Principles of Management and Organizational Behaviour

Volume I

Block I: Introduction to Management
Block II: Functions of Management
Block III: Individual Behaviour

UTTARAKHAND OPEN UNIVERSITY

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SYLLABUS

Course Name: Principles of Management and Organizational Behaviour
Course Code: MS 101

Course Objective:

The objective of this course is to acquaint the student with the fundamentals of management concepts and its application in organizations. Further, this course enables learners to understand the intricacies of group and individual behaviour and help students to apply the concept of team building, leadership, managerial effectiveness and conflict resolutions in business organisations.

BLOCK I INTRODUCTION TO MANAGEMENT

Unit 1	Concept and Nature of Management
Unit 2	Development of Management Thoughts
Unit 3	Management Functions and Skills
Unit 4	Emerging Horizons of Management
Unit 5	Management Practices across the World

BLOCK II FUNCTIONS OF MANAGEMENT

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UNIT 1	**INTRODUCTION TO MANAGEMENT**

STRUCTURE

1.1 INTRODUCTION

Management in businesses and other organizations, including not-for-profit organizations and government bodies, refers to the individuals who set the strategy of the organization and coordinate the efforts of employees or volunteers, in the case of some voluntary organizations to accomplish objectives by using available human, financial and other resources efficiently and effectively. Management typically includes planning, organizing, selecting the staff, leading or directing, and controlling an organization to accomplish various goals. Resourcing encompasses the deployment and manipulation of human resources, financial resources, technological resources, natural resources and other resources.

Management is a vital aspect of the economic life of man, which is an organized group activity. A central directing and controlling agency is indispensable for a business concern. The productive resources material, labour, capital etc. are entrusted to the organizing skill, administrative ability and enterprising initiative of the management. Thus, management provides leadership to a business enterprise. Without able managers and effective managerial leadership the resources of production remain merely resources and never become production. Under competitive economy and ever-changing environment the quality and performance of managers determine both the survival as well as success of any business enterprise. Management occupies such an important place in the modern world that the welfare of the people and the destiny of the country are very much influenced by it. Management is necessary for a business firm, government enterprises, education and health services, military organizations, trade associations and so on.

1.2 OBJECTIVES

After reading this unit you will be able to understand:

Introduction to Management

Meaning of Management

Definitions of Management

Concept of Management

Nature of Management

1.3 MEANING AND DEFINITIONS OF MANAGEMENT

Management is the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively. It is an operative force in all complex organizations trying to achieve some stated objectives.

Management may be defined in many different ways. Many eminent authors on the subject have defined the term "management", some of these definitions are reproduced below:

According to **Lawrence A Appley -** "Management is the development of people and not the direction of things".

According to **Joseph Massie -** "Management is defined as the process by which a co-operative group directs action towards common goals".

In the words of **George R Terry -** "Management is a distinct process consisting of planning, organizing, actuating and controlling performed to determine and accomplish the objectives by the use of people and resources".

According to **James L Lundy -** "Management is principally the task of planning, co-ordinating, motivating and controlling the efforts of others towards a specific objective".

In the words of **Henry Fayol -** "To manage is to forecast and to plan, to organize, to command, to co-ordinate and to control".

According to **Peter F Drucker -** "Management is a multi-purpose organ that manages a business and manages managers and manages worker and work".

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

In the words of **Koontz and O'Donnel -** "Management is defined as the creation and maintenance of an internal environment in an enterprise where individuals working together in groups can perform efficiently and effectively towards the attainment of group goals".

According to **Ordway Tead -** "Management is the process and agency which directs and guides the operations of an organisation in realizing of established aims".

According to **Stanley Vance -** "Management is simply the process of decision-making and control over the actions of human beings for the express purpose of attaining pre-determined goals".

According to **Wheeler -** "Business management is a human activity which directs and controls the organisation and operation of a business enterprise. Management is centered in the administrators of managers of the firm who integrate men, material and money into an effective operating limit".

In the words of **William Spriegel -** "Management is that function of an enterprise which concerns itself with the direction and control of the various activities to attain the business objectives".

NOTES

In the words of **S. George -** "Management consists of getting things done through others. Manager is one who accomplishes the objectives by directing the efforts of others".

In the words of **Keith and Gubellini -** "Management is the force that integrates men and physical plant into an effective operating unit".

According to **Newman, Summer and Warren -** "The job of management is to make cooperative endeavour to function properly. A manager is one who gets things done by working with people and other resources".

According to **John F M -** "Management may be defined as the art of securing maximum results with a minimum of effort so as to secure maximum results with a minimum of effort so as to secure maximum prosperity and happiness for both employer and employee and give the public the best possible service".

In the words of **Kimball and Kimball -** "Management embraces all duties and functions that pertain to the initiation of an enterprise, its financing, the establishment of all major policies, the provision of all necessary equipment, the outlining of the general form of organisation under which the enterprise is to operate and the selection of the principal officers. The group of officials in primary control of an enterprise is referred to as management".

In the words of **E.F.L. Brech -** "Management is a social process entailing responsibility for the effective and economical planning and regulation of the operations of an enterprise, in fulfillment of a given purpose or task, such responsibility involving: (a) judgment and decision in determining plans and in using data to control performance, and progress against plans; and (b) the guidance, integration, motivation and supervision of the personnel composing the enterprise and carrying out its operations".

According to **E. Peterson and E.G Plowman -** Management is "a technique by means of which the purpose and objectives of a particular human group are determined, classified and effectuated".

According to **Mary Cushing Niles -** "Good management or scientific management achieves a social objective with the best use of human and material energy and time and with satisfaction for the participants and the public".

1.4 CONCEPT OF MANAGEMENT

Management is a Universal Process. It has its place not only in business concern but also in political, religious, charitable, armed force and even educational institution; hence management is the practice of consciously and continuously shaping organizations. All organizations have people who are responsible for helping them

achieve their goals. With the increase in the complexities of management of business concerns in the present- day economic world, the importance of management has increased considerably. Management occupies such an important place in the modern world that the welfare of the people and the destiny of any country are very much influenced by proper management.

Traditionally management meant getting things done through others. In this context C.S. George views, Management consists of getting things through others; a manager is one, who accomplishes objectives by directing the efforts of others. Hence traditional concept of management restricted management to getting things done. According to modern view, management covers wide range of business related activities. As per the modern thinkers management is a process, an activity a discipline and an effort to coordinate, control and direct individual and group efforts towards attaining the cherished goal of the business. There are 5 concepts of management. They are:

1. Functional concept

Management basically is the task of planning, coordinating, motivating and controlling the efforts of other towards the goals and objectives of the organization. According to this concept, management is what a manager does (planning, executing, and controlling)

2. Human relation concept

According to this concept, Management is the art of getting things done through and with people in organized groups. It is the art of creating an environment in which people can perform and individuals could cooperate towards attaining of group goals. It is an art of removing blanks to such performance a way of optimizing efficiency in reaching goals.

3. Leadership and decision making concept

According to this concept, management is the art and science of preparing, organizing, directing human efforts applied to control the forces and utilize the materials of nature for the benefits to man.

4. Productive concept

According to this concept, management may be defined as the art of securing maximum prosperity with a minimum effort so as to secure maximum prosperity and happiness for both employer and employee and provide best services thereby.

5. Integration concept

According to this concept, management is the coordination of human and material resources towards the achievement of organizational objectives as well as

the organization of the productive functions essential for achieving stated or accepted economic goal.

These above definition of management, given by different writers and authorities, are found giving different senses. Virtually, the five concepts are found developed by the authorities emphasizing in different aspects. However, it has been realized by many that it will not be fair to define management based upon any one aspect. Management can be taken as process-managerial process or social process either engage in planning, organizing, staffing, directing and controlling or mobilizing the group activities to achieve the corporate goals.

1.5 CHARACTERISTICS OF MANAGEMENT

An analysis of the various definitions of management indicates that management has certain characteristics. The following are the salient characteristics of management:

1. Management aims at reaping rich results in economic terms: Manager's primary task is to secure the productive performance through planning, direction and control. It is expected of the management to bring into being the desired results. Rational utilization of available resources to maximize the profit is the economic function of a manager. Professional manager can prove his administrative talent only by economizing the resources and enhancing profit. According to Kimball - "Management is the art of applying the economic principles that underlie the control of men and materials in the enterprise under consideration".

