 INTRODUCTION

Motivation is defined as individual's intention or willingness to put maximum effort in his/her work to reach organizational goals and enhance ones ability to satisfy some individual needs. The cyclic process of motivation starts from Unsatisfied needsà Tensionà Drivesà Search Behaviorà Satisfied Needà to end with Reduced Tension. There are three major elements related to motivation: Effort, Goals and Needs.

Effort:

It refers to an individual's intensity in reaching the stated goal. The intensity varies from individual to individual and also depends upon the extent to which individual assigns importance to various goals. If these efforts are channeled in proper direction consistent with organizational goals, the organization will maximize its profit and reach a state of excellence in their field.

Need:

It refers to some internal state that makes certain outcomes appear attractive. It is also a state of deficiency and the organism tries to restore this deficiency to make it as equilibrium. An unsatisfied need creates tension that stimulates drives within an individual. These drives direct the individual in different directions or searching in different places to find a particular goal, If the goal is attained the organism will satisfy the need and reduce the tension.

Goals:

Human behavior is always goal directed. Once the desired goal is satisfied, individuals will always restate the goals or look for other goals to get satisfied. Goals will always be changing from one level to another. In order to motivate an individual, managers must ensure to set a goal in such a way which stimulates him or her to put more effort in their work. An effective way to set goals is to follow the SMART approach, which states that goals should meet five characteristics:

1. Specific
2. Measurable
3. Achievable
4. Relevant
5. Timely or Time Limited

If the chosen goal has these characteristics, the employee will have a highest level of motivation.

3.9.2 CONTENT THEORIES OF MOTIVATION**3.9.3 MASLOW'S NEED HIERARCHY**

Abraham Maslow formulated one of the most popular theories of human motivation. Maslow's theory is based on the following propositions. The needs are arranged in a hierarchy of importance, ranging from the lowest need to highest need level

- All needs are never fully satisfied

- Once a need is fairly well satisfied, it no longer motivates behavior

- The needs are interdependent and overlapping

Maslow's theory of motivation explains five levels of needs.

Physiological Needs

The need for sunlight, sex, food, water and others, which are basic to human survival, are called physiological needs. At work level, this need can be met through by providing good working conditions, attractive wage or salary, subsidized housing, free catering etc.

Safety Needs

The safety needs include the need for freedom from threat caused by the environment, animals and people. It also includes the need for shelter, security and peace. At work level, this need can be met by providing private health insurance cover, attractive pension provisions, safe working conditions etc.

Love and Belonging Needs

These needs cover the need of relationships, affection, giving and receiving love and sense of belonging. The manager can provide the following facilities to take care of these needs: company sports and social clubs, office parties, barbeques, outings, permission for informal activities, and encouraging open communication

Self Esteem Needs

It is also known as ego needs, which fulfill the need for strength, achievement, recognition, appreciation, respect and prestige. The managers can provide regular positive feedback, prestigious job titles, photographs in company newsletter, promotions etc.

Self-actualization Needs

These are the need for full development of one's potential. Challenging job assignments, discretion over work activities,

promotion opportunities and encouraging creativity can fulfill these needs. In terms of motivation, Maslow argued that each level in the hierarchy must be substantially satisfied before the next level is activated, and that once a need is fully satisfied, it may not motivate people. The next level in the hierarchy will be dominant only after the fulfillment satisfaction level. This theory has a lot of implication for managers. As a manager if you want to motivate an employee, first try to understand what level that person is on in the hierarchy and focus on satisfying those needs at or just above the level.

Maslow's Need Hierarchy

General Factors Need Level Organizational Specific Factors

1. Growth
2. Achievement
3. Advancement

Self-Actualization

1. Challenging work
2. Creativity
3. Advancement in organization
4. Achievement in Work

1. Recognition
2. Status
3. Self-esteem
4. Self-respect

Ego, Status and Esteem

1. Job Title
2. Merit Pay Increase

3. Peer/Supervisory

Recognition

4. Work Itself

5. Responsibility

1. Companionship

2. Affection

3. Friendship

Social

1. Quality of Supervision

2. Compatible Work Group

3. Professional Friendship

1. Safety

2. Security

3. Competence

4. Stability

Safety and Security

1 Safe Working Conditions

2. Fringe Benefits

3. General Salary Increases

4. Job Security

1. Air

2. Food

3. Shelter

4. Sex

Physiological

1. Heat and conditioning

2. Base Salary

3. Cafeteria

4. Working Conditions

Maslow's framework:

It is based on three fundamental assumptions

1. Individuals are goals oriented whose needs can influence their behavior. Only unsatisfied needs can influence behavior; satisfied needs do not act as motivator
2. A person's needs are arranged in an order of importance, or hierarchy, from the basic (eg. Food and shelter) the complex (eg. Ego and achievement)
3. The person advances to the next level of the hierarchy, or from basic to complex needs, only when the lower need is at least minimally satisfied. That is, the individual worker will first focus on satisfying a need for safe working conditions before motivated behavior is directed toward satisfying a need for achieving the successful accomplishment of a task.

Maslow classified these five needs into two broad categories as higher order needs and lower order needs. The basic needs such as physiological needs, safety needs and love and belonging needs were classified as lower order needs, where as self esteem, self actualization needs were described as higher order needs. The distinction between these two categories was made based on a single premise whether a person assigns much importance to the internal factors or the external factors. If a person gives much importance to the external factors such as salary, security, company policy, fringe benefits etc. the lower order needs are very dominant in him. On the other hand, if a person assigns challenging assignments, self-esteem, recognition, the higher order needs are very dominant in him. Employees, who are working in government organization likely to have fulfilled the basic needs, Maslow took a deprivation-gratification approach to need satisfaction. That is, he contended that an unfulfilled or deprived need would activate a person to engage in behaviour

that would satisfy or gratify that need. Once one level of need is gratified, the next level of needs will emerge as the deprived needs seeking to be gratified.

Maslow's need theory received wide recognition, particularly among practicing managers but it lacks empirical support substantially. Managers, who accepted Maslow's hierarchy attempted to change their organizations and management practices so that employees' needs could be satisfied.

Maslow's theory is built on the framework that unsatisfied needs serve as factors arouse people to behavior. When a need has been minimally fulfilled, it then ceases to be a motivator of behavior. For example, as assembly line worker may have a desire or need to become a supervisor. Through training programs or part-time studies, this employee can be promoted to a supervisory role in the factory in due course of time. The need to become a supervisor no longer exists, and therefore, the behavior of the individual is altered to a new situating.

An important point for managers to consider is that highly deficient needs, or needs that have gone unsatisfied for long period of time, serve to cause such behavioral responses as frustration, conflict and stress. Individual's reaction to frustration, conflict and stress differs from individual to individual depending upon environmental, organizational and personal factors. These reactions to need deficiency take the form of at least four different 'defensive behaviors'

1. Aggression: It is a physical or verbal defensive behavior that can be directed toward a person, object or the organizational. Physical aggression can take the form of such things as stealing or equipment sabotage. Verbal aggression can be the emotional outburst of an employee directed toward the supervisor concerning unsafe working conditions.

2. Rationalization: It is defensive behavior that takes the form of such activities as placing the blame on other or having a “take it or leave it” attitude. An employee may rationalize a small pay increase by attributing it to poor supervision or inadequate resources, when in fact it was the particular individual’s unsatisfactory performance that caused the small pay increase.

3. Compensation: It concerns the behavior of a person going overboard in one area to make up for problems or need deficiency in another area. A person whose need for interaction with fellow employee’s goes unsatisfied during normal working hours may compensate by being extremely active in company related social, recreational or civic activities.

4. Regression: It is defense that significantly alters the individual’s behavior. After being turned down for promotion to the position of a loan officer, the head cashier may change her behavior from being friendly and open to being tense, highly task oriented or temperamental.

These defensive behaviors can result from the inability of an employee to satisfy a personally important need. These behaviors are realities in any organizational setting, and it’s the responsibility of the manager to understand the cause, and if resources are available, provide a solution to correct defensive behavior.

Implications of Maslow’s Hierarchy of Needs Theory

This model helps the managers to understand and deal with issues of employee motivation at the workplace. This model can be applied to motivate people at all levels in the organization. Managers who understand the need patterns of their staff can help the employees to engage in the kinds of work activities and provide the types of work environment that will satisfy their needs at work. For instance, the employees love and belonging

needs can be fully satisfied by organizing yearly dinner and dance program, office week end parties, creating recreation clubs or social clubs etc. Fortunately, the workplace has the potential to offer need gratification for several different types of needs, and managers can motivate employees by giving appropriate organizational support which will gratify individual's needs. Thus, despite its drawbacks, Maslow's theory offers managers a good technique on understanding the motives or needs of individuals and how to motivate organizational members.

3.9.4 HERZBERG'S TWO FACTOR MODEL

Herzberg's two-factor theory of motivation suggests that there are two sets of factors which either led to job satisfaction or dissatisfaction. They are Motivating factors and Hygiene factors. Herzberg collected data from 200 accountants and engineers asking a simple question such as "Can you describe, in detail, when you feel exceptionally good about your job" Similarly, Can you describe, in detail, when you feel exceptionally bad about your job? Good feelings about the job were reflected in comments concerning the content and experiences of the job (e.g, doing good work or a feeling of accomplishment and challenge), bad feelings about the job were associated with context factors, that is, those surrounding but not direct involving in the work itself (e.g., salary and working condition) This study revealed two distinct types of motivational factors: satisfiers and dissatisfiers.

Herzberg resulted in two specific conclusions: There is a set of extrinsic job conditions that, when not present, result in dissatisfaction among employees. If these conditions are present, this does not necessarily motivate employees. These conditions are the dissatisfiers or hygiene factors because they are needed to maintain at least a level of no dissatisfaction. These

factors are related to the context of the job and are called dissatisfiers.

These include:

- a. job security
- b. salary
- c. working condition
- d. status
- e. company policies
- f. supervision
- g. Interpersonal supervision
- h. Fringe benefits

2. A set of intrinsic job conditions exist that help to build levels of motivation, which can result in good job performance. If these conditions are not present, they do not result in dissatisfaction.

These set of aspects are related to the content of the job and are called satisfiers. These include:

- a. Achievement
- b. Recognition
- c. Work itself
- d. Responsibility
- e. Advancement
- f. Personal growth and development

Motivating Factors

The presence of motivating factors always ensures job satisfaction and happiness among the employees. They are: achievement, recognition, responsibility, advancement, growth and the work itself. These motivating factors are relating to the work content factors.

Hygiene Factors

The other set, which leads to dissatisfaction, is the hygiene factors such as salary, company policy, supervision, status, security and working conditions. These hygiene factors are relating to the work contextual factors. Herzberg argued that improvement in the hygiene factors would only minimize dissatisfaction but not increase satisfaction and motivation.

Implications for Managers:

In order to motivate employees, the managers must ensure to provide the hygiene factors and then follow the motivating factors. Herzberg's motivation-hygiene theory proposes This watermark does not appear in the registered version that intrinsic factors are related to job satisfaction and motivation, whereas extrinsic factors are associated with job dissatisfaction.

According to Herzberg, the factors that led to job satisfaction were separate and distinct from those that led to job dissatisfaction. Therefore, managers who sought to eliminate factors that created job dissatisfaction could bring about workplace harmony but not necessarily motivation. Because they do not motivate employees, the extrinsic factors that create job dissatisfaction were called hygiene factors. When these factors are adequate, people will not be dissatisfied; but at the same time they may not be fully satisfied. They will be in neutral state. If we want to motivate people on their jobs, it is suggested to give much importance on those job content factors such as opportunities for personal growth, recognition, responsibility, and achievement. These are the characteristics that people find intrinsically rewarding.