2. Management also implies skill and experience in getting things done through people: Management involves doing the job through people. The economic function of earning profitable return cannot be performed without enlisting co-operation and securing positive response from "people". Getting the suitable type of people to execute the operations is the significant aspect of management. In the words of Koontz and O'Donnell - "Management is the art of getting things done through people in formally organized groups".

3. Management is a process: Management is a process, function or activity. This process continues till the objectives set by administration are actually achieved. "Management is a social process involving co-ordination of human and material resources through the functions of planning, organizing, staffing, leading and controlling in order to accomplish stated objectives".

4. Management is a universal activity: Management is not applicable to business undertakings only. It is applicable to political, social, religious and educational institutions also. Management is necessary when group effort is required.

5. Management is a Science as well as an Art: Management is an art because there are definite principles of management. It is also a science because by the application of these principles predetermined objectives can be achieved.

6. Management is a Profession: Management is gradually becoming a profession because there are established principles of management which are being applied in practice, and it involves specialized training and is governed by ethical code arising out of its social obligations.

7. Management is an endeavour to achieve pre-determined objectives: Management is concerned with directing and controlling of the various activities of the organisation to attain the pre-determined objectives. Every managerial activity has certain objectives. In fact, management deals particularly with the actual directing of human efforts.

8. Management is a group activity: Management comes into existence only when there is an group activity towards a common objective. Management is always concerned with group efforts and not individual efforts. To achieve the goals of an organisation management plans, organizes, co-ordinates, directs and controls the group effort.

9. Management is a system of authority: Authority means power to make others act in a predetermined manner. Management formalizes a standard set of rules and procedure to be followed by the subordinates and ensures their compliance with the rules and regulations. Since management is a process of directing men to perform a task, authority to extract the work from others is implied in the very concept of management.

10. Management involves decision-making: Management implies making decisions regarding the organisation and operation of business in its different dimensions. The success or failure of an organisation can be judged by the quality of decisions taken by the managers. Therefore, decisions are the key to the performance of a manager.

11. Management implies good leadership: A manager must have the ability to lead and get the desired course of action from the subordinates. According to R. C. Davis - "management is the function of executive leadership everywhere". Management of the high order implies the capacity of managers to influence the behaviour of their subordinates.

12. Management is dynamic and not static: The principles of management are dynamic and not static. It has to adopt itself according to social changes.

13. Management draws ideas and concepts from various disciplines: Management is an interdisciplinary study. It draws ideas and concepts from various

disciplines like economics, statistics, mathematics, psychology, sociology, anthropology etc.

14. Management is Goal Oriented: Management is a purposeful activity. It is concerned with the achievement of pre-determined objectives of an organisation.

15. Different Levels of Management: Management is needed at different levels of an organisation namely top level, middle level and lower level.

16. Need of organisation: There is the need of an organisation for the success of management. Management uses the organisation for achieving pre-determined objectives.

17. Management need not be owners: It is not necessary that managers are owners of the enterprise. In joint stock companies, management and owners (capital) are different entities.

18. Management is intangible: It cannot be seen with the eyes. It is evidenced only by the quality of the organisation and the results i.e., profits, increased productivity etc.

1.6 NATURE OF MANAGEMENT

The nature of management can be described as follows:

1. Multidisciplinary: Management is multidisciplinary because it includes knowledge/information from various disciplines- economics, statistics, maths, psychology, sociology, ecology, operations research, history, etc. Management integrates the ideas and concepts taken from these disciplines and presents newer concepts which can be put into practice for managing the organizations.

2. Management is dynamic: Management has framed certain principles, which are flexible in nature and change with the changes in the environment in which an organization exits.

3. Relative, Not Absolute Principles: Management principles are relative, not absolute, and they should be applied according to the need of the organization. A particular management principle has different strengths in different conditions. Therefore, principles should be applied according to the prevailing conditions.

4. Management: Science or Art: Management likes other practices- whether medicine, music composition, or even accountancy- is an art. It is know-how. Yet managers can work better by using the organized knowledge about management. It is this knowledge that constitutes science. Thus, managing as practice is an art; the organized knowledge underlying the practice may be referred to as science.

5. Management as Profession: Management has been regarded as a profession by many while many have suggested that it has not achieved the status of a profession. Schein concluded that by some criteria management is indeed a profession, but by other criteria it is not. Today we can see many signs that management is working towards increased professionalism.

6. Management is Universal: Management is a universal phenomenon. However, management principles are not universally applicable but are to be modified according to the needs of the situation.

1.7 LEVELS OF MANAGEMENT

Generally, there are Three Levels of Management, these are;

1. Administrative or Top Level of Management.

2. Executive or Middle Level of Management.

3. Supervisory or Lower Level of Management.

1. Top Level of Management

The Top Level Management consists of the Board of Directors (BOD) and the Chief Executive Officer (CEO). The Chief Executive Officer is also called General Manager (GM) or Managing Director (MD) or President. The Board of Directors are the representatives of the Shareholders, i.e. they are selected by the Shareholders of the company. Similarly, the Chief Executive Officer is selected by the Board of Directors of an organisation.

The main role of the top level management is summarized as follows:-

a) The top level management determines the objectives, policies and plans of the organisation.

b) They mobilises (assemble and bring together) available resources.

c) The top level management does mostly the work of thinking, planning and deciding. Therefore, they are also called as the Administrators and the Brain of the organisation.

d) They spend more time in planning and organising.

e) They prepare long-term plans of the organisation which are generally made for 5 to 20 years.

f) The top level management has maximum authority and responsibility. They are the top or final authority in the organisation. They are directly responsible to the Shareholders, Government and the General Public.

The success or failure of the organisation largely depends on their efficiency and decision making.

g) They require more conceptual skills and less technical Skills.

2. Middle Level of Management

The Middle Level Management consists of the Departmental Heads (HOD), Branch Managers, and the Junior Executives. The Departmental heads are Finance Managers, Purchase Managers, etc. The Branch Managers are the head of a branch or local unit. The Junior Executives are Assistant Finance Managers, Assistant Purchase Managers, etc. The Middle level Management is selected by the Top Level Management.

The middle level management emphasizes more on following tasks:-

a) Middle level management gives recommendations (advice) to the top level management.

b) It executes (implements) the policies and plans which are made by the top level management.

c) It co-ordinate the activities of all the departments.

d) They also have to communicate with the top level Management and the lower level management.

e) They spend more time in co-ordinating and communicating.

f) They prepare short-term plans of their departments which are generally made for 1 to 5 years.

g) The Middle Level Management has limited authority and responsibility. They are intermediary between top and lower management. They are directly responsible to the chief executive officer and board of directors.

h) Require more managerial and technical skills and less conceptual skills.

3. Lower Level of Management

The lower level management consists of the Foremen and the Supervisors. They are selected by the middle level management. It is also called Operative / Supervisory level or First Line of Management.

The lower level management performs following activities:-

a) Lower level management directs the workers / employees.

b) They develop morale in the workers.

c) It maintains a link between workers and the middle level management.

d) The lower level management informs the workers about the decisions

which are taken by the management. They also inform the management about the performance, difficulties, feelings, demands, etc., of the workers.

e) They spend more time in directing and controlling.

f) The lower level managers make daily, weekly and monthly plans.

g) They have limited authority but important responsibility of getting the work done from the workers. They regularly report and are directly responsible to the middle level management.

h) Along with the experience and basic management skills, they also require more technical and communication skills.

1.8 IMPORTANCE OF MANAGEMENT

Importance of Management can be summarized as follows:

1. It helps in Achieving Group Goals

It arranges the factors of production, assembles and organizes the resources, integrates the resources in effective manner to achieve goals. It directs group efforts towards achievement of pre-determined goals. By defining objective of organization clearly there would be no wastage of time, money and effort. Management converts disorganized resources of men, machines, money etc. into useful enterprise. These resources are coordinated, directed and controlled in such a manner that enterprise work towards attainment of goals.

2. Optimum Utilization of Resources

Management utilizes all the physical & human resources productively. This leads to efficacy in management. Management provides maximum utilization of scarce resources by selecting its best possible alternate use in industry from out of various uses. It makes use of experts, professional and these services leads to use of their skills, knowledge, and proper utilization and avoids wastage. If employees and machines are producing its maximum there is no under employment of any resources.

Reduces Costs - It gets maximum results through minimum input by proper planning and by using minimum input & getting maximum output. Management uses physical, human and financial resources in such a manner which results in best combination. This helps in cost reduction.

3. Establishes Sound Organization

No overlapping of efforts (smooth and coordinated functions). To establish sound organizational structure is one of the objective of management which is in tune with objective of organization and for fulfillment of this, it establishes effective

authority & responsibility relationship i.e. who is accountable to whom, who can give instructions to whom, who are superiors & who are subordinates. Management fills up various positions with right persons, having right skills, training and qualification. It ensures that all jobs should be cleared to everyone.

4. Establishes Equilibrium

It enables the organization to survive in changing environment. It keeps in touch with the changing environment. With the change is external environment, the initial co-ordination of organization must be changed. So it adapts organization to changing demand of market / changing needs of societies. It is responsible for growth and survival of organization.

5. Essentials for Prosperity of Society

Efficient management leads to better economical production which helps in turn to increase the welfare of people. Good management makes a difficult task easier by avoiding wastage of scarce resource. It improves standard of living. It increases the profit which is beneficial to business and society will get maximum output at minimum cost by creating employment opportunities which generate income in hands. Organization comes with new products and researches beneficial for society.

1.9 SUMMARY

Management in businesses and other organizations, including not-for-profit organizations and government bodies, refers to the individuals who set the strategy of the organization and coordinate the efforts of employees or volunteers, in the case of some voluntary organizations to accomplish objectives by using available human, financial and other resources efficiently and effectively.

Management is a vital aspect of the economic life of man, which is an organized group activity. A central directing and controlling agency is indispensable for a business concern. The productive resources material, labour, capital etc. are entrusted to the organizing skill, administrative ability and enterprising initiative of the management. Thus, management provides leadership to a business enterprise. Without able managers and effective managerial leadership the resources of production remain merely resources and never become production. Under competitive economy and ever-changing environment the quality and performance of managers determine both the survival as well as success of any business enterprise. Management occupies such an important place in the modern world that the welfare of the people and the destiny of the country are very much influenced by it. Management is necessary for a business firm, government enterprises, education and health services, military organizations, trade associations and so on.

Management is the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively. It is an operative force in all complex organizations trying to achieve some stated objectives.

Management is a Universal Process. It has its place not only in business concern but also in political, religious, charitable, armed force and even educational institution; hence management is the practice of consciously and continuously shaping organizations. All organizations have people who are responsible for helping them achieve their goals. With the increase in the complexities of management of business concerns in the present- day economic world, the importance of management has increased considerably. Management occupies such an important place in the modern world that the welfare of the people and the destiny of any country are very much influenced by proper management.

Traditionally management meant getting things done through others. In this context C.S. George views, Management consists of getting things through others; a manager is one, who accomplishes objectives by directing the efforts of others. Hence traditional concept of management restricted management to getting things done. According to modern view, management covers wide range of business related activities. As per the modern thinkers management is a process, an activity a discipline and an effort to coordinate, control and direct individual and group efforts towards attaining the cherished goal of the business. There are 5 concepts of management.

Management aims at reaping rich results in economic terms: Manager's primary task is to secure the productive performance through planning, direction and control. It is expected of the management to bring into being the desired results. Rational utilization of available resources to maximize the profit is the economic function of a manager. Professional manager can prove his administrative talent only by economizing the resources and enhancing profit. According to Kimball - "management is the art of applying the economic principles that underlie the control of men and materials in the enterprise under consideration".

Management utilizes all the physical & human resources productively. This leads to efficacy in management. Management provides maximum utilization of scarce resources by selecting its best possible alternate use in industry from out of various uses. It makes use of experts, professional and these services leads to use of their skills, knowledge, and proper utilization and avoids wastage. If employees and machines are producing its maximum there is no under employment of any resources.

Efficient management leads to better economical production which helps in turn to increase the welfare of people. Good management makes a difficult task

easier by avoiding wastage of scarce resource. It improves standard of living. It increases the profit which is beneficial to business and society will get maximum output at minimum cost by creating employment opportunities which generate income in hands. Organization comes with new products and researches beneficial for society.

1.9 GLOSSARY

a) Management: Management is the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively. It is an operative force in all complex organizations trying to achieve some stated objectives.

b) Management concept: Management concept is the distinct process consisting of planning, organizing, activating, and controlling activities performed to determine and accomplishes the objectives by the use of people and resources

c) Top Level of Management: The Top Level Management consists of the Board of Directors (BOD) and the Chief Executive Officer (CEO). The Chief Executive Officer is also called General Manager (GM) or Managing Director (MD) or President.

d) Middle Level of Management: The Middle Level Management consists of the Departmental Heads (HOD), Branch Managers, and the Junior Executives. The Departmental heads are Finance Managers, Purchase Managers, etc.

e) Lower Level of Management: The lower level management consists of the Foremen and the Supervisors. They are selected by the middle level management. It is also called Operative / Supervisory level or First Line of Management.

f) Science: Science is a systematic body of knowledge pertaining to a specific field of study that contains general facts which explains a phenomenon. It establishes cause and effect relationship between two or more variables and underlines the principles governing their relationship.

g) Arts: Art implies application of knowledge & skill to trying about desired results. An art may be defined as personalized application of general theoretical principles for achieving best possible results.

h) Profession: Profession may be defined as an occupation that requires specialized knowledge and intensive academic preparations to which entry is regulated by a representative body.

1.10 ANSWER TO CHECK YOUR PROGRESS/ POSSIBLE ANSWERS TO SAQ

1.10.1 Short answer questions

1. Give the meaning of Management.

2. Define the term Management.

3. What is Management Concept?

4. What is Top Level Management?

5. What is Middle Level Management?

6. What is Lower Level Management?

1.10.2 Extended answer questions

1. Discuss in brief about concept of Management.

2. Explain various characteristics of Management.

3. Discuss nature of Management.

4. Explain various levels of Management.

5. Discuss importance of Management.

1.10.3 True-false

1. Management is the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively.

2. Science is an operative force in all complex organizations trying to achieve some stated objectives.

3. Management concept is the distinct process consisting of planning, organizing, activating, and controlling activities performed to determine and accomplishes the objectives by the use of people and resources

4. The Middle Level Management consists of the Departmental Heads (HOD), Branch Managers, and the Junior Executives.

5. Science may be defined as an occupation that requires specialized knowledge and intensive academic preparations to which entry is regulated by a representative body.

1.10.4 Multiple-choice

1. What is the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively?

   a) Management

b) Science

c) Arts

d) None of the above

2.   Which of the following consists of the Board of Directors (BOD) and the Chief Executive Officer (CEO)?

a) Top Level Management

b) Middle Level Management

c) Lower Level Management

d) All the above

3.   Which of the following consists of the Departmental Heads (HOD), Branch Managers, and the Junior Executives?

a) Top Level Management

b) Middle Level Management

c) Lower Level Management

d) All the above

4.   What is a systematic body of knowledge pertaining to a specific field of study that contains general facts which explains a phenomenon?

a) Management

b) Science

c) Arts

d) None of the above

5.   What may be defined as an occupation that requires specialized knowledge and intensive academic preparations to which entry is regulated by a representative body?

a) Management

b) Science

c) Arts

d) Profession

1.10.5 Matching

| i) Management | i) It consists of the Board of Directors (BOD) and the Chief Executive Officer (CEO). |
| ii) Science | ii) It is the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively. |

iii) Profession   iii) It is a systematic body of knowledge pertaining to a specific field of study that contains general facts which explains a phenomenon.

iv) Top Level   iv) It an occupation that requires specialized knowledge of Management   and intensive academic preparations to which entry is regulated by a representative body.

1.10.6 Fill-in-the-Blanks

1. ……………..is the act of getting people together to accomplish desired goals and objectives using available resources efficiently and effectively.

2. …………… is the distinct process consisting of planning, organizing, activating, and controlling activities performed to determine and accomplishes the objectives by the use of people and resources

3. ……………….. consists of the Board of Directors (BOD) and the Chief Executive Officer (CEO).

4. ……………..implies application of knowledge & skill to trying about desired results. An art may be defined as personalized application of general theoretical principles for achieving best possible results.

5. ………………may be defined as an occupation that requires specialized knowledge and intensive academic preparations to which entry is regulated by a representative body.

1.11 POSSIBLE ANSWERS TO SELF ASSESSMENT QUESTIONS

1.10.3 1. True 2. False 3. True 4. True 5. False

1.10.4 1. (a) 2. (a) 3. (b) 4. (b) 5. (d)

1.10.5 (i) – (ii), (ii) – (iii), (iii) – (iv), (iv) – (i)

1.10.6 1. Management 2. Management concept 3. Top Level of Management 4. Art 5. Profession

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1.13 SUGGESTED READINGS

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4. The Management Blog. Right up there with the HBR Blog Network, Bloomberg Business week's Management Blog features easy-to-read, entertaining posts that are often put into an unexpected.