Herzberg model sensitizes that merely treating the employees well through the good company policies is not sufficient to them motivated. Managers should utilize the skills,

abilities, and talents of the people at work through effective job designing. In other words, the work given to employees should be challenging and exciting and offer them a sense of achievement, recognition, and growth. Unless these characteristics are present in the job, employees will not be motivated.

In Herzberg's framework, these managerial reactions have focused primarily on the hygiene factors surrounding the job, which has resulted in bringing individual to the theoretical "zero point" of motivation. The two-factor theory would predict that improvements in motivation would only appear when managerial action focused not only the factors surrounding the job but on the inherent in most assembly line jobs and developing jobs that can provide increased levels of challenge and opportunities for a sense of achievement, advancement, growth and personal development.

3.9.5 MCGREGOR'S THEORY X AND THEORY Y

McGregor's theory is based on how a manager feels about human nature. In general, people tend to have either positive or negative assumptions about human nature. Based on these assumptions, McGregor proposed two sets of theories as Theory X (negative assumptions) and Theory Y (positive assumptions).

Theory X

Theory X represents the traditional approach to managing and is characterized by the following basic assumption about human beings.

- The average human being has an inherent dislike of work and will avoid it if he can. Because of human characteristic of dislike of work, most people must be coerced, controlled, directed, and threatened with punishment to get them to put forth adequate effort towards the achievement of organizational objectives.

- The average human being prefers to be directed, wishes to avoid responsibility, has relatively little ambition, and wants security above all. Once the team leaders tend to have the above-mentioned negative assumptions about their members, consequently, they will adopt the following strategies to influence them.

- Control measures or strict supervision are properly exercised to get results from them

- Such control can be achieved by the appropriate use of rewards and punishment.

Implications of X Theory:

The implication for a manager working in an organization with these premises is that the group will be strictly controlled and supervised. Decisions will be made largely by the manager and communicated in writing or verbally in a formal situation. Members of the group will rarely be involved in determining their own tasks. Theory X usually operates in traditional, highly centralized organizations.

Theory Y

Theory Y is more people oriented. It refers to Maslow's hierarchy of needs, particularly the higher-order needs and the motivation to fill these needs at work. It is based on the following assumptions. The following are some of the assumptions of Theory Y.

- The expenditure of physical and mental effort is as natural as play or rest.

- External control and threat of punishment are not the only means for bringing about effort toward organizational objectives. People will exercise self-direction and self-control in the services of objectives to which they are committed.

- Commitment to objectives is a function of rewards associated with their achievement.

- The average human beings learn, under proper condition, not only to accept but to seek responsibility.
- The capacity to exercise a relatively high degree of imagination, ingenuity, and creativity in the solution of organizational problems is widely, not narrowly, distributed in the population.
- Under the conditions of modern industrial life, the intellectual potentialities of the average human being are only partially utilized.

Implications of Y Theory:

Leaders operating under these assumptions will be more likely to consult the group, encourage members to contribute to decision making and work without strict supervision. Communication between the group and the leader will be two of the members of the group. The acceptance of the Theory Y approach, with its tenets of participation and concern for worker morale, encouraged managers to begin practicing such activities as i) delegating authority for many decision, ii) enlarging and enriching jobs of workers by making them less repetitive, iii) increasing the variety of activities and responsibilities and iv) improving the free flow of communication within the organization. The major criticisms are that too much emphasis was put on informal group process with knowledge of the complexities of group dynamics. Also the strategies evolved based on Theory Y may be successful in one organization and may not be successful in another.

3.9.6 ALDERFER'S ERG THEORY

Alderfer proposed a modified version of Maslow's need hierarchy and labeled as ERG theory. Alderfer's ERG refers to three groups of core needs – Existence, Relatedness and Growth (ERG).

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Notes

Existence Needs:

These needs are all the various forms of physiological and material desires, such as hunger, thirst and shelter. In organizational settings, the need for pay, benefits, and physical working conditions are also included in this category. This category is comparable to Maslow's physiological and certain safety needs.

Relatedness Needs:

These needs include all those that involve interpersonal relationships with others in the workplace. This types of need in individuals depends on the process of sharing and mutuality of feelings between others to attain satisfaction. This category is similar to Maslow's safety, social and certain ego-esteem needs.

Growth Needs:

These needs involve a person's efforts toward creative or personal growth on the job. Satisfaction of growth needs results from an individual engaging in tasks that not only require the person's full use of his or her capabilities, but also may require the development of new capabilities. Maslow's self-actualization and certain of his ego esteem needs are comparable to those growth needs.

ERG theory is based upon three major propositions:

The less each level of need has been satisfied, the more it will be desired (need satisfaction). For example, the less existence needs (pay) have been satisfied on the job, the more they will be desired.

ii) The more lower level needs have been satisfied, the greater the desire for higher level needs (i.e., desire strength) For example, the more existence needs have been satisfied for the individual worker (pay), the greater the desire for relatedness needs (satisfying interpersonal relationships) iii) The less the higher

level need have been satisfied, the more the lower level needs will be desired (i.e., need frustration) for example, the less growth needs have been satisfied (challenging work), the more relatedness needs will be desired (satisfying interpersonal relationships).

Difference between Alderfer's ERG and Maslow's Need Hierarchy:

ERG theory differs from Maslow's need hierarchy in two aspects.

(a) Alderfer highlighted that once an individual's higher level need is not fully satisfied or encounters difficulty in fulfilling these needs resulting in frustrations and disappointment, the person will exhibit a strong desire to regress to a lower level needs where he/she finds more comfort and satisfaction. (b) Alderfer further stated that an individual may have an intention to fulfill more than one need at the same time. In other words, individuals may be working towards fulfilling both their relatedness needs and growth needs or their existence and related needs simultaneously.

Implications of ERG Theory:

Alderfer has proposed two sets of views on individual's aspirations and fulfillment. One is satisfaction-progression and other frustration-regression. Satisfaction-progression is similar to Maslow's model in which once an individual's basic needs are satisfied, he/she will progress to the next level to satisfy the succeeding higher level to have them satisfied. Alderfer proposed yet another view of individual's aspirations and fulfillment. If people eventually become frustrated in trying to satisfy their needs at one level, their next lower level needs will re-emerge and they will regress to the lower level to satisfy more basic needs. This is called as frustration-regression. For managers, ERG theory provides a more workable approach to motivation in organization.

Because of the frustration-regression approach component, it provides the manager with the opportunity of directing employee behavior in a constructive manner even though higher order needs are temporarily frustrated.

In summary, ERG theory argues that satisfied lower-order needs lead to the desire to satisfy higher-order needs; but multiple needs can be operating as motivators at the same time and frustration in attempting to satisfy a higher-level need can result in regression to a lower-level need.

3.9.7 MCCLELLAND'S NEED THEORY

McClelland proposed three types of needs common in work life. They are Need for Achievement, Need for Power and Need for Affiliation.

Need for Achievement:

This refers to the drive to excel, to achieve in relation to a set of standards and to strive to succeed. People with a high need for achievement are striving for personal achievement rather than for trappings and rewards of success. They have a desire to do something better or more efficiently than it has been done before. They prefer jobs that offer personal responsibility for finding solutions to problems, in which they can, received rapid and unambiguous feedback on their performance in order to tell whether they are improving or not and in which they can set moderately challenging goals. High achievers are not gamblers, they dislike succeeding by chance. They are motivated and prefer the challenge of working at a problems and accepting the personal responsibility for success or failure.

Implications for Need for Achievement Theory:

Too little challenge will bore them since there is no opportunity to satisfy their urge to achieve, and too much challenge would mean

that the job is difficult and hence will induce the fear of failure in them. Since their need for achievement and accomplishment are high, high Need for Achievement individuals will not try to work on jobs that are so challenging that successful task accomplishment become doubtful. Also, high achievers avoid very easy or very difficult tasks instead they show willingness to take a moderate level of difficulty which will have much challenge in accomplishing them. They like to set goals that require stretching themselves a bit.

Need for Power:

This refers to the need to make others behave in a way that they would not have behaved otherwise. Individuals high in Need for Power enjoy being 'in-charge', strive for influence over others, and prefer to be in competitive and status oriented situations. McClelland distinguished two types of power – Personal Power and Institutional Power. Individuals high in personal power like to inspire subordinates and expect that latter to respect and obey them. Such behaviors gratify their own need for power in a personal sense. Managers, who are high in institutional power, tend to exert authority and influence so as to achieve the goals of the organization rather than to gain any personal ego satisfaction. McClelland describes the institutional power managers as "organizationminded" and getting things done in the interest of the organization. That is, the institutional power manager exercises power in the interests and welfare of the organization. Institutional power managers are said to be very effective since they are willing to somewhat sacrifice their own interests for the organization's overall wellbeing. McClelland feels that institutional or social power is good for the organization and personal power is detrimental to the overall interests of the organization.

Implications for Need for Power:

Persons with high need for power would naturally be turned on by holding positions of authority and influence in the organization. They like to take charge and be in control of situations. Placing such individuals in high level positions will help them to gratify their own needs as well as get many of the organization's policies and orders followed and carried out by employees.

Need for Affiliation:

This refers to the desire for friendly and close interpersonal relationships. Individuals high in Need for Affiliation like to interact with colleagues in the organization. They have a strong desire for approval and reassurance from others and they are willing to conform to the norms of groups to which they belong. In effect, they have needs to develop affinity and warm relationships with people in the work system. They are usually gregarious by nature and like to work with others in a friendly atmosphere. Team work, co-operative efforts, and joint problem-solving sessions, and committee assignments are all suited for those high in Need for Affiliation.

Implications for Need for Affiliation:

People high in need for affiliation are said to perform better in their jobs when they are given supportive feedback. Thus, friendly managers and supervisors can influence individuals high in Need for Affiliation and motivate them to work harder.

3.10 PERSONALITY**3.10.1 INTRODUCTION**

People tend to have a general notion that personality refers to a personal appearance with charming smile, or outlook. But psychologists view the concept as dynamic in nature concerned

with growth and development of a person's whole psychological system. Personality can be defined as the consistent psychological patterns within an individual that affect the way they interact with others and the situations they encounter.

Personality is defined as relatively stable and enduring characteristics that determine our thoughts, feelings and behavior. Personality is a complex phenomenon and there are various perspectives of personality construct. One common and simple definition of Personality is: It is the consistent psychological patterns within an individual that affect the way they interact with others and the situations they encounter.

Research studies shows that individual's personality is more or less consistent, lasting, and can remain substantially constant across all the situations and time. But there are individual differences, for some people, these traits may be consistent across a number of situations, that is, they exhibit the same behavior such as shyness or inhibitions in the entire situation at all the time. But others may vary quite a lot. Changes in personality occur slowly over an extended period of time. Thus, if managers are able to understand certain dimensions of personality traits exhibited by individuals, they can predict confidently to a great extent the daily behavior of employees.

3.10.2 PERSONALITY DETERMINANTS

There are several factors that determine the formation or shaping of our personality. Among them the three major factors are: Heredity, Environment and Situation.

i) Heredity

The genetic components inherited from our parents at the time of conception determine strongly the personality characteristics of an individual. The color, height, physical statutory, facial

attractiveness, gender, temperament, muscle composition, inheritable diseases etc are considered to be inherited from our parents. Research studies conducted on identical twins that were reared in different places, temperament of young children, longitudinal studies on the job satisfaction of employees over long period of time and across different situation reveal that the heredity plays a substantial role in determining the behavior of individuals. If all personality characteristics were completely dictated by heredity, they would be fixed at birth and no amounts of experience could alter them.

ii) Environment

The culture in which people are brought up in their lives and they type of socialization process such as family's child rearing practices, socio economic status of the family, number of children in a family, birth order, education of the parents, friends and peer group pressures, religious practices, the type of schooling and recreational activities, pastime behavior etc play a critical role in shaping our personalities. For example, our parents mould the character of all children, almost from birth by expressing and expecting their children to conform to their own values through role modeling and through various reinforcement strategies such as rewards and punishments. Research studies reveal that the birth order – the difference between first born children and later born children determine certain key personality characteristics, that is, first born tend to exhibit more ambitious, and hard working, more cooperative, more prone to guilt and anxiety and less openly aggressive. Both the heredity and environment are equally important in determining personality characteristics of an individual. Heredity sets the parameters or outer limits, but a person's full potential will be determined by how well he or she adjusts to the demands and requirements of the environment.

iii) Situation

The type of specific situation which a person encounters also equally shapes the type of personality characteristics. For example, an individual's exposure to a job interview and the type of experiences encountered during that time will shape certain personality characteristics. Similarly, going for a picnic with friends and encountering the type of experiences whether pleasant and unpleasant will shape the personality characteristics of individuals.