1.14 TERMINAL QUESTIONS

1. As a manager of ABC Ltd., how do you implement the concept of Management? Discuss.

2. Do you think, Management is an Art, Science or Profession? Give your opinion.

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UNIT 2	DEVELOPMENT OF MANAGEMENT THOUGHTS

2.1 Introduction

2.2 Objectives

2.3 The Schools of Management Thoughts

2.4 Peter Drucker Management Thoughts

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2.7 Henry Fayol's Management Process pay.

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2.1 INTRODUCTION

The management thoughts encompass an array of different functions undertaken to accomplish a task successfully. Management thoughts developed the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims. There are many approaches for the management varying from a problem to problem solving style to the change. Each approach has its own limitations and advantages. Management is all about 'getting things done'. In the late 19th century, management decisions were often arbitrary and workers often worked at an intentionally slow pace. There was little in the way of systematic management and workers and management were often in conflict. Scientific management was introduced in an attempt to create a mental revolution in the workplace. It can be defined as the systematic study of work methods in order to improve efficiency. Frederick W. Taylor was its main proponent. Other major contributors were Frank Gilbreth, Lillian Gilbreth, and Henry Gantt.

2.2 OBJECTIVES

After reading this unit you will be able to understand the management thoughts of:

Peter Drucker

Max Weber's Bureaucracy

F.W. Taylor's Scientific Management

Henry Fayol's Process

Operational Management

Human Relations Approach

Behavioral Approach

System Approach

Contingency Approach

Hawthorne Experiments

2.3 THE SCHOOLS OF MANAGEMENT THOUGHTS

The Schools of Management Thought are theoretical frameworks for the study of management. Each of the schools of management thought are based on somewhat different assumptions about human beings and the organizations for which they work. Since the formal study of management began late in the 19th century, the study of management has progressed through several stages as scholars

and practitioners working in different eras focused on what they believed to be important aspects of good management practice. 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 schools.

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2.4 PETER DRUCKER MANAGEMENT THOUGHTS

Peter Ferdinand Drucker (1909-2005), American economist of Austrian origin, is considered as the "Father of Modern Management". Management by Objectives was first outlined by him in 1954 in his book 'The Practice of Management'.

Formulated by Peter F. Drucker, Management by Objectives is a process in which a manager and an employee agree upon a set of specific performance goals, or objectives, and jointly develop a plan for reaching them. The objectives must be clear and achievable, and the plan must include a time frame and evaluation criteria.

Management by Objective is primarily used as a tool for strategic planning, employee motivation, and performance enhancement. It is intended to improve communication between employees and management, increase employee understanding of company goals, focus employee efforts upon organizational objectives, and provide a concrete link between pay and performance. An important factor in this system is its emphasis on the results achieved by employees rather than the activities performed in their jobs.

It also tells about SMART objective, which stands for –

S - Specific

M - Measurable

A - Achievable

R - Realistic

T - Time-Specific

Peter F. Drucker views on management may be summarized as follows:

a) Management as a Practice: According to Drucker, management has two important functions, innovation and marketing. He has treated management as a discipline as well as a profession. For him, management is more of a practice and is always goal oriented.

b) Functions of Management: Drucker points out three basic functions of management. The actions of management should contribute to:

i) The achievement of purpose and mission of the institution.

ii) Make the work productive and the worker achieving.

iii) The effective management of social responsibilities.

c) Objective Setting: Drucker has attached great importance to objective setting. To make the objectives and their achievements more meaningful, he has given a new tool, what is popularly known as Management by Objective (MBO).

d) Orientation towards Justice: Drucker is a great visionary and futurologist. He was visualised the concept of modern organisation. To put is in his own words, he describes the present ages as the age of discontinuity.

e) Federalism: Federalism according to him involves centralised control in a decentralised structure. These have certain positive values over other methods of organising, which are follows:

i) It sets the top management free to devote itself to major policy formulation and strategy development.

ii) It defines the functions and responsibilities of the employees.

iii) It creates yardsticks to measure twin success and effectiveness in operating jobs.

iv) It helps resolve the problem of continuity through giving education to the managers of various units while in an operating position.

2.5 MAX WEBER'S BUREAUCRACY

It was Max Webber who propounded the bureaucratic theory of organisation and management.

The term 'bureaucracy' has been widely used with invidious connotations directed at government and business. Bureaucracy is an administrative system designed to accomplish large-scale administrative tasks by systematically coordinating the work of many individuals. Weber has observed three types of power in organisations: traditional, charismatic and rational-legal or bureaucratic. He has emphasised that bureaucratic type of power is the ideal one.

Features (Characteristics) Of Weber's Bureaucracy

Weber has given a number of features of bureaucracy. Accordingly, following features suggest the characteristics of bureaucratic organisations.

1. Administrative Class:

Bureaucratic organisations generally have administrative class responsible for maintaining coordinative activities of the members.

Main features of his class are as follows:

(i) People are paid and are whole time employees,

(ii) They receive salary and other perquisites normally based on their positions,

(iii) Their tenure in the organisation is determined by the rules and regulations of the organisation,

(iv) They do not have any proprietary interest in the organisation,

(v) They are selected for the purpose of employment based on their competence.

2. Hierarchy:

The basic feature of bureaucratic organisation is that there is hierarchy of positions in the organisation. Hierarchy is a system of ranking various positions in descending scale from top to bottom of the organisation. In bureaucratic organisation, offices also follow the principle of hierarchy that is each lower office is subject to control and supervision by higher office.

Thus, no office is left uncontrolled in the organisation. This is the fundamental concept of hierarchy in bureaucratic organisation. This hierarchy serves as lines of communication and delegation of authority. It implies that communication coming down or going up must pass through each position.

Similarly, a subordinate will get authority from his immediate superior. However, this hierarchy is net unitary but sub-pyramids of officials within the large organisation corresponding etc. functional divisions exist.

Thus, there are offices with the same amount of authority but with different kinds of functions operating in different areas of competence. For example, the Government organisations, we can observe separate offices looking after particular functions. This happens in business organisations too.

3. Division of Work:

Work of the organisation is divided on the basis of specialisation to take the advantages of division of labour. Each office in the bureaucratic organisation has specific sphere of competence.

This involves:

(i) a sphere of obligations to perform functions which has been marked off as part of a systematic division of labour;

(ii) the provision of the incumbent with necessary authority to carry out these functions; and

(iii) the necessary means of compulsion are clearly defined and their use is subject to definite conditions.

Thus, division of labour try to ensure that each office has a clearly-defined area of competence within the organisation and each official knows the areas in which she/he operates and the areas in which she/he must abstain from action so that he does not overstep the boundary between his/her role and those of others. Further, division of labour also tries to ensure that no work is left uncovered.

4. Official Rules:

A basic and most emphasised feature of bureaucratic organisation is that administrative process is continuous and governed by official rules. Bureaucratic organisation is the antithesis of ad hoc, temporary and temporary and unstable relations. A rational approach to organisation calls for a system of maintaining rules to ensure twin requirements of uniformity and coordination of efforts by individual members in the organisation.

These rules are more or less stable and more or less exhaustive. When there is no rule on any aspect of organisational operation, the matter is referred upward for decision which subsequently becomes precedent for future decision on the similar matter. Rules provide the benefits of stability, continuity, and predictability and each official knows precisely the outcome of his/her behaviour in a particular matter.

5. Impersonal Relationships:

A notable feature of bureaucracy is that relationships among individuals are governed through the system of official authority and rules. Official positions are free from personal involvement, emotions and sentiments. Thus, decisions are governed by rational factors rather than personal factors. This impersonality concept is used in dealing with organisational relations as well as relations between the organisation and outsiders.

6. Official Record:

Bureaucratic organisation is characterised by maintenance of proper official records. The decisions and activities of the organisation are formally recorded and preserved for future reference. This is made possible by extensive use of filling system in the organisation. An official record is almost regarded as encyclopedia of various activities performed by the people in the organisation.

Benefits of Bureaucracy:

The following are the advantages of Bureaucracy:

1. The rules and procedures are decided for every work it leads to, consistency in employee behaviour. Since employees are bound to follow the rules etc., the management process becomes easy.

2. The duties and responsibilities of each job are clearly defined there is no question of overlapping or conflicting job duties.

3. The selection process and promotion procedures are based on merit and expertise. It assists in putting right persons on right jobs. There is optimum utilisation of human resources.

4. The division of labour assists workers in becoming experts in their jobs. The performance of employees improves considerably.

5. The enterprise does not suffer when some persons leave it. If one person leaves then some other occupies that place and the work does not suffer.

Disadvantages of Bureaucracy:

The following are the disadvantages of Bureaucracy:

1. This system suffers from too much of red tape and paper work.

2. The employees do not develop belongingness to the organisation.

3. The excessive reliance on rules and regulations and adherence to these policies inhibit initiative and growth of the employees. They are treated like machines and not like individuals. There is neglect of human factor.

4. The employees become so used to the system, they resist to any change and introduction of new techniques of operations.

Evaluation:

Weber's model will be performed in those enterprises where change is not anticipated. Big business houses and government departments use this type of organisation. Weber is credited for attempting to develop Bureaucratic model for the first time.

Weber's model has some drawbacks. It has rigidity, impersonality, excessive cost of control, excessive dependence on superiors, tendency to ignore organisational goals. Inspite of these limitations this model is very useful in large enterprises.

2.6 F.W. TAYLOR'S SCIENTIFIC MANAGEMENT

Fredrick Winslow Taylor (1856-1915) is considered to be "The Father of Scientific Management". He exerted a great influence on the development of management thought through his experiments and writings. F. W. Taylor not only established the principle of better management but also spread them throughout and created the revolution in the techniques of management. Taylor's principle concern was that of increasing efficiency in production, not only to lower costs

and raise profits but also to make possible increase in the pay for workers through their higher productivity. His contribution has two dimensions. They are:

(a) Mechanical and

(b) Philosophical

On mechanical side, he introduced time and motion studies, standardization of condition and appliances and different piece rates for payment of wages. He advocated planning, use of time saving devices, routine and cost system etc., all to increase the productivity of worker.

On the philosophical side, he promoted the development of science of the management, based on investigation and experiments. He prepared for the replacement of individual opinion or the traditional method by clearly defined universal rules and principles of management and thus, gave birth to the science of management.

The basic idea of "Taylor" was that managers should study, work scientifically and in order to identify "One Best Way" to get the job done. Taylor's scientific management is also known as Taylor's Principles, or Taylorism. Taylor's scientific management consisted of four principles:

(i) Replace rule-of-thumb work methods with methods based on a scientific study of the tasks.

(ii) Scientifically select and then train, teach, and develop the workman, whereas in the past the employee (or workmen) chose his own work and trained himself as best he could.

(iii) Provide "Detailed instruction and supervision of each worker in the performance of that worker's discrete task".

(iv) Divide work nearly equally between managers and workers, so that the managers apply scientific management principles to planning the work and the workers actually perform the tasks.

According to Taylor, the summary of the fourth element is: Under the management of "initiative and incentive" practically the whole problem is "up to the workman," while under scientific management fully one-half of the problem is "up to the management".

During his career spanning a period of 26 years, he conducted a series of experiments in three companies: Midvale Steel, Simonds Rolling Machine and Bethlehem Steel.

While serving as the chief Engineer of Midvale Steel Company, Taylor made several important contributions which were classified under Scientific Management:

i) Time and Motion Study

Since Taylor had been a machinist himself; he knew how piece-work employees used to hold back its production to its one-third level because they feared that their employers would cut their piece rate as soon as there was a rise in production. The real trouble, Taylor thought was that no one knew how much work it was reasonable to expect a man to do. He therefore, started time and motion study, under which each motion of a job is timed with the help of a stop watch and shorter and fewer motions were to be developed. Thus the best way of doing a job was found. This replaced the old rule-of-thumb-knowledge of the workman.

ii) Differential Payment

Taylor introduced a new payment plan called the differential piece work, in which he linked incentives with production. Under this plan a worker received low piece rate if he produced the standard number of pieces and high rate if he surpassed the standard. Taylor thought that the attraction of high piece rate would motivate workers to increase production.

iii) Drastic Reorganization of Supervision

Taylor suggested two new concepts: (i) separation of planning and doing and (ii) functional foremanship. In those days it used to be customary for each worker to plan his own work. The worker himself used to select his tools and decide the order in which the operations were to be performed. The foreman simply told the worker what jobs to perform, not how to do them. Taylor suggested that the work should be planned by a foreman and not the worker. Further he suggested that there should be as many foremen as there are special functions involved in doing a job and each of these foremen should give order to the worker on his specialty.

iv) Scientific Recruitment and Training

Taylor emphasized the need for scientific selection and development of the worker. He said that the management should develop and train every worker to bring out his best faculties and to enable him to do a higher, more interesting and more profitable class of work than he has done in the past.

v) Intimate Friendly Cooperation between the Management and Workers

Taylor said that for the above suggestions to succeed, "a complete mental revolution" on the part of management and labour was required. Rather than quarrel over whatever profits there were they should both try to increase production. By doing so, profits would be increased to such an extent that labour and management would no longer have to compete for them. In short, Taylor believed that management and labour has a common interest in increasing the productivity.

Taylor's concept of scientific management developed into a movement and dominated the industrial management scene for several decades after him. His principles were further refined and enlarged by several of his followers, notable among them were Henry. L. Gantt and Gilbreths.

2.7 HENRY FAYOL'S MANAGEMENT PROCESS

Henry Fayol is said to be 'The Father of Management". Henry Fayol was born in France in 1841 he graduated in 1860 and joined as a mining engineer in French Mining Company and rose to the position of his chief managing director because of his outstanding activities in 1888. From 1888 to 1918 he was the MD of the company. Fayol developed a general theory of management through his long practical experience as an experienced industrialist.

In 1916 he published a book Administration Industrialist Journal. It was under the title General Industrial Management. But only a few 100 copies were published and it was only in 1949 that book was freely available in U.N.

Contribution of Henry Fayol / Administrative Theory of Management

Henry Fayol has classified the business activities into six broad categories:

1) Technical: Relating to production or manufacturing activities

2) Commerce: Related to buying, selling and exchange

3) Financial: Optimum Utilization of resources

4) Security: Related to protection of property and assets

5) Accounting: Related to maintenance of Accounts

6) Managerial: Related to planning, organizing, controlling, coordinating and commanding.

According to Henry Fayol the first five activities of the business are quite well known and therefore concentrated on the analysis of the six activities that is the managerial activity, he divided the managerial activity into broad categories as given below:

Elements of Management

Fayol regarded the element of management as its function, in other words "to manage is to forecast and plan to organize, to command, to coordinate, to control." Hence Fayol classified the elements as:

i) Forecasting

ii) Commanding

iii) Planning

iv) Organizing

v) Coordinating

vi) Controlling

Henry's 14 Principles of Management/General Principles of Management

Henry Fayol suggested 14 principles of management for running the business effectively these principles are studied as follows:

i) Division of Work: The object of division of work is to derive benefits from the principle of specialization. The various functions of management like planning, organizing, directing, etc., cannot be performed by a single proprietor and they have to be entrusted to specialists in the related fields. Division of work in the management process produces more and better work with the same effort.

The principle of division of work is the principle of specialization. It emphasizes the importance of specialization in an organization for promoting efficiency in the utilization of labour. Division of work or specialization can be applied to all types of work, shop labour (i.e., labour involved in production work), technical work and managerial work.

Division of work in the management becomes necessary because the various functions of management likes planning, organizing, staffing, controlling etc. cannot be performed by a single person or by the board of directors alone. The different managerial functions have to be entrusted to socialists in the related fields. The division of labour in the process of management ensures more and better work with the same effort.

ii) Authority and Responsibility: As management consists in getting the work done through others, it implies that the manager should have the right to give orders and the powers to extract obedience.

Authority is the right to extract obedience and get the work done, in other words, it is the power or right of a person to command his/her subordinates.

Responsibility is the obligation of a person to perform the task or duties assigned to him; thereby authority and responsibility are closely related.

Authority is closely related to responsibility, and it arises whenever authority is exercised. An individual to whom authority is given to exercise power must also be prepared to bear the responsibility to perform the work. Responsibility without authority is meaningless.

iii) Discipline: Discipline means obedience to authority and observance of rules of service and norms of performance, respect for agreements, sincere efforts for completing the given job, respect etc. Discipline is essential for the smooth running of business.