3.10.3 DIMENSIONS OF SELF-CONCEPT

It is defined as the totality of individual's thoughts and feelings having reference to himself as an object. The self concept is made up of collection of attitudes, feelings, ideas, opinions that they have about themselves including their preference towards sports, books, physical ability, smartness sexuality, job performance etc. In short, the self-concept is what we think and feel about ourselves. People tend to have both positive and negative self concept. Those who have very positive self co

3.10.4 KEY PERSONALITY TRAITS RELEVANT TO WORK BEHAVIOR

i) Self Esteem:

It refers to the individuals' self worthiness and the extent to which they regard themselves as capable, successful, important and worthwhile. People who feel good about themselves will always produce good results. Studies of self-esteem show that it is closely related to mental health. People with low self-esteem are more likely to suffer depression and greater stress. People with positive self-esteem adjust to life better and deal everyday problems more effectively. Individuals' with high self esteem will try to take up more challenging assignments and be successful, which in turn,

enhance their overall self-concept. People with high self esteem would tend to classify themselves as highly valuable in the organization.

ii) Locus of Control:

It refers to the extent to which people tend to have control over their own fate and life. There are two type of locus of control. The Internal Locus of Control refers to those who believe that they control what happens to them and shape the course of their evens in their lives, whereas the External Locus of Control believe that what happens to them is controlled by outside forces such as luck or chance. Internals always believe in putting more effort and seek more job related information, rely more on their own abilities and judgment at work, and more actively seek opportunities for advancement.

iii) Self Efficacy:

It refers to the belief that a person has in their own capability to perform a specific task. People with high self-efficacy will prefer to have moderate level of task difficulty, strong self confidence and conviction in the chosen tasks and possess high expectation in completing the assignment across the entire situation. Employees with high self-efficacy respond to specific negative feedback about their performance with increased motivation and effort, while those with low self-efficacy are more likely to give up and reduce their motivation

iv) Self-Monitoring:

It refers to the extent to which a person has the ability to adjust his or her behavior to external or situational factors. Those with high self-monitoring will be more sensitive and notice the significant changes occurring in the environment and able to adapt them by adjusting their behavior. High self-monitors are capable of exhibiting a striking contrast between their public

persona and their private self. Low self-monitors cannot disguise their behavior and tend to exhibit the same behavior all the time.

v) Emotional Intelligence:

It is also called as EQ which refers to individual's ability to be aware of feelings and emotions and the extent to which they can manage them more effectively in dealing with others and challenging events. It consists of five main abilities:

- a) Knowing one's emotions: Self-awareness and recognizing ones feelings as it occurs
- b) Managing emotions: Handling feelings and emotions appropriately to the relevant situations
- c) Motivating oneself: Directing the feelings and emotions in such a way to fulfilling the desired goals
- d) Recognizing emotions in others: Empathizing and understanding the feelings and emotions for others
- e) Handling Relationships: Being able to interrelate, communicate and work with others.

Emotional Intelligence (EI) is very closely linked to our self-concept, because it is strongly related to self awareness.

vi) Big Personality Traits

There are five Big Personality Traits which have a significant impact in individual's life.

They are as follows:

- a) **Extroversion:** Extroverts are sociable, lively, and gregarious and seek outward interaction. Such individuals are likely to be most successful working in marketing division, public relations etc. where they can interact face to face with others. Introverts are quite, reflective, introspective and intellectual people, preferring to interact with a small intimate circle of friends. Introverts are more likely to be successful when they can work on highly

abstract ideas (accountant, R&D work etc) in a relatively quite atmosphere.

b) **Agreeableness:** This refers to the extent to which individuals agreeing and cooperating with others. Highly agreeable people are cooperative, warm and trusting. People who score low on agreeableness are cold, disagreeable and antagonistic. This characteristic is very important and critical in attaining a successful achievement in their life.

c) **Conscientiousness:** This refers to the extent to which people are responsible and dependable in their work and life. A highly conscientiousness person is responsible, organized, dependable and persistent. They are likely to move upward direction very quickly and attain remarkable achievement in their life. Those who score low on this dimension are easily distracted, disorganized and unreliable.

d) **Emotional Stability:** This refers to the extent to which people have the ability to withstand stress. People with positive emotional stability tend to be calm, selfconfident and secure. Those with highly low level of emotional stability tend to be nervous, anxious, depressed and insecure.

e) **Openness to experience:** This refers to the extent to which people are more imaginative, artistic sensitivity and intellectualism. Individuals tend to vary widely ranging from conservative to creative or artistic. Extremely open people are creative, and artistically sensitive. Whereas not so open category personnel are very conservative and find comfort in the familiar or routine activities.

3.10.5 PERSONALITY TYPES (MBTI)

MBTI describes four dimensions of Personality Types:

(a) **Extroversion versus Introversion:** (The ways in which people relate to the world)

(b) Sensing versus Intuition: (Becoming aware of and perceiving information)

(c) Thinking versus feeling: (Ways of deciding and prefer to make judgments)

(d) Judging and Perception: (The amount of control exercising and organizing people)

a) Extroversion and Introversion:

This deals with whether the focus of attention is directed towards outwardly or inwardly.

Where do you prefer to focus your attention?

Extroversion:

Extroverted attention flows outward to the world of objects and people or external ideas.

They are interacting more with people.

Characteristics associated with people who prefer Extraversion are:

- ☐ ☐ Attuned to external environment
- ☐ ☐ Prefer to communicate by talking
- ☐ ☐ Work out ideas by talking them through
- ☐ ☐ Have broad interests
- ☐ ☐ Sociable and expressive
- ☐ ☐ Readily take initiative in work and relationships

Extroverts are usually active, sociable, like variety and stimulation, and are often good speakers, sales people or public relations professionals.

Introversion:

Introverted attention focused on the subjective, inner world of thoughts, feelings and

ideas. Introverts like quiet reflection, can concentrate on one idea or thought for longer than an extrovert, and are less active and prone to change.

Characteristics associated with people who prefer Introversion are:

- ☐ Drawn to their inner world
- ☐ Prefer to communicate in writing
- ☐ Work out ideas by reflecting on them
- ☐ Learn best by reflection, mental “practice”
- ☐ Focus in depth on their interest
- ☐ Private and contained

Research scientists, academicians and librarians are often introverts.

b) Sensing Versus Intuition:

This aspect deals with the ways of collecting information and ideas.

Sensing

A person with a sensing preferences focuses on the specific, practical and tangible. The sensing person relies more on the physical or material reality of the world of the five senses: touch, sight, sound, taste or smell. Sensing managers take in information through their senses and attend to the details of the problem. They like to solve problems in standard ways. They are patient with routine details and are precise in their work. They distrust creative inspirations and usually work all the way through to reach conclusions.

They emphasize action, urgency and bottom-line results.

Characteristics associated with people who prefer Sensing:

- ☐ Oriented to present realities
- ☐ Factual and concrete, precise and practical
- ☐ Focus on what is real and actual
- ☐ Observe and remember specifics
- ☐ Build carefully and thoroughly toward conclusions
- ☐ Understand ideas and theories through practical applications

☐ Trust experience

The sensing person is likely to provide a practical solution to problems. They may be good at repairing machines, sports, building, handicrafts, or keeping the detailed records of a business.

Sensation Feelers (SF) deal with concrete problems in a methodical way. They have astute powers of observation regarding the details of how an organization is run. SFs do not fight the system, but use what is available for problem solving. SFs are nonjudgmental of their co-workers and do not look for underlying motives and meanings in people's behavior. If organizations do not have adequate SF's, small problem will go unattended till they become big.

Possible Shortcomings: SF's may be reluctant to accept new ideas and are impatient with abstract theories. They react adversely to radical changes. They have difficulty honoring commitments and decision made in the past since they live full in the present moment.

Intuition

This person relies more on their insights and based on that they guess, assume and draw the inferences. Ideas, associations or creative process often accompany the presence of intuition. They focus on the relationships and connections between facts. Intuition manager like solving new problems and are impatient with routine details. They perceive the problem in its totality and consider several alternatives simultaneously. They are imaginative and futuristic, enjoying mind testing games..

Characteristics associated with people who prefer Intuition:

☐ Oriented to future possibilities

- ☐ Imaginative and verbally creative
- ☐ Focus on the patterns and meanings in data, sees beyond the surface
- ☐ Remember specifics when they relate to pattern
- ☐ Move quickly to conclusions, follow hunches
- ☐ Want to clarify ideas and theories before putting them into practice
- ☐ Trust inspiration

The intuitive person is likely to have an affinity for music, literature, the arts, higher mathematics, and science and abstract theories. People with high level of intuition are also likely to be creative, adaptable and open to new ideas, and they are often artists, musicians, strategic players or architects.

Intuitive Thinkers (NT) are the architects of progress and ideas. They are interested in the principle on which the organization is built and seek answers to the significant events. They have enormous drive and are creative. If organizations do not have adequate number of NT's, change will be minimal.

Shortcomings of Intuitive Thinkers: Intuitive Thinkers may not always be aware of the feelings of others. Unless subordinates are intellectually competent, they may not be considered valuable. They expect a great deal of themselves and others and tend to escalate standards.

c) Thinking versus Feeling:

These deals with the way people make decisions.

Thinking

The person with a preference for thinking tends to be objective, analytical and impersonal in decision and judgments. Thinking managers are logical and analytical in their problem solving and search for additional information in a logical manner.

Characteristics associated with people who prefer Thinking:

- ☐ Solve problem with logic,
- ☐ Use cause and effect reasoning
- ☐ Strive for an objective standard of truth
- ☐ Can be “tough-minded”
- ☐ Fair – want everyone treated equally

As this person is logical in analysis, he is good at organizing, scheduling, comparing, analyzing and quantitatively evaluating objections and activities.

Sensation Thinkers (ST) are decisive and excellent at decisions involving precise interpretations of facts and figures. They are persevering and precise. They want the organization run on an impersonal basis. They are hard working and super dependable. Organizations run efficiently because of such managers.

Possible Shortcomings: STs cannot tolerate delays due to complications. In periods of rapid changes they still cling to rules and procedures which is dysfunctional. When dealing with others, STs may not accurately perceive the interpersonal process. They withhold rewards unless full deserved others.

Feeling

People who use feelings to make decision are more likely to be empathetic, loyal, and appreciative and tactful. Feeling types consider the person and are likely to bend the rules if the situation warrants. Feeling managers heavily emphasize the human aspects in dealing with organizational problems and is more process oriented. They enjoy pleasing people and avoid conflicts.

Intuitive Feelers (NF) have personal charisma and commitments to the people they lead. They communicate their caring and enthusiasm. They are comfortable in an unstructured, group-

centered management system that lets employees participate in the decision making process. If adequate NF's are not available in organization, an organization will become cold, sterile and dull.

Possible Shortcomings; NF's make decision on the basis of personal likes and dislikes. They often try to please others all the time.