It is a sense of respect for agreements which are directed at achieving obedience, application, energy and outward marks of respect. In other words, it is the observance of the rules of service, norms of performance, sincere efforts for completing the given job, respect for the superiors etc. in short, it means obedience to authority.

iv) Unity of Command: The Principle of Unity of Command means that an employee should receive orders, instructions, directions and guidance from one superior only for any action or activity. It states that one person should receive orders from only on superior. In other words one person should be accountable to only one boss. If two superiors wield authority over the same person it causes uneasiness, disorder, indiscipline among employees and undermining of authority. It the principle of unity of command is into observed the authority there will be confusion and it will be difficult to pin point responsibility on anyone.

v) Unity of Direction: The Principle of Unity of Direction means that there should be one head and one plan for a group of activities having the same or common objectives. In simple terms, for every category of work, there should be one plan of action, and it should be executed under the overall control and supervision of one head (i.e., superior). For instance, all sales activities having the common objective of promotion of sales should have one plan of action and should be the responsibility of the manager. Thus it implies that there should be one head and one plan for a group of activities having same objectives. For every category of work, there should be one plan of action and it should be executed under the overall control and supervision of head or superior.

vi) Sub-ordination of Individual interest to General Interest: In a business concern, the interest of one employee or group of employee should not prevail over the common interest or should not block the fulfilment of general goals of the business concern. If there is any disagreement among two superiors on any matter, the management should reconcile the differences so as to conduct the overall operation of the enterprise smoothly.

This principle implies that, in any organization, the interests of individuals should be subordinated to the group interests, (i.e., the general or common interests of the organization) so, when there is a conflict between individual interests and group interests, the interests of the groups in general should prevail over the interests of individual employee's interests. This principle thereby will contribute to unity and will help to avoid clashes among different workers.

vii) Fair Remuneration to Workers: Fayol was of the view that the remuneration paid to worker should always be just and fair and should afford maximum satisfaction to both employees and the employer. Employees who are paid decent salary will have a high morale and their efficiency will be high. The rate of remuneration paid should based on general business conditions, cost of living, productivity of employees and the capacity of the firm to pay.

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viii) Centralization: It means concentration of authority in the hands of few. Everything, which goes to reduce the importance of sub-ordinates role, is known as centralization. Fayol was the opinion that they should be proportion between centralization and decentralization. The degree of proportion may differ but the balance must be maintained between centralization and decentralization of authority to produce better results. Centralization (i.e. concentration of authority) gives least or any importance to subordinates in the management and the organization of an undertaking. On the other hand, decentralization of authority means giving more role and importance to subordinates in the management and organization of an undertaking.

Too much of centralization kills the initiative and enthusiasm of the subordinates and reduces them to mere mechanical tools, while excessive decentralization increases the importance of the subordinates and reduces the importance of the superiors. So, neither too much of centralization nor too much of decentralization should be resorted to by any concern. A proper balance must be maintained between centralization and decentralization to retain the initiative of the subordinates and to ensure the optimum utilization of all the personnel in the organization.

ix) Scalar Chain: Scalar chain refers to the chain superiors ranging from the highest authority to the lowest one to ensure unity of command and effective communication. According to this principle, order or communication should pass through the proper channels of authority. But in case of swift action a gangplank may be created with due respect to line of authority to facilitate quick communication.

The principle of scalar chain or line of authority recognizes the necessity for formal authority in the organization. It suggests that the scalar chain or the line of authority should be followed ordinarily or normally. That is, normally, orders or communications should pass through the proper channels of authority along the scalar chain.

Advantages of Scalar Chain

(a) This principle ensures unity of command in the organization.

(b) Because of the scalar principle, every person in the organization knows under whom he is working and whose orders he has to obey.

(c) This principle facilitates delegation of authority, which is essential for the successful working of the organization.

Draw Backs/Limitations of Scalar Chain

(a) The scalar chain is a lengthy, tedious and time consuming process. Under the scalar chain, communication takes too much time, as it has to go from one level to other in a chain.

(b) Under the scalar chain principle suffers from the above drawbacks, the scalar chain should not be rigid. There should be provision for short-circuiting the scalar chain so as to allow quick communication and swift action, where ever desired.

x) Order: Order refers to the systematic arrangement of things and persons in an organization. Management should observe the principle of 'right place for everything and every man'. To observe this principle, there is need for scientific selection of competent personnel, correct assignment of duties to personnel and good organization.

According to Henry Fayol, order can be divided into two types, viz,

(a) Material Order and

(b) Social Order

Material order refers to arrangement of materials at the right place for every occasion.

Social order refers to the arrangement of persons. In other words, it refers to the arrangement of people in such a way that there will be a fixed work place for every worker, and every worker will be available in his workplace during the working hours. Further perfect social order also implies that the right person is placed on the right job.

The principle of order suggests that there must be a right place for everything and for everyone, and everything and everyone must be in its and in his place. The principle of order is intended to secure orderliness in the arrangement materials and men.

Thus a successful observance of the principle of order requires that (a) There should be scientific selection of competent personnel, (b) Correct assignment of duties to the personnel (c) Good Organization

xi) Equity: It means fair dealings, equality of treatment among the personnel in the undertaking. The managerial treatment of the subordinates should be free from the influence of prejudices and personal likes or dislikes. Equity ensures healthy industrial relations.

xii) Stability of Staff: In order to motivate the workers and to show keener interest in their work, it is necessary that they should be assured security of the job by the management. If they fear of insecurity of job their morale will be low and there cat's turnout with better work. Hence, it is very essential to provide security of tenure to the personnel.

xiii) Initiative: Initiative means freedom to think and execute a plan. Innovation that is a mark of technological progress is possible only where the employees are encouraged to take initiative. Employees should be welcomed to make any suggestions regarding the formulation of objectives and plans.

xiv) Esprit-de-crops: Since union is strength, the management should create a team spirit among the employees. Only when all their personnel pull together as a team, there is scope for realizing the objectives of the concern. Harmony and unity of staff of a concern is a great source of strength to the undertaking. The management should not follow the policy of 'divide and rule' and it should strive to maintain unity among the staff.

2.8 OPERATIONAL MANAGEMENT

Operational management involves certain responsibilities. One is ensuring the business operates efficiently, both in terms of using the least amount of resources necessary and in meeting customers' requirements to the highest standard economically viable. Operations management involves managing the process by which raw materials, labor and energy are converted into goods and services. People skills, creativity, rational analysis and technological knowledge are all important for success in operations management.

In the history of business and manufacturing operations, division of labor and technological advancements has benefited company productivity. Systematically measuring performance and calculating with formulas was a somewhat unexplored science before Frederick Taylor's early work in the field. In 1911, Taylor published his principles of scientific operations management, characterized by four specific elements: developing a true science of management, scientific selection of an effective and efficient worker, education and development of workers, and an intimate cooperation between management and staff.

Modern operations management revolves around four theories: business process redesign (BPR), reconfigurable manufacturing systems, six sigma and lean manufacturing. BPR was formulated in 1993 and is a business management strategy that focuses on analyzing and designing workflow and business processes within a company. The goal of BPR is to help companies dramatically restructure organization by designing the business process from the ground up.

Reconfigurable manufacturing systems are production systems designed to incorporate accelerated change in structure, hardware and software components. This allows systems to adjust rapidly to the capacity to which they can continue production and how efficiently they function in response to market or intrinsic system changes.

Six sigma is an approach that focuses on quality. It was primarily developed from 1985 to 1987 at Motorola. The word "six" references the control limits, which are placed at six standard deviations from the normal distribution mean. Jack Welch at General Electric started an initiative to adopt the six sigma method in 1995, which brought the approach a great deal of popularity. Every six sigma project within a company has a defined step sequence and financial targets, such as increasing profits or reducing costs. Tools used within the six sigma process include trending charts, potential defect calculations and other ratios.

Lean manufacturing is a systematic method of eliminating waste within the manufacturing process. The lean theory accounts for waste that is created through overburdening or uneven workloads. This theory sees resource use for any reason other than value creation for customers as wasteful and seeks to eliminate wasteful resource expenditures as much as possible.

2.9 HUMAN RELATIONS APPROACH

The classical school did not give importance to the human aspects of the workers. Therefore, they did not achieve a high level of production efficiency and co-operation between the management and workers. The failure of the classical approach led to the human relations movement.

The human relations experts tried to integrate (combine) Psychology and Sociology with Management. According to them, organization is a social system of interpersonal and inters group relationships. They gave importance to the management of people. They felt that management can get the work done from the workers by satisfying their social and psychological needs.

Principles of Human Relations Approach

The basic principles of human relations approach are:

Human beings are not interested only in financial gains. They also need recognition and appreciation.

Workers are human beings. So they must be treated like human beings and not like machines. Managers should try to understand the feelings and emotions of the workers.

An organisation works not only through formal relations, but also through informal relations. Therefore, managers should encourage informal relations in the organisation along with formal relations.

Workers need a high degree of job security and job satisfaction. Therefore, management should give job security and job satisfaction to the workers.

Workers want good communication from the managers. Therefore, managers should communicate effectively without feelings of ego and superiority complex.

In any organisation, members do not like conflicts and misunderstandings. Therefore, managers should try to stop conflicts and misunderstandings among the members of the organisation.

Workers want freedom. They do not want strict supervision. Therefore, managers should avoid strict supervision and control over the workers.

Employees would like to participate in decision making, especially, in those matters affecting their interests. Therefore, management must encourage workers' participation in management. This will increase productivity and job satisfaction.

2.10 BEHAVIORAL APPROACH

Follet is the pioneer of behavioural approach to management. She recognized the significance of the human element and attributed greater significance to the functioning of groups in workplaces. As per Follet, the critical role of managers should be to bring about constructive changes in organizations, following the principle of 'power with' rather than 'power over'.

She opined that power should not be based on hierarchical levels but should be collectively developed to foster a cooperative concept that involves superiors and subordinates and enables them to work together as a team. Hence, the emphasis is more on power sharing. Organizations need to become democratic to accommodate employees and managers. Employees work harder when their organizations recognize their individual motivating desires.

Elton Mayo:

Even though Follet was the pioneer of the behavioural approach to management, it is Elton Mayo who is recognized as the father of the human-relations approach. Mayo and his associates conducted a study at the Western Electric's Hawthorne Plant between 1927 and 1932 to evaluate the attitudes and psychological reactions of workers in on-the-job situations.

Contributor to behavioral theories

Mary Parker Follet (1868-1933) – Group influences

Elton Mayo (1880-1949) – Effect of human motivation on productivity and output

Abraham Maslow (1808-1970) – Relates human motivation to hierarchy of needs

Douglas McGregor (1906-1964) – Emphasizes on human characteristics theory X and theory Y and the corresponding style of leadership

Chris Argyris (1964) – Human and organizational development – Model I and Model II

Their experiments were carried out in the following four phases:

1. Illumination experiments

2. Relay assembly test room experiments

3. Interview phase

4. Bank wiring observation room experiment

Illumination Experiments:

These experiments took place, initially between 1924 and 1927, in the Hawthorne Plant of Western Electric Company, involving the company's industrial engineers. The experiments involved manipulation of illumination for one group of workers (test group) and comparing their performance and productivity with another group for whom illumination was not manipulated (control group).

In the first spell of the experiments, the performance and productivity of the test group (for whom the illumination was manipulated) improved. However, this did not last long. In fact, the control group's performance also improved in between, even though there was no change in the light conditions of this group.

With such contradicting results, researchers concluded that the intensity of illumination was not related to the productivity of workers. There must be something else besides illumination, which must have influenced the performance of the workers in Western Electric Company. Elton Mayo and his associates from Harvard University got involved at this point to conduct the subsequent phase of experiments.

Relay Assembly Test Room Experiments:

This set of experiments was conducted under the guidance of Elton Mayo between 1927 and 1933. At this stage, researchers were concerned about other working conditions like working hours, working conditions, refresh-ments, temperatures, etc. To start with, the researchers selected six women employees of the relay assembly test room.

Their job was to assemble a relay (a small device) using thirty-five spare parts. Selected women employees (samples) were put in a separate room and briefed about the experiments. In the test room, the variables like increased wages and rest period, shortened workday and workweek, etc. were altered.

In addition to this, the sample workers were also given the freedom to leave their workstations without permission and were also given special attention. Productivity increased over the study period. Such results led the researchers to believe that better treatment of subordinates made them more productive.

They highlighted the significance of social relations. Finally, researchers were convinced that workers would perform better if the management looked after their welfare and supervisors paid special attention to them. This syndrome was later labelled as the Hawthorne effect.

Interview Phase:

In this phase of the experiments, about 21,000 people were interviewed over three years between 1928 and 1930. The purpose of the interview was to explore in depth the attitudes of the workers.

On the basis of the results of these interviews, the following conclusions were drawn:

1. A complaint may not necessarily be an objective recital of facts. It also reflects personal disturbance, which may arise from some deep-rooted cause.

2. All objects, persons and events carry some social meaning. They relate to the employees' satisfaction or dissatisfaction.

3. Workers' personal situation is the result of a configuration of their relationships, involving sentiments, desires, and interests. Such relational variables influence the workers' own past and present interpersonal relations and result in their personal situations.

4. Workers assign meaning to their status in the organization and attach much importance to events and objects and specific features of their environment, such as hours of work, wages etc.

5. Workers derive satisfaction or dissatisfaction from the social status of their organization. It means they also look for social rewards, in the form of an increase in their personal status, borne out of their association with an organization of repute.

6. Workers' social demands are influenced by their social experiences within their groups, both inside and outside the workplace.

Bank Wiring Observation Room Experiment:

This part of the Hawthorne experiments was conducted to test some of the ideas that had cropped up during the interview phase. It was conducted between 1931 and 1932. In this experiment there were fourteen participants (samples), including wiremen, solder men, and inspectors.

In this phase of the experiment, there was no change in the physical working conditions. Payments to sample workers were based on an incentive pay plan, which related their pay to their outputs. Sample workers had the opportunity to earn more by increasing their outputs. However, the researchers observed that output was constant at a certain level.

Analysis of the results showed that the group encourages neither too much nor too little work. On their own, they enforce 'a fair day's work'. Group norms, therefore, are more important to workers than money is. The study thus provided some insights into die workers' informal social relations within their groups.

The Hawthorne experiments therefore focused on the importance of human relations and thus contributed immensely to management theories.

Criticism:

Despite its brilliant contributions to the theories of management, the behavioural approach to management was criticized on the following grounds:

1. It is believed that procedures, analysis of the findings and conclusions drawn from there are not linked to each other rationally. In fact, the conclusions are not supported by adequate evidence.

2. The relationship between satisfaction/happiness of the workers and productivity was established through simplistic assumptions, while in reality the situation is more complex due to behavioural phenomena.

3. Furthermore, all these studies failed to focus on the attitudes of the workers, which played a crucial role in influencing their performance and productivity.

Abraham Maslow, Douglas McGregor, Chris Argyris, and other contributors made significant contributions to the behavioural school of thought. Maslow and McGregor's contributions are in the shape of theories of motivation. While Maslow focused on the importance of human needs, which are the major driving forces for human motivation, McGregor made certain assumptions about people, categorizing them under theory X or theory Y.

Theory X essentially represents a negative view about people that people are lazy have little ambition, dislike work, avoid responsibility, and require directions to work. Theory Y on the contrary, assumes, that people are more positive, capable of self-control, are innovative and creative and do not inherently dislike work.

Chris Argyris's contributions to the behavioural school of thought are extremely important. His contributions are the maturity-immaturity theory, the integration of individual and organizational goals, and the Model I and Model II patterns. According to the maturity-immaturity theory, people progress from a stage of immaturity and dependence to a state of maturity and independence.

If organizations keep their employees in a dependent state, they allow them to remain immature and thereby prevent them from achieving their potential. Further, he also contended that a formal organization develops a rigid structure, compelling people to behave in an immature way. This leads to incongruence between the individual and organizational goals, hinders organizational development, results in failure, and fosters frustration and conflict.

People therefore exhibit signs of aggression, regression, and suppression. Model I and Model II patterns are two different assumptions. Workers in Model I type-organizations are motivated by the desire to manipulate others and protect themselves from others, while workers in Model II type-organizations are less manipulative and more willing to learn and take risks. Argyris therefore suggested that managers should always try to create a Model II type-organization.

Rensis Likert and Peter F. Drucker have also contributed significantly to this school of thought in 1967 and 1954, respectively. Likert attributes low productivity and poor morale of the employees to a typical job-centred supervision technique. He has suggested some typical leadership styles to ensure better productivity and improved the morale of the workers. Drucker on the other hand pioneered several modern management concepts in the fields of innovation' creativity, problem solving, organizational design, MBO etc.