Characteristics associated with people who prefer Feeling:

- ☐ Empathetic
- ☐ Guided by personal values
- ☐ Assess impacts of decisions on people
- ☐ Strived for harmony and positive interactions
- ☐ Compassionate
- ☐ May appear "tenderhearted"

They like helping other people and often work as nurses, counselors and artists. They use past experiences and values and seek harmony when making judgments.

d) Judgment versus Perception

This aspect deals with the amount of control a person has over events and organizing things.

Judgment

The strong Judgment oriented people tend to live in a planned, decided and orderly way, wanting to regulate their life and control events. They are given more responsibility and authority because their operating mode is stable and predictable.

Characteristics associated with people who prefer Judging:

- ☐ Scheduled
- ☐ Organize their lives
- ☐ Systematic
- ☐ Methodical

- ☐ Make short and long term plans
- ☐ Like to have things decided
- ☐ Try to avoid last-minute stresses

The person with a strong orientation for judgment will therefore be good at making decision and planning. They usually make good managers, engineers and lawyers.

Perception

Perceptive people tend to live in a flexible, spontaneous way, wanting to understand life and adapt to it. They often appear to be more relaxed and less organized than judging types and are less attracted to schedules and routines.

Characteristics associated with people who prefer Perceiving:

- ☐ Spontaneous
- ☐ Flexible
- ☐ Casual
- ☐ Open-ended
- ☐ Adapt, change course
- ☐ Like things loose and open to change
- ☐ Feel energized by last minute pressures.

The perceptive type, on the other hand, may wait until all the information and aspects of a situation are seen before they make a decision. Artists, consultants, musicians and counselors tend to be perception oriented.

3.11 SUMMARY

Organizational Behavior is field of study that investigates the impact that individuals, groups and structure have on behavior within organization. It is the study and application of knowledge about how people act within organizations. It is a human tool for human benefit. It applies broadly to the behavior of people in all types of organizations, such as business, government, schools and

services organizations. It covers three determinants of behavior in organizations: individuals, groups, and structure. OB is an applied field. It applies the knowledge gained about individuals, and the effect of structure on behavior, in order to make organizations work more effectively.

3.12 CHCK YOUR PROGRESS

1. List key elements of organizational behavior?
2. What the word "job" refers to.
3. How did Thomson classified technology?
4. Who said "Decision-making is the selection based on some criteria from two or more possible alternatives"
5. State the Characteristics of effective decisions
6. List components of attitudes
7. Name of skinner's apparatus.
8. What are the three major elements related to motivation
9. Alderfer proposed 2 sets of views on individuals aspiration and fulfillment what they are?

3.13 ANSWERS FOR CHECK YOUR PROGRESS

1. People, structure, technology, and external elements
2. it refers to the sum total of an individual assignment at the work place
3. 1. Long linked technology 2. Mediating technology 3. Intensive technology
4. George R. Terry
5. 1. Action orientation 2. Goal direction 3. Effective in implementation
6. 1. Cognitive component 2. Affective component 3. Behavioural components
7. Effort, goals, needs
8. Satisfaction-progression, frustration regression.

UNIT 4 GROUP BEHAVIOUR

4.0 UNIT OBJECTIVE

4.1 INTRODUCTION

4.2 TYPES OF GROUPS

4.3 REASONS FOR JOINING GROUPS

4.4 MODELS OF GROUP DEVELOPMENT

4.5 EXTERNAL CONDITIONS IMPOSED ON THE GROUP

4.6 LEADERSHIP

4.7 COMMUNICATION

4.8 SUMMARY

4.9 CHECK YOUR PROGRESS

4.10 ANSWERS TO CHECK YOUR PROGRESS

4.0 UNIT OBJECTIVE

- To know the behaviour and performance of the group
- To identify the types of group
- To learn the models of group development

4.1 INTRODUCTION

Group Behavior

Notes

For the manager in an organization, the behavior and performance of group provide the primary mechanism for the attainment of organization goals. In order to provide for effective goal accomplishment, the manager must be familiar with:

- i) The process of influencing group behavior
- ii) The climate for maximum interaction and minimal conflict between group members.
- iii) The means for the satisfaction of individual needs, which may be different from individual to individual within each group.

Group is defined as collection of two or more individuals who are interdependent and interact with one another for the purpose of performing to attain a common goals or objective. The principal characteristics presented in this definition – goals, interaction and performance are crucial to the study of behavior in organizations. A group is a collection of individuals in which the existence of all (in their given relationships) is necessary to the satisfaction of certain individual needs to each. In order to satisfy certain needs relating to social interactions, employees may informally (or formally) join together to form various social, civic, or recreational groups within organizations.

4.2 TYPES OF GROUPS

Various methods are used to classify the types of groups that exist in our organizations. In organizations, the predominant operating groups are the functional groups, task or project groups and interest groups. In addition, groups are also classified as formal and informal groups.

Formal groups:

Formal groups are collections of employees who are made to work together by the organization to get the job done smoothly and efficiently. For example, if five members are put together in a department to attend to customer complaints they would be a formal group. The formal groups are those whose primary purpose is facilitating, through member interactions, the attainment of the goals of the organization.

Informal groups:

Informal groups are groups that emerge or randomly get formed due to the formal group members' interaction with each other, and thereby develop common interest. For example, members who are showing interest in cricket will join together and share and enjoy talking about the cricket games. Informal groups provide a very important service by satisfying their members' social needs. Because of interactions that result from the close proximity of task interactions, group members play cricket together, spending their tea breaks together etc.

Functional Groups:

The functional group in an organization is a group generally specified by the structure of the organization. It involves a superior-subordinate relationship and involves the accomplishment of ongoing tasks and generally considered as formal group. Example – Manager of accounting department supported by staff accountants, financial analyst, and computer operators etc.

Task or Project Groups:

When a number of employees are formally brought together for the purpose of accomplishing a specific task – for a short-term or

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long term period – such a collection of individuals is called a task or project group. For example, the plant manager of a chemical processing plant may be interested in identifying potential safety problems in the plant. To provide a coordinated effort, the manager creates a four-person task force consisting of the production superintendent, maintenance superintendent, director of engineering and the safety engineer. The group members will deliberate these Issues bring out suitable remediable measure for those safety problems within a deadline period. If any problems are found, the plant manager may create other task forces to work toward the elimination of the potential problems. These activities create a situation that encourages the members of the task force to communicate, interact and to coordinate activities, if the purpose of the group is to be accomplished.

Interest and Friendship Groups:

The group members formed relationships based on some common characteristics such as age, political belief, or interests. Generally, it can be considered as formal or informal group. Employees who joined together to have their fringe benefits continued to have its implementation, to support a peer who has been fired, or to seek more festival holidays etc. they tend to unite together to further their common interest. Groups often develop because the individual members have one or more common characteristics. This is called friendship groups. For example, recreation clubs, social groups etc.

4.3 REASONS FOR JOINING GROUPS:

The most popular reasons for joining a group are related to our needs for security, identity, affiliation, power and engaging in common tasks.

SECURITY:

By joining a group, members can reduce the insecurity of being alone. The membership will make them feel stronger, gaining resistant to threats, having fewer self-doubts etc. New employees are particularly vulnerable to a sense of isolation and turn to the group for guidance and support.

STATUS:

Inclusion in a group that is viewed as important by others provides recognition and status for its members. Being a member of Rotary Club, the members feel pride and gain status and recognition.

SELF-ESTEEM:

Groups can provide people with feelings of self-worth. That is, in addition to conveying status to those outside the group, membership can also give increased feelings of worth to the group members themselves. The self-esteem is bolstered when members are accepted by a highly valued group. Being assigned to a task force whose purpose is to review and make recommendations for the location of the company's new corporate head quarters can fulfill one's intrinsic needs for competence and growth.

AFFILIATION:

Groups can fulfill social needs. People enjoy the regular interaction that comes with group membership. For many people, these on-the-job interactions at work are the primary source for fulfilling their needs for affiliation.

POWER:For individuals who desire to influence others, groups can offer power without a formal position of authority in the organization. As a group leader he or she may be able to make requests of group members and obtain compliance without any of the responsibilities that traditionally go either formal managerial position.

GOAL ACHIEVEMENT:

There are times when it takes more than one person to accomplish a particular task- there is a need to pool talents, knowledge in order to complete a job. In such instances, management will rely on the use of a formal group.

4.4 MODELS OF GROUP DEVELOPMENT:

There are three types of Group development Model

1. Tuckman and Jensions – Five stage life cycle model
2. Punctuated -equilibrium model.
3. Bennis and Shepard Group Development Model

1)TUCKMAN AND JENSONS – FIVE STAGE LIFE CYCLE MODEL

Five Stage Life Cycle Model: Tuckman outline five stages of group development. They are:

i) Forming:

At this stage, group members try to comprehend where they stand in the group and how they are being perceived by others in the group. The members are very cautious in their interactions with each other and the relationships among the group members are very superficial. Members' seldom express their feelings in the group and the individual members who are trying to understand who they are in the group have concerns about how they will fit in the group as permanent group members. This is characterized by much uncertainty about group's purpose, structure and leadership. Members are 'testing the waters' to determine what types of

behavior are acceptable. This stage is complete when members have begun to think of themselves as part of a group.

ii) Storming:

At this stage, disagreement tends to get expressed among the group members, and feelings of anxiety and resentment are also expressed. Some power struggle may ensue at this stage to determine who should assume the informal leadership role in the group. This storming stage is also known as the sub-grouping and confrontation. This group is characterized by intra-group conflict. Members accept the existence of the group, but there is resistance to the control the group imposes on individuality. There is sometimes conflict over who will control the group. When this stage is complete, there will be a relatively clear hierarchy of leadership within the group.

iii) Norming:

This stage is characterized by close relationships and cohesiveness. The group sets norms, tries to attain some degree of cohesiveness, understands the goals of the group, starts making good decision, expresses feelings openly and makes attempts to resolve problems and attain group effectiveness. At this stage, members' roles get defined, and task and maintenance roles are assumed by group members. Group members' also begin to express satisfaction and confidence about being members of the group.

iv) Performing:

This stage is characterized by collaboration and integration. The group members evaluate their performance so that the members develop and grow. The group relationships and structures are set and accepted. Group energy has moved from getting to know and understand each other, to performing the task at hand. Feelings are expressed at this stage without fear, leadership roles shared

among the members, and the group members' activities are highly co-coordinated. The task and maintenance roles are played very effectively. The task performance levels are high and member satisfaction, pride and commitment to the group also high. Both performance and members' satisfaction are sustained indefinitely;

v) Adjourning:

This stage is characterized by concern with wrapping up activities rather than task performance. The group prepares for its disbandment. High task performance is no longer the group's top priority. Instead, attention is directed towards finalizing activities. As the group approaches the terminal phase, members break off their bonds of affection and stop interaction with each other. Responses of group members vary in this state. Some feel pride in what the group has accomplished. Others may be negative and critical of the way the organization has treated the group and others may be sad over the loss of friendship gained during the life of the work groups.

These five stages of group development are only a suggestive and not prescriptive. Sometimes, groups do not always proceed clearly from one stage to the next. Sometimes, several stages go on simultaneously as when groups are storming and performing at the same time. Under some conditions, high levels of conflict are conducive to high group performance.

2) THE PUNCTUATED-EQUILIBRIUM MODEL:

This model emphasizes the degree to which the group completes its task based on how much time is left before the task must be completed. In the group development, the timings of when groups form and change the way they work is highly consistent. It is reported that the three activities such as i) direction of the group, ii) inertia and iii) major changes occur at similar times during the formation and operation of groups.

I. Group's direction: During the first meetings, the members will discuss and set the group direction to achieve the assigned target. A set of behavior pattern and various assumptions will be emerging to formulate action plans during the first meeting. These lasting patterns can appear as early as in the first few seconds of the group's life

II. Inertia: During this period the group tends to stand still or becomes locked into a fixed course. The group is unlikely to reexamine the course of action and always keep a fixated mind based on the earlier assumptions and behavioral pattern. New insights that might challenge initial patterns and assumptions might occur among individual members, but the group is often incapable of acting on these new insights. . This is called inertia.

III. Transition from old pattern towards major changes or new perspectives to get results:

At one point of time the group experiences its transition from switching the old behavioral pattern or assumptions to the new perspectives to reach the targets. This period is characterized by a concentrated burst of changes, dropping of old patterns and adoption of new perspectives. This transition sets a revised direction. During this stage, the group members are involved in a final burst of activity to finish its work, A flurry of activity occurs, with group members putting pressure on each of their time fulfill their individual roles and responsibilities. It is as if the group experienced midlife crises. This midpoint crises appears to work like an alarm clock, heightening members awareness that their time is limited and that they need to 'get on with the job'

Comparison of these two models of Group Development:

The punctuated-equilibrium model characterizes groups as exhibiting long periods of inertia, interspersed with brief revolutionary changes triggered primarily by their members'

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awareness of time and deadline. In the terminology of the five-stage group development model, the group begins by combining the forming and norming stages, then goes through a period of low performance, followed by storming, then a period of high performing and finally, a last meeting of pressured activity and adjourning.

The five-stage life cycle model is best known of the relationship-oriented and sequential models, while the punctuated-equilibrium model is the best researched of the outcome oriented and non-sequential models. This punctuated-equilibrium model helps to give a clearer picture of how groups, especially task-force and project type groups operate in the workplace.

THREE CRITICAL PERIODS DURING THE GROUP DEVELOPMENT:

Period I - Initial Period of Meetings:

During this initial period, the group has the least structure and often is dependent on the leaders, and has unclear expectations, high anxiety, and sometimes, low member participation. Initial meetings outline priorities, define member roles, establish pecking orders, and evaluation criteria.

Period II - Midpoint: Tension between outcomes and relationships, the exhaustion of group creativity, and the onset of physical and emotional fatigue seem to occur most frequently at the midpoint of group's life cycle.

Period III - Crises Point:

While the urgency of the task can accelerate the pace of task outcomes, other factors such as cohesion, conflict management, balance between relationships and task needs, effective communication and involvement are required for well-developed groups

3) BENNIS AND SHEPARD MODEL OF GROUP DEVELOPMENT:

This model focuses primarily on task or projects groups and assumes that such groups follow four stages of development

i) **Orientation:** During this stage, the group members will be involved in the following activities: Establishing structure, rules and communication networks of the group, clarifying relations and interdependencies among group member, identifying leadership roles and clarifying authority and responsibility relationships, developing a plan for goal accomplishment

ii) **Internal Problem Solving:** The major activities of this stage include: identification and resolution of interpersonal conflict, further clarification of rules, goals and structural relationships. Development of a participative climate among group members.

iii) **Growth and Productivity:** In this stage, the members devote much time directing towards goal accomplishment, developing data-flow and feedback systems for task performance, growing cohesion among members of the group.

iv) **Evaluation and Control:** During this last stage, the members, particularly leadership role emphasizes facilitation, feedback and evaluation, roles and group interdependencies are renewed, revised and strengthened, group exhibits strong motivation toward goal accomplishment. Application of Bennis Model of Group Development: Knowing which stage of development a group is in is an important factor for manager in determining which style of leadership would be most effective for moving the group toward goal accomplishment. For example, if a group of project engineers is experiencing interpersonal conflict during the internal problem solving stage, the manager or group leader should attempt to resolve the major internal problems before sending the

group on a construction site to accomplish a particular task. Unresolved internal problems may create more serious problems, which will adversely affect group performance. For the project engineers, conflict arising from questions of interdependencies may result in not completing the project on time.

4.5 EXTERNAL CONDITIONS IMPOSED ON THE GROUP

ORGANIZATIONAL STRATEGY

The type of strategy formed by an organization influences the structure of the groups. A strategy outlines the organization's goals and the means for attaining these goals. An organization's strategy might be being pioneering and innovative in their products and services offered or reducing costs as much as possible and offer low priced products, or offer a distinctive unique or customized products and services etc. The strategy will direct the organizations to reduce costs, improving quality, expanding market share etc. The strategy that an organization is pursuing influences the power of various work groups and its structure which in turn determines the resources the organization's top management is willing to allocate to it for performing its tasks.

ORGANIZATION CULTURE

The values, attitudes, beliefs systems which bind all employees together to have common way of life are called as organizational culture. Each organization has its own written or unwritten code of conduct that defines employees' acceptable and unacceptable behavior such as dress code, quality commitment, transparency or honesty in dealing with customers etc. Certain work groups do have its own subculture which is shared by all the members. Members of work groups have to conform to the standards

imposed in the organizations dominant culture if they are to remain in good standing.

ORGANIZATION RESOURCES AND TECHNOLOGY

If an organization uses a state-of-the-art modern technology in its work operations, and embraces the current information technology products and its services, such as e-mail, mobile phones, PCs, teleconferencing etc, the technical nature of the work can affect the communication style, number of people in the group, job description and reporting systems etc. There will be a virtual group consisting of member operating in remote areas and accomplishing the goals of an organization.

AUTHORITY STRUCTURES

The reporting system and the flow of authority strongly determine the structure of the group. If the structure is highly standardized, formalized, centralized, and simple in nature, the group members will be doing routine work and bound by more rules and regulations. The group member relations will vary based on the types of organizations structure.

FORMAL REGULATIONS

Organizations create rules, procedures and other forms of regulation to standardize employee behavior. The more the formal regulations that the organizations impose on all its employees, the more the behavior of work group member will be consistent and predictable.

PERSONNEL SELECTION PROCESS

The criteria that an organization uses in its selection decisions such as the importance to the merit, professional commitment, expertise, age, loyalty etc are very much influence the types of evaluation process and its reward system which in turn affects the work group performance.

PERFORMANCE EVALUATION AND REWARD SYSTEMS

Instituting a proper developmental oriented performance evaluations systems providing opportunity for growth, assigning challenging assignment, offering competitive rewards etc. will have a significant impact on the work group members overall performance. Since work groups are part of the larger organizational system, groups' members' behavior is influenced by how the organization evaluate performance.

UNION INFLUENCE

Unions can affect the selection process and also influence acceptable and unacceptable behavior. Disagreements with management or the imposition of work conditions which the group considers unfair are often dealt with by the union. Managers often moderate what they require of a group because of concern for the union's reaction.

PHYSICAL WORK SETTING

Physical working conditions such as physical lay out, illumination level, arrangement of equipment, work space designs particularly office furniture etc will affect the employees work behavior. Some of them may create barrier and opportunities for work group members. Even the color of the walls and equipment may have an effect on the mood of the work group.

4.6 LEADERSHIP

Definition

Leadership is defined as influence, the art or process of influencing people so that they will strive willingly and enthusiastically toward the achievement of group goals.

- Leaders act to help a group attain objectives through the maximum application of its capabilities.
- Leaders must instill values – whether it be concern for

quality, honesty and calculated risk taking or for employees and customers.

Importance of Leadership

- Aid to authority
- Motive power to group efforts
- Basis for co operation
- Integration of Formal and Informal Organization.

LEADERSHIPSTYLES

The leadership style we will discuss here are:

- Autocratic style
- Democratic Style
- Laissez Faire Style

a) Autocratic style

Manager retains as much power and decision-making authority as possible. The manager does not consult employees, nor are they allowed to give any input. Employees are expected to obey orders without receiving any explanations. The motivation environment is produced by creating a structured set of rewards and punishments.

Autocratic leadership is a classical leadership style with the following characteristics:

- a. Manager seeks to make as many decisions as possible
- b. Manager seeks to have the most authority and control in decision making
- c. Manager seeks to retain responsibility rather than utilize complete delegation

- Consultation with other colleagues in minimal and decision making

Becomes a solitary process

- d. Managers are less concerned with investing their own leadership development, and prefer to simply work on the task at hand.

Advantages

- Reduced stress due to increased control
- A more productive group 'while the leader is watching'
- Improved logistics of operations
- Faster decision making

Disadvantages

- Short-termistic approach to management.
- Manager perceived as having poor leadership skills
- Increased workload for the manager
- People dislike being ordered around
- Teams become dependent upon their leader

b) Democratic Style

Democratic Leadership is the leadership style that promotes the sharing of responsibility, the exercise of delegation and continual consultation.

The style has the following characteristics:

- Manager seeks consultation on all major issues and decisions.
- Manager effectively delegate tasks to subordinates and give them full control and responsibility for those tasks.
- Manager welcomes feedback on the results of initiatives and the work environment.
- Manager encourages others to become leaders and be involved in leadership development.

Advantages

- Positive work environment
- Successful initiatives
- Creative thinking
- Reduction of friction and office politics
- Reduced employee turnover

Disadvantages

- Takes long time to take decisions
- Danger of pseudo participation

Like the other styles, the democratic style is not always appropriate. It is most successful when used with highly skilled or experienced employees or when implementing operational changes or resolving individual or group problems.

c) Laissez-Faire Style

This French phrase means “leave it be” and is used to describe a leader who leaves his/her colleagues to get on with their work. The style is largely a "hands off" view that tends to minimize the amount of direction and face time required.

Advantages

- No work for the leader
- Frustration may force others into leadership roles
- Allows the visionary worker the opportunity to do what they want, free from interference
- Empowers the group

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Disadvantages

It makes employees feel insecure at the unavailability of a manager.

The manager cannot provide regular feedback to let employees know how well they are doing.

Managers are unable to thank employees for their good work.

The manager doesn't understand his or her responsibilities and is hoping the employees can cover for him or her.

LEADERSHIP THEORIES

The various leadership theories are

a) Great Man Theory: Assumptions

- Leaders are born and not made.
- Great leaders will arise when there is a great need.

Description

Early research on leadership was based on the study of people who were already great leaders. These people were often from the aristocracy, as few from lower classes had the opportunity to lead. This contributed to the notion that leadership had something to do with breeding.

The idea of the Great Man also strayed into the mythic domain, with notions that in times of need, a Great Man would arise, almost by magic. This was easy to verify, by pointing to people such as Eisenhower and Churchill, let alone those further back along the timeline, even to Jesus, Moses, Mohammed and the Buddah.

Discussion

Gender issues were not on the table when the 'Great Man' theory was proposed. Most leaders were male and the thought of a Great Woman was generally in areas other than leadership.

Most researchers were also male, and concerns about androcentric bias were a long way from being realized.

b) Trait Theory: Assumptions

- People are born with inherited traits.
- Some traits are particularly suited to leadership.
- People who make good leaders have the right (or sufficient) combination of traits.

Description

Early research on leadership was based on the psychological focus of the day, which was of people having inherited characteristics or traits. Attention was thus put on discovering these traits, often by studying successful leaders, but with the underlying assumption that if other people could also be found with these traits, then they, too, could also become great leaders.

McCall and Lombardo (1983) researched both success and failure identified four primary traits by which leaders could succeed or 'derail':

Emotional stability and composure: Calm, confident and predictable, particularly when under stress.

Admitting error: Owning up to mistakes, rather than putting energy into covering up.

Good interpersonal skills: able to communicate and persuade others without resort to negative or coercive tactics.

Intellectual breadth: Able to understand a wide range of areas, rather than having a narrow (and narrow-minded) area of expertise.

c) Behavioral Theory: Assumptions

- Leaders can be made, rather than are born.
- Successful leadership is based in definable, learnable behavior.

Description

Behavioral theories of leadership do not seek inborn traits or capabilities. Rather, they look at what leaders actually do.

If success can be defined in terms of describable actions, then it should be relatively easy for other people to act in the same way. This is easier to teach and learn than to adopt the more ephemeral 'traits' or 'capabilities'.

d) Participative Leadership: Assumptions

- Involvement in decision-making improves the understanding of the issues involved by those who must carry out the decisions.
- People are more committed to actions where they have 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.

Description

A Participative Leader, rather than taking autocratic decisions, seeks to involve other people in the process, possibly including subordinates, peers, superiors and other stakeholders. Often, however, as it is within the managers' whim to give or deny control to his or her subordinates, most participative activity is within the immediate team. The question of how much influence others are given thus may vary on the manager's preferences and beliefs, and a whole spectrum of participation is possible.

e) Situational Leadership: Assumptions

- The best action of the leader depends on a range of situational factors.

Description

When a decision is needed, an effective leader does not just fall into a single preferred style. In practice, as they say, things are not that simple.

Factors that affect situational decisions include motivation and capability of followers. This, in turn, is affected by factors within the particular situation. The relationship between followers and the leader may be another factor that affects leader behavior as much as it does follower behavior.

The leaders' perception of the follower and the situation will affect what they do rather than the truth of the situation. The leader's perception of themselves and other factors such as stress and mood will also modify the leaders' behavior.

f) Contingency Theory: Assumptions

- The leader's ability to lead is contingent upon various situational factors, including the leader's preferred style, the capabilities and behaviors of followers and also various other situational factors.

Description

Contingency theories are a class of behavioral theory that contend that there is no one best way of leading and that a leadership style that is effective in some situations may not be successful in others.

An effect of this is that leaders who are very effective at one place and time may become unsuccessful either when transplanted to another situation or when the factors around them change.

Contingency theory is similar to situational theory in that there is an assumption of no simple one right way. The main difference is that situational theory tends to focus more on the behaviors that the leader should adopt, given situational factors (often about follower behavior), whereas contingency theory takes a broader view that includes contingent factors about leader capability and other variables within the situation.

g) Transactional Leadership: Assumptions

- People are motivated by reward and punishment.
- Social systems work best with a clear chain of command.
- When people have agreed to do a job, a part of the deal is that they cede all authority to their manager.
- The prime purpose of a subordinate is to do what their manager tells them to do.

Description

The transactional leader works through creating clear structures whereby it is clear what is required of their subordinates, and the rewards that they get for following orders. Punishments are not always mentioned, but they are also well-understood and formal systems of discipline are usually in place.

The early stage of Transactional Leadership is in negotiating the contract whereby the subordinate is given a salary and other benefits, and the company (and by implication the subordinate's manager) gets authority over the subordinate.

When the Transactional Leader allocates work to a subordinate, they are considered to be fully responsible for it, whether or not they have the resources or capability to carry it out. When things go wrong, then the subordinate is considered to be personally at fault, and is punished for their failure (just as they are rewarded for succeeding).

h)Transformational Leadership: Assumptions

- People will follow a person who inspires them.
- A person with vision and passion can achieve great things.
- The way to get things done is by injecting enthusiasm and energy.

Description

Working for a Transformational Leader can be a wonderful and uplifting experience. They put passion and energy into everything. They care about you and want you to succeed. Transformational Leaders are often charismatic, but are not as narcissistic as pure Charismatic Leaders, who succeed through a belief in themselves rather than a belief in others.

One of the traps of Transformational Leadership is that passion and confidence can easily be mistaken for truth and reality.

Transformational Leaders, by definition, seek to transform. When the organization does not need transforming and people are happy as they are, then such a leader will be frustrated. Like wartime leaders, however, given the right situation they come into their own and can be personally responsible for saving entire companies.

4.7 COMMUNICATION

Communication is the exchange of messages between people for the purpose of achieving common meanings. Unless common meanings are shared, managers find it extremely difficult to influence others. Whenever group of people interact, communication takes place. Communication is

the exchange of information using a shared set of symbols. It is the process that links group members and enables them to coordinate their activities. Therefore, when managers foster effective communication, they strengthen the connections between employees and build cooperation. Communication also functions to build and reinforce interdependence between various parts of the organization. As a linking mechanism among the different organizational subsystems, communication is a central feature of the structure of groups and organizations. It helps to coordinate tasks and activities within and between organizations.

DEFINITION

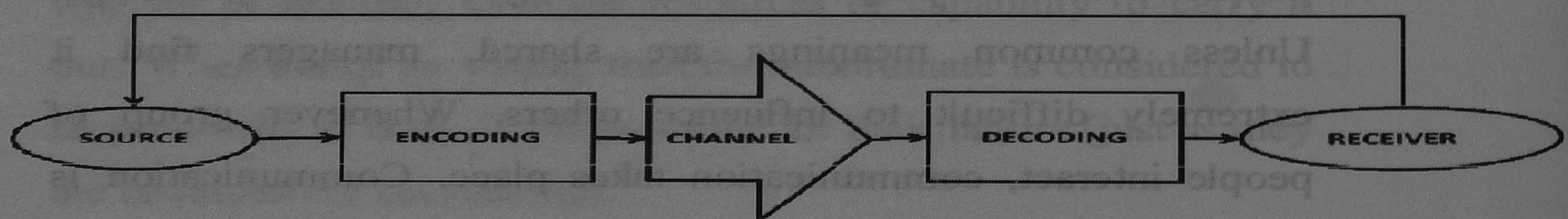
According to Koontz and O'Donnell, "Communication, is an intercourse by words, letters symbols or messages, and is a way that the organization members shares meaning and understanding with another".

THE COMMUNICATION PROCESS

Communication is important in building and sustaining human relationships at work. Communication can be thought of as a process or flow. Before communication can take place, a purpose, expressed as a message to be conveyed is needed. It passes between the sender and the receiver. The result is transference of meaning from one person to another.

The figure below depicts the communication process. This model is made up of seven parts:

(1) Source, (2) Encoding, (3) Message, (4) Channel, (5) Decoding, (6) Receiver, and (7) Feedback.



a) Source:

The source initiates a message. This is the origin of the communication and can be an individual, group or inanimate object. The effectiveness of a communication depends to a considerable degree on the characteristics of the source. The person who initiates the communication process is known as sender, source or communicator. In an organization, the sender will be a person who has a need or desire to send a message to others. The sender has some information which he wants to communicate to some other person to achieve some purpose. By initiating the message, the sender attempts to achieve understanding and change in the behaviour of the receiver.

b) Encoding:

Once the source has decided what message to communicate, the content of the message must be put in a form the receiver can understand. As the background for encoding information, the sender uses his or her own frame of reference. It includes the individual's view of the organization or situation as a function of personal education, interpersonal relationships, attitudes, knowledge and experience. Three conditions are necessary for successful encoding the message.

- **Skill:** Successful communicating depends on the skill you possess. Without the requisite skills, the message of the communicator will not reach the receiver in the desired form. One's total communicative success includes speaking, reading, listening and reasoning skills.
- **Attitudes:** Our attitudes influence our behaviour. We hold predisposed ideas on a number of topics and our communications are affected by these attitudes.

- **Knowledge:** We cannot communicate what we don't know. The amount of knowledge the source holds about his or her subject will affect the message he or she seeks to transfer.

c) The Message:

The message is the actual physical product from the source encoding. The message contains the thoughts and feelings that the communicator intends to evoke in the receiver. The message has two primary components:-

- **The Content:** The thought or conceptual component of the message is contained in the words, ideas, symbols and concepts chosen to relay the message.
- **The Affect:** The feeling or emotional component of the message is contained in the intensity, force, demeanour (conduct or behaviour), and sometimes the gestures of the communicator.

d) The Channel:

The actual means by which the message is transmitted to the receiver (Visual, auditory, written or some combination of these three) is called the channel. The channel is the medium through which the message travels. The channel is the observable carrier of the message. Communication in which the sender's voice is used as the channel is called oral communication. When the channel involves written language, the sender is using written communication. The sender's choice of a channel conveys additional information beyond that contained in the message itself. For example, documenting an employee's poor performance in writing conveys that the manager has taken the problem seriously.

f) Decoding:

Decding means interpreting what the message means. The extent to which the decoding by the receiver depends heavily

on the individual characteristics of the sender and receiver. The greater the similarity in the background or status factors of the communicators, the greater the probability that a message will be perceived accurately. Most messages can be decoded in more than one way. Receiving and decoding a message are a type of perception. The decoding process is therefore subject to the perception biases.

g) The Receiver:

The receiver is the object to whom the message is directed. Receiving the message means one or more of the receiver's senses register the message - for example, hearing the sound of a supplier's voice over the telephone or seeing the boss give a thumbs-up signal. Like the sender, the receiver is subject to many influences that can affect the understanding of the message. Most important, the receiver will perceive a communication in a manner that is consistent with previous experiences. Communications that are not consistent with expectations is likely to be rejected.

h) Feedback:

The final link in the communication process is a feedback loop. Feedback, in effect, is communication travelling in the opposite direction. If the sender pays attention to the feedback and interprets it accurately, the feedback can help the sender learn whether the original communication was decoded accurately. Without feedback, one-way communication occurs between managers and their employees. Faced with differences in their power, lack of time, and a desire to save face by not passing on negative information, employees may be discouraged from providing the necessary feedback to their managers.

Guidelines for effective Communication

- (i) Senders of message must clarify in their minds what they want to communicate. Purpose of the message and making a plan to achieve the intended end must be clarified.
- (ii) Encoding and decoding be done with symbols that are familiar to the sender and the receiver of the message.
- (iii) For the planning of the communication, other people should be consulted and encouraged to participate.
- (iv) It is important to consider the needs of the receivers of the information. Whenever appropriate, one should communicate something that is of value to them, in the short run as well as in the more distant future.
- (v) In communication, tone of voice, the choice of language and the congruency between what is said and how it is said influence the reactions of the receiver of the message.
- (vi) Communication is complete only when the message is understood by the receiver. And one never knows whether communication is understood unless the sender gets a feedback.
- (vii) The function of communication is more than transmitting the information. It also deals with emotions that are very important in interpersonal relationships between superiors, subordinates and colleagues in an organization.
- (viii) Effective communicating is the responsibility not only of the sender but also of the receiver of the information.

BARRIERSTOEFFECTIVECOMMUNICATION

Barriers to communication are factors that block or significantly distort successful communication. Effective managerial communication skills helps overcome some, but not all, barriers to communication in organizations. The more prominent barriers to effective communication which every manager should be aware of is given below:

a) Filtering:

Filtering refers to a sender manipulating information so it will be seen more favourably by the receiver. The major determinant of filtering is the number of levels in an organization's structure. The more vertical levels in the organization's hierarchy, the more opportunities for filtering. Sometimes the information is filtered by the sender himself. If the sender is hiding some meaning and disclosing in such a fashion as appealing to the receiver, then he is "filtering" the message deliberately. A manager in the process of altering communication in his favour is attempting to filter the information.

b) Selective Perception:

Selective perception means seeing what one wants to see. The receiver, in the communication process, generally resorts to selective perception i.e., he selectively perceives the message based on the organizational requirements, the needs and characteristics, background of the employees etc. Perceptual distortion is one of the distressing barriers to the effective communication. People interpret what they see and call it a reality. In our regular activities, we tend to see those things that please us and to reject or ignore unpleasant things. Selective perception allows us to keep out dissonance (the existence of conflicting elements in our perceptual set) at a tolerable level. If we encounter something that does not fit our current image of reality, we structure the situation to minimize our dissonance. Thus, we manage to overlook many stimuli from the environment that do not fit into our current perception of the world. This process has significant implications for managerial activities. For example, the employment interviewer who expects a female job applicant to put her

family ahead of her career is likely to see that in female applicants, regardless of whether the applicants feel that way or not.

c) Emotions:

How the receiver feels at the time of receipt of information influences effectively how he interprets the information. For example, if the receiver feels that the communicator is in a jovial mood, he interprets that the information being sent by the communicator to be good and interesting. Extreme emotions and jubilation or depression are quite likely to hinder the effectiveness of communication. A person's ability to encode a message can become impaired when the person is feeling strong emotions. For example, when you are angry, it is harder to consider the other person's viewpoint and to choose words carefully. The angrier you are, the harder this task becomes. Extreme emotions – such as jubilation or depression - are most likely to hinder effective communication. In such instances, we are most prone to disregard our rational and objective thinking processes and substitute emotional judgments.

d) Language:

Communicated message must be understandable to the receiver. Words mean different things to different people. Language reflects not only the personality of the individual but also the culture of society in which the individual is living. In organizations, people from different regions, different backgrounds, and speak different languages. People will have different academic backgrounds, different intellectual facilities, and hence the jargon they use varies. Often, communication gap arises because the language the sender is using may be incomprehensible, vague and indigestible.

Language is a central element in communication. It may pose a barrier if its use obscures meaning and distorts intent. Words mean different things to different people. Age, education and cultural background are three of the more obvious variables that influence the language a person uses and the definitions he or she gives to words. Therefore, use simple, direct, declarative language.

Speak in brief sentences and use terms or words you have heard from your audience. As much as possible, speak in the language of the listener. Do not use jargon or technical language except with those who clearly understand it.

e) Stereotyping:

Stereotyping is the application of selective perception. When we have preconceived ideas about other people and refuse to discriminate between individual behaviours, we are applying selective perception to our relationship with other people. Stereotyping is a barrier to communications because those who stereotype others use selective perception in their communication and tend to hear only those things that confirm their stereotyped images. Consequently, stereotypes become more deeply ingrained as we find more "evidence" to confirm our original opinion. Stereotyping has a convenience function in our interpersonal relations. Since people are all different, ideally we should react and interact with each person differently. To do this, however, requires considerable psychological effort. It is much easier to categorize (stereotype) people so that we can interact with them as members of a particular category. Since the number of categories is small, we end up treating many people the same even though they are quite different. Our communications, then, may be directed at an individual as a member of a

category at the sacrifice of the more effective communication on a personal level.

f) Status Difference

The organizational hierarchy pose another barrier to communication within organization, especially when the communication is between employee and manager. This is so because the employee is dependent on the manager as the primary link to the organization and hence more likely to distort upward communication than either horizontal or downward communication. Effective supervisory skills make the supervisor more approachable and help reduce the risk of problems related to status differences. In addition, when employees feel secure, they are more likely to be straightforward in upward communication.

g) Use of Conflicting Signals

A sender is using conflicting signals when he or she sends inconsistent messages. A vertical message might conflict with a nonverbal one. For example, if a manager says to his employees, "If you have a problem, just come to me. My door is always open", but he looks annoyed whenever an employee knocks on his door". Then we say the manager is sending conflicting messages. When signals conflict, the receivers of the message have to decide which, if any, to believe.

h) Reluctance to Communicate:

For a variety of reasons, managers are sometimes reluctant to transmit messages. The reasons could be:-

- They may doubt their ability to do so.
- They may dislike or be weary of writing or talking to others.
- They may hesitate to deliver bad news because they do not want to face a negative reaction.

- o When someone gives in to these feelings, they become a barrier to effective communications.

i) Projection:

Projection has two meanings.

(a) Projecting one's own motives into others behavior. For example, managers who are motivated by money may assume their subordinates are also motivated by it. If the subordinate's prime motive is something other than money, serious problems may arise.

(b) The use of defense mechanism to avoid placing blame on oneself. As a defense mechanism, the projection phenomenon operates to protect the ego from unpleasant communications. Frequently, individuals who have a particular fault will see the same fault in others, making their own fault seem not so serious.

j) The "Halo Effect":

The term "halo effect" refers to the process of forming opinions based on one element from a group of elements and generalizing that perception to all other elements. For example, in an organization, a good attendance record may cause positive judgments about productivity, attitude, or quality of work. In performance evaluation system, the halo effect refers to the practice of singling out one trait of an employee (either good or bad) and using this as a basis for judgments of the total employee.

CHANNELS OF COMMUNICATION

a) Formal Communication

Formal communication follows the route formally laid down in the organization structure. There are three directions in which communications flow: downward, upward and laterally (horizontal).

i) Downward Communication

Downward communication involves a message travelling to one or more receivers at the lower level in the hierarchy. The message frequently involves directions or performance feedback. The downward flow of communication generally corresponds to the formal organizational communications system, which is usually synonymous with the chain of command or line of authority. This system has received a great deal of attention from both managers and behavioral scientists since it is crucial to organizational functioning.

ii) Upward Communication

In upward communication, the message is directed toward a higher level in the hierarchy. It often takes the form of progress reports or information about successes and failures of the individuals or work groups reporting to the receiver of the message. Sometimes employees also send suggestions or complaints upward through the organization's hierarchy.

The upward flow of communication involves two distinct manager-subordinate activities in addition to feedback:

- The participation by employees in formal organizational decisions.
- Employee appeal is a result against formal organization decisions. The employee appeal is a result of the industrial democracy concept that provides for two-way communication in areas of disagreement.

iii) Horizontal Communication

When takes place among members of the same work group, among members of work groups at the same level, among managers at the same level or among any horizontally equivalent personnel, we describe it as lateral communications.

In lateral communication, the sender and receiver(s) are at the

same level in the hierarchy. Formal communications that travel laterally involve employees engaged in carrying out the same or related tasks.

The messages might concern advice, problem solving, or coordination of activities.

b) Informal Communication or Grapevine

Informal communication, generally associated with interpersonal communication, was primarily seen as a potential hindrance to effective organizational performance. This is no longer the case. Informal communication has become more important to ensuring the effective conduct of work in modern organizations.

Probably the most common term used for the informal communication in the workplace is “grapevine” and this communication that is sent through the organizational grapevine is often considered gossip or rumor. While grapevine communication can spread information quickly and can easily cross established organizational boundaries, the information it carries can be changed through the deletion or exaggeration of crucial details thus causing the information to be inaccurate – even if it’s based on truth.

The use of the organizational grapevine as an informal communication channel often results when employees feel threatened, vulnerable, or when the organization is experiencing change and when communication from management is restricted and not forthcoming.

4.8 SUMMARY

Communication is the exchange of messages between people for the purpose of achieving common meanings. Unless common meanings are shared, managers find it extremely difficult to influence others. Whenever group of

people interact, communication takes place. Communication is the exchange of information using a shared set of symbols. It is the process that links group members and enables them to coordinate their activities. Therefore, when managers foster effective communication, they strengthen the connections between employees and build cooperation.

4.9 CHECK YOUR PROGRESS

1. List types of groups
2. What are the five stages life cycle model of tuckman and jensons in group development
3. What is democratic leadership?
4. Which theory gives the assumptions that “ leaders are born and not made”
5. Channels of communications?

4.10 ANSWERS FOR CHECK YOUR PROGRESS

1. Formal groups and informal groups
2. Forming, storming, norming, performing and adjourning
3. Which promotes the sharing responsibility, the exercise of delegation and continual consultation
4. Great man theory
5. Formal communication – downward, upward and horizontal communication, Informal communication.

UNIT V ORGANISATIONAL CULTURE

5.1 INTRODUCTION

5.2 ORGANIZATIONAL CULTURE

5.3 TYPES OF ORGANIZATIONAL CULTURE

5.4 ORGANIZATIONAL CLIMATE

5.5 ORGANIZATIONAL CHANGE

5.6 SUMMARY

5.7 CHECK YOUR PROGRESS

5.8 ANSWERS TO CHECK YOUR PROGRESS

5.9 QUESTIONS

5.1 Introduction

Organizational culture is the collective behavior of humans who are part of an organization and the meanings that the people attach to their actions. Culture includes the organization values, visions, norms, working language, systems, symbols, beliefs and habits. It is also the pattern of such collective behaviors and assumptions that are taught to new organizational members as a way of perceiving, and even thinking and feeling. Organizational culture affects the way people and groups interact with each other, with clients, and with stakeholders.

Ravasi and Schultz stated that organizational culture is a set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior for various situations. At the same time although a company may have "own unique culture", in larger organizations, there is a diverse and sometimes conflicting cultures that co-exist due to different characteristics of the management team.

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5.2 Organisational Culture

Culture includes deeply held values, beliefs and assumptions, symbols, heroes, and rituals. Culture can be examined at an organizational level as well.

Organization culture can be a set of key values, assumptions, understandings and norms that is shared by members of an organization.

Organization values are fundamental beliefs that an organization considers to be important, that are relatively stable over time, and they have an impact on employees behaviors and attitudes.

Organization Norms are shared standards that define what behaviors are acceptable and desirable within organization.

Shared assumptions are about how things are done in an organization. Understandings are coping with internal/ external problems uniformly.

5.3 Types of Organizational Culture

power culture; role culture; task culture; and person culture

■ **Power culture** depends on a central power source with rays of influence from the central figure throughout the organization. A power culture is frequently found in small entrepreneurial organisations and relies on trust, empathy and personal communication for its effectiveness. Control is exercised from the centre by the selection of key individuals. There are few rules and procedures, and little bureaucracy. It is apolitical organization with decisions taken largely on the balance of influence.

■ **Role culture** is often stereotyped as a bureaucracy and works by logic and rationality. Role culture rests on the strength of strong organizational 'pillars' – the functions of specialists in, for example, finance, purchasing and production. The work of, and

interaction between, the pillars is controlled by procedures and rules, and coordinated by the pediment of a small band of senior managers. Role or job description is often more important than the individual and position power is the main source of power.

■ **Task culture** is job-oriented or project-oriented. In terms of structure the task culture can be likened to a net, some strands of which are stronger than others, and with much of the power and influence at the interstices. An example is the matrix organisation. Task culture seeks to bring together the right resources and people, and utilises the unifying power of the group. Influence is widely spread and based more on expert power than on position or personal power.

■ **Person culture** is where the individual is the central focus and any structure exists to serve the individuals within it. When a group of people decide that it is in their own interests to band together to do their own thing and share office space, equipment or clerical assistance then the resulting organisation would have a person culture.

Examples are groups of barristers, architects, doctors or consultants. Although it is found in only a few organisations many individuals have a preference for person culture, for example university professors and specialists. Management hierarchies and control mechanisms are possible only by mutual consent. Individuals have almost complete autonomy and any influence over them is likely to be on the basis of personal power.

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5.4 Organizational Climate

Organizational climate (sometimes known as Corporate Climate) is a set of properties of the work environment, perceived directly or indirectly by the employees, that is assumed to be a major force in influencing employee behavior.

Applied to organisations, climate can be said to relate to the prevailing atmosphere surrounding the organisation to the level of morale, and to the strength of feelings or belonging, care and goodwill among members. Climate will influence the attitudes which members of the organisations bring to bear on their work performance and personal relationships. The extent to which employees accept the culture of the organisation will have a significant effect on climate. From a detailed study of approaches to Organisational Climate, Moran and Volkwein conclude that

“... since climate operates at a more accessible level than culture, it is more malleable and hence more appropriate level at which to target short-term interventions aimed at producing positive organizational change....”[however] interventions to change climate must consider the deeper patterns embedded in an organisation’s climate.

Organizational climate clearly influences the success of an organization. Many organizations, however, struggle to cultivate the climate they need to succeed and retain their most highly effective employees. It refers to the degree to which an organization focuses on and emphasizes:

- Innovation
- Flexibility
- Appreciation and recognition
- Concern for employee well-being
- Learning and development
- Citizenship and ethics

- Quality performance

- Involvement and empowerment

- Leadership

5.4.1 Determinants of Organisation Climate

- 1. Structure - feelings about constraints and freedom to act and the degree of formality or informality in the working atmosphere.

- 2. Responsibility - the feeling of being trusted to carry out important work.

- 3. Risk - the sense of riskiness and challenge in the job and in the organization; the relative emphasis on taking calculated risks or playing it safe.

- 4. Warmth - the existence of friendly and informal social groups.

- 5. Support - the perceived helpfulness of managers and co-workers; the emphasis (or lack of emphasis) on mutual support.

- 6. Standards - the perceived importance of implicit and explicit goals and performance standards; the emphasis on doing a good job; the challenge represented in personal and team goals.

- 7. Conflict - the feeling that managers and other workers want to hear different opinions; the emphasis on getting problems out into the open rather than smoothing them over or ignoring them.

- 8. Identity - the feeling that you belong to a company; that you are a valuable member of a working team.

- 9. Autonomy - the perception of self-determination with respect to work procedures, goals and priorities;

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- 10. Cohesion - the perception of togetherness or sharing within the organization setting, including the willingness of members to provide material risk;
- 11. Trust - the perception of freedom to communicate openly with members at higher organizational levels about sensitive or personal issues, with the expectation that the integrity of such communications will not be violated;
- 12. Resource - the perception of time demands with respect to task competition and performance standards;
- 13. Support - the perception of the degree to which superiors tolerate members' behaviour, including willingness to let members learn from their mistakes without fear of reprisal;
- 14. Recognition – the perception that members' contributions to the organization are acknowledged;
- 15. Fairness - the perception that organizational policies are non-arbitrary or capricious;
- 16. Innovation - the perception that change and creativity are encouraged, including risk-taking into new areas where the member has little or no prior experience.

5.5 Organizational Change

Organizational change is the process by which organizations move from their present state to some desired future state to increase their effectiveness. Characteristically change is –

- Vital if a company were to avoid stagnation;
- A process and not an event;
- Normal and constant;
- Fast and is likely to increase further in the present competitive business;

- ‘directive’, that is , implemented by ‘top down’ management or ‘participative’, that is, involving those parties impacted by change;
- Is ‘natural’, that evolutionary or ‘adaptive’, that is a reaction to external circumstances and pressures;
- Is interdependent on organizational environment or culture.
- Change management must take into account each of the three components, namely,
- The historical and political evolution of the company;
- The management and organisation of the company; and
- The people who work for the company.

5.5.1 Importance of Change

Change is inevitable. Life itself is almost synonymous with the concept of change. All organisms must adapt to the demand of their environments and their own stages of growth. Through history, animals and plants that have not been able to adapt or change when necessary have become extinct. Similarly, humans ‘grow up’, leaving behind the characteristics of earlier stages of development and adopting new behavior to age, environment, and expectations. An organisation is not much different.

An organization cannot and should not remain constant over time. Even if the management does not want to change, external pressures force it to change.

Not only is change inevitable, it is pervasive too. The concept runs through all aspects of the study of organizational behavior. A casual reflection on change should indicate that it encompasses almost all concepts in the OB literature. Think about leadership, motivation, organizational environment, and roles. It is

impossible to think about these and other concepts with enquiring about change.

But the word change is not liked by many people. It produces emotional reactions. It is not a neutral word. To many people it is threatening; it conjures up visions of a revolutionary- a dissatisfied person, a trouble maker and a malcontent.

5.5.2 Causes of Change

External causes

Globalization

Workforce diversity

Technological change

Managing ethical behavior

Government policies

Competition

internal causes

organizational silence

falling effectiveness

crisis

changing employee expectations

change in the climate

Scarcity of resources

5.5.2a External Causes

Globalization: the major players in the global market are the multinational corporations (MNCs). MNCs seek entry in the Indian market through joint ventures. Globalization has made organizations to rethink the boundaries of their markets and to encourage their employees to think globally. Globalizing an organization means rethinking the most efficient ways to use resources, gather and disseminate information, and develop people to become Global citizens.

Workforce diversity: a powerful external force invoking change. Diversity makes an organization reposition itself, reposition is strategy from a brick and mortar to an e-commerce environment, launch a new project, create a new idea, develop a new marketing plan, design a new operation ad assess emerging trend from a new perspective.

Technological change: Technological innovations bring about profound change because they are not just changes in the way work is performed. Instead the innovation process promotes associated changes in work relationships and organizational structures. Technological innovations result in flatter structures, decentralized decision-making, and more open communication across the employees.

Managing Ethical Behavior: Recent scandals have brought the issue of ethical behavior in organizations to the forefront of public consciousness. Ethical issues, however, are not always public and monumental. Employees face ethical dilemmas in their daily work lives. The need to manage ethical behavior has brought about several changes in organizations. Most centre around the idea that an organization must create a culture that encourages ethical conduct.

Ethical behavior should touch areas as product safety, employee health, sexual harassment, AIDS in the workplace, smoking, acid rain, affirmative actions, Waste disposal, and the like. Strategies covering these and other areas need to be formulated and implemented keeping ethical implications in mind.

Others: the other external forces invoking change include changes in government policies, competition, and scarcity of resources. These are too self-evident, needing any clarification.

5.5.2b Internal Causes

Internal causes that trigger change are several. Employers hope that employees will recognize and report problems that must be addressed. In some organizations, however, there is norm of organizational silence in which employees avoid bringing up certain issues, even when everyone is aware that a problem does exist.

Falling effectiveness is another internal trigger for change. An organisation that experience its third quarterly loss within a fiscal year is motivated to do something about it. Some companies react drastically-resorting to layoffs, cost-cutting programmes, and the like.

A crisis may also instigate change in an organisation. The resignation of a key executive may cause the company to rethink the composition of its management team and its role in the organization.

Differing employee expectations can also trigger change in organisations. Expectations of young and newly hired employees are different than those of old employee. Youngsters are more career-oriented than their old counterparts and are known for organizational restlessness. Retaining and motivating such employees is a challenge for any firm.

Change in the work climate of an organisation can stimulate change. A workforce that seems lethargic, apathetic and dissatisfied is a symptom that must be addressed. This symptom is common in organisation that have experienced lay-offs. Workers who have escaped a lay-off may grieve for those who have lost their jobs and find it hard to continue to be productive. They may feel that they will also be laid off one day, and feel insecure in their jobs.

5.5.2c Resistance to Change

Some common reasons for individual resistance to change within organizations include the following:

Selective perception

People's own interpretation of stimuli presents a unique picture or image of the 'real' world and can result in selective perception. This can lead to a biased view of a particular situation, which fits most comfortably into a person's own perception of reality, and can cause resistance to change. For example, trade unionists may have a stereotyped view of management as untrustworthy and therefore oppose any management change, however well founded might have been the intention. Managers exposed to different theories or ideas may tend to categorise these as either: those they already practise and have no need to worry about or those that are of no practical value and which can be discarded as of no concern to them.

Habit

People tend to respond to situations in an established and accustomed manner. Habits may serve as a means of comfort and security, and as a guide for easy decision-making. Proposed changes to habits, especially if the habits are well established and require little effort, may well be resisted. However, if there is a clearly perceived advantage, for example a reduction in working hours without loss of pay, there is likely to be less, if any, resistance to the change, although some people may, because of habit, still find it difficult to adjust to the new times.

Inconvenience or loss of freedom

If the change is seen as likely to prove inconvenient, make life more difficult, reduce freedom of action or result in increased control, there will be resistance.

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Economic implications

People are likely to resist change which is perceived as reducing either directly or indirectly their pay or other rewards, requiring an increase in work for the same level of pay or acting as a threat to their job security. People tend to have established patterns of working and a vested interest in maintaining the status quo.

Security in the past

There is a tendency for some people to find a sense of security in the past. In times of frustration or difficulty, or when faced with new or unfamiliar ideas or methods, people may reflect on the past. There is a wish to retain old and comfortable ways. For example, in bureaucratic organisations, officials often tend to place faith in well-established ('tried and trusted') procedures and cling to these as giving a feeling of security.

Fear of the unknown

Changes which confront people with the unknown tend to cause anxiety or fear. Many major changes in a work organisation present a degree of uncertainty; for example, the introduction of new technology or methods of working. A person may resist promotion because of uncertainty over changes in responsibilities or the increased social demands of the higher position.

Although organisations have to adapt to their environment, they tend to feel comfortable operating within the structure, policies and procedures which have been formulated to deal with a range of present situations. To ensure operational effectiveness, organisations often set up defenses against change and prefer to concentrate on the routine things they perform well.

Some of the main reasons for organizational resistance against change are as follows.

Organisation culture

Recall that the culture of an organisation develops over time and may not be easy to change. The pervasive nature of culture in terms of 'how things are done around here' also has a significant effect on organisational processes and the behaviour of staff. An ineffective culture may result in a lack of flexibility for, or acceptance of, change.

Maintaining stability

Organisations, especially large-scale ones, pay much attention to maintaining stability and predictability. The need for formal organization structure and the division of work, narrow definitions of assigned duties and responsibilities, established rules, procedures and methods of work, can result in resistance to change. The more mechanistic or bureaucratic the structure, the less likely it is that the organisation will be responsive to change.

For example, *Cloke and Goldsmith* refer to: 'the command-and-control relationship between managers and employees generating an institutional blindness that blocks, frustrates, and reduces the speed, extent, and effectiveness of change'.

Investment in resources

Change often requires large resources which may already be committed to investments in other areas or strategies. Assets such as buildings, technology, equipment and people cannot easily be altered. For example, a car manufacturer may not find it easy to change to a socio-technical approach and the use of autonomous work groups because it cannot afford the cost of a new purpose-built plant and specialised equipment.

Past contracts or agreements

Organisations enter into contracts or agreements with other parties, such as the government, other organisations, trade unions, suppliers and customers. These contracts and agreements can limit changes in behaviour – for example, organisations operating under a special licence or permit, or a fixed-price contract to supply goods/services to a government agency. Another example might be an agreement with trade unions which limits the opportunity to introduce compulsory redundancies, or the introduction of certain new technology or working practices.

Threats to power or influence

Change may be seen as a threat to the power or influence of certain groups within the organisation, such as their control over decisions, resources or information. For example, managers may resist the introduction of quality circles or worker-directors because they see this as increasing the role and influence of non-managerial staff, and a threat to the power in their own positions. Where a group of people have, over a period of time, established what they perceive as their 'territorial rights', they are likely to resist change.

5.6 SUMMARY

- ❖ Organizational Culture includes the organization values, visions, norms, working language, systems, symbols, beliefs and habits.
- ❖ Power culture depends on a central power source with rays of influence from the central figure throughout the organization
- ❖ Role culture is termed as bureaucracy and works by logic and rationality
- ❖ Task culture is job-oriented or project-oriented
- ❖ Person culture is where the individual is the central focus and any structure exists to serve the individuals within it
- ❖ Organizational climate is a set of properties of the work environment, perceived directly or indirectly by the employees, that is assumed to be a major force in influencing employee behavior
- ❖ Organizational change is the process by which organizations move from their present state to some desired future state to increase their effectiveness
- ❖ Change is inevitable
- ❖ Globalization, crisis, workforce diversity and technological change are some of the causes of change.
- ❖ Some of the determinants of Organizational Climate – Structure, Responsibility, Risk, Support.
- ❖ Resistance to change includes selective perception, individual's habit, inconvenience or loss of freedom

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5.7 CHECK YOUR PROGRESS

1. List types of organizational culture
2. What are organization Norms ?

5.8 ANSWERS FOR CHECK YOUR PROGRESS

1. Power culture 2. Role culture 3. Task culture 4. Person culture
2. They are shared standards that define what behaviours are acceptable and desirable within organisation

5.9 Questions:

Brief any two (i) Role Culture (ii) Power Culture (iii) Person Culture

1. What is Organizational Climate?
2. Why change is necessary?
3. Explain the causes of change.
4. What are the determinants of Organizational Climate?
5. Explain any six reasons to resist change.

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