2.11 SYSTEM APPROACH

In the 1960, an approach to management appeared which try to unify the prior schools of thought. This approach is commonly known as 'Systems Approach'. Its early contributors include Ludwing Von Bertalanfty, Lawrence J. Henderson, W.G. Scott, Deniel Katz, Robert L. Kahn, W. Buckley and J.D. Thompson.

They viewed organisation as an organic and open system, which is composed of interacting and interdependent parts, called subsystems. The system approach is top took upon management as a system or as "an organised whole" made up of sub- systems integrated into a unity or orderly totality.

Systems approach is based on the generalization that everything is inter-related and inter-dependent. A system is composed of related and dependent element

which when in interaction, forms a unitary whole. A system is simply an assemblage or combination of things or parts forming a complex whole.

One its most important characteristic is that it is composed of hierarchy of sub-systems. That is the parts forming the major system and so on. For example, the world can be considered-to be a system in which various national economies are sub-systems.

In turn, each national economy is composed of its various industries, each industry is composed of firms' and of course a firm can be considered a system composed of sub-systems sudi as production, marketing, finance, accounting and so on.

Features of Systems Approach:

(i) A system consists of interacting elements. It is set of inter-related and inter-dependent parts arranged in a manner that produces a unified whole.

(ii) The various sub-systems should be studied in their inter-relationships rather, than in isolation from each other.

(iii) An organisational system has a boundary that determines which parts are internal and which are external.

(iv) A system does not exist in a vacuum. It receives information, material and energy from other systems as inputs. These inputs undergo a transformation process within a system and leave the system as output to other systems.

(v) An organisation is a dynamic system as it is responsive to its environment. It is vulnerable to change in its environment.

In the systems approach, attention is paid towards the overall effectiveness of the system rather than the effectiveness of the sub-systems. The interdependence of the sub-systems is taken into account. The idea of systems can be applied at an organisational level. In applying system concepts, organisations are taken into account and not only the objectives and performances of different departments (sub-systems).

The systems approach is considered both general and specialised systems. The general systems approach to management is mainly concerned with formal organisations and the concepts are relating to technique of sociology, psychology and philosophy. The specific management system includes the analysis of organisational structure, information, planning and control mechanism and job design, etc.

As discussed earlier, system approach has immense possibilities, "A system view point may provide the impetus to unify management theory. By definitions, it

could treat the various approaches such as the process of quantitative and behavioural ones as sub-systems in an overall theory of management. Thus, the systems approach may succeed where the process approach has failed to lead management out of the theory of jungle."

Systems theory is useful to management because it aims at achieving the objectives and it views organisation as an open system. Chester Barnard was the first person to utilize the systems approach in the field of management.

He feete that the executive must steer through by keeping a balance between conflicting forces and events. A high order of responsible leadership makes the executives effective. H. Simon viewed organisation as a complex system of decision-making process.

Evaluation of System Approach

The systems approach assists in studying the functions of complex organisations and has been utilized as the base for the new kinds of organisations like project management organisation. It is possible to bring out the inter-relations in various functions like planning, organising, directing and controlling. This approach has an edge over the other approaches because it is very close to reality. This approach is called abstract and vague. It cannot be easily applied to large and complex organisations. Moreover, it does not provide any tool and technique for managers.

2.12 CONTINGENCY APPROACH

The contingency approach to management is based on the idea that there is no one best way to manage and that to be effective, planning, organizing, leading, and controlling must be tailored to the particular circumstances faced by an organization. Managers have always asked questions such as "What is the right thing to do? Should we have a mechanistic or an organic structure? A functional or divisional structure? Wide or narrow spans of management? Tall or flat organizational structures? Simple or complex control and coordination mechanisms? Should we be centralized or decentralized? Should we use task or people oriented leadership styles? What motivational approaches and incentive programs should we use?" The contingency approach to management (also called the situational approach) assumes that there is no universal answer to such questions because organizations, people, and situations vary and change over time. Thus, the right thing to do depends on a complex variety of critical environmental and internal contingencies.

Historical Overview

Classical management theorists such as Henri Fayol and Frederick Taylor identified and emphasized management principles that they believed would make companies more successful. However, the classicists came under fire in the 1950s and 1960s from management thinkers who believed that their approach was inflexible and did not consider environmental contingencies. Although the criticisms were largely invalid (both Fayol and Taylor, for example, recognized that situational factors were relevant), they spawned what has come to be called the contingency school of management. Research conducted in the 1960s and 1970s focused on situational factors that affected the appropriate structure of organizations and the appropriate leadership styles for different situations. Although the contingency perspective purports to apply to all aspects of management, and not just organizing and leading, there has been little development of contingency approaches outside organization theory and leadership theory. The following sections provide brief overviews of the contingency perspective as relevant to organization theory and leadership.

Contingency Perspective and Organization Theory

Environmental change and uncertainty, work technology, and the size of a company are all identified as environmental factors impacting the effectiveness of different organizational forms. According to the contingency perspective, stable environments suggest mechanistic structures that emphasize centralization, formalization, standardization, and specialization to achieve efficiency and consistency. Certainty and predictability permit the use of policies, rules, and procedures to guide decision making for routine tasks and problems. Unstable environments suggest organic structures which emphasize decentralization to achieve flexibility and adaptability. Uncertainty and unpredictability require general problem solving methods for nonroutine tasks and problems. Paul Lawrence and Jay Lorsch suggested that organizational units operating in differing environments develop different internal unit characteristics, and that the greater the internal differences, the greater the need for coordination between units.

Joan Woodward found that financially successful manufacturing organizations with different types of work technologies (such as unit or small batch; large-batch or mass-production; or continuous-process) differed in the number of management levels, span of management, and the degree of worker specialization. She linked differences in organization to firm performance and suggested that certain organizational forms were appropriate for certain types of work technologies.

Organizational size is another contingency variable thought to impact the effectiveness of different organizational forms. Small organizations can behave

informally while larger organizations tend to become more formalized. The owner of a small organization may directly control most things, but large organizations require more complex and indirect control mechanisms. Large organizations can have more specialized staff, units, and jobs. Hence, a divisional structure is not appropriate for a small organization but may be for a large organization.

In addition to the contingencies identified above, customer diversity and the globalization of business may require product or service diversity, employee diversity, and even the creation of special units or divisions. Organizations operating within the United States may have to adapt to variations in local, state, and federal laws and regulations. Organizations operating internationally may have to adapt their organizational structures, managerial practices, and products or services to differing cultural values, expectations, and preferences. The availability of support institutions and the availability and cost of financial resources may influence an organization's decision to produce or purchase new products. Economic conditions can affect an organization's hiring and layoff practices as well as wage, salary, and incentive structures. Technological change can significantly affect an organization. The use of robotics affects the level and types of skills needed in employees. Modern information technology both permits and requires changes in communication and interaction patterns within and between organizations.

2.13 HAWTHORNE EXPERIMENTS

Elton Mayo's team conducted a number of experiments involving six female workers. These experiments are often referred to as the Hawthorne experiments or Hawthorne studies as they took place at The Hawthorne Works of the Western Electric Company in Chicago.

Hawthorne Experiment Details

Over the course of five years, Mayo's team altered the female worker's working conditions and monitored how the change in working conditions affected the workers morale and productivity. The changes in working conditions included changes in working hours, rest brakes, lighting, humidity, and temperature. The changes were explained to the workers prior to implementation.

Hawthorne Experiment Results

At the end of the five year period, the female worker's working conditions, reverted back to the conditions before the experiment began. Unexpectedly the workers morale and productivity rose to levels higher than before and during the experiments. The combination of results during and after the experiment (ie the increase in the workers' productivity when they were returned to their original

working conditions) led Mayo to conclude that workers were motivated by psychological conditions more than physical working condition.

Hawthorne Experiment Conclusions

After analyzing the results from the Hawthorne experiments Mayo concluded that workers were motivated by more than self interest and instead the following applied:

i) Psychological Contract

There is an unwritten understanding between the worker and employer regarding what is expected from them; Mayo called this the psychological contract.

ii) Interest in Workers

A worker's motivation can be increased by showing an interest in them. Mayo classified studying the workers (through the experiments) as showing an interest in the workers.

iii) Work is a Group Activity

Work is a group activity, team work can increase a worker's motivation as it allows people to form strong working relationships and increases trust between the workers. Work groups are created formally by the employer but also occur informally. Both informal and formal groups should be used to increase productivity as informal groups influence the worker's habits and attitudes.

iv) Social Aspect of Work

Workers are motivated by the social aspect of work, as demonstrated by the female workers socialising during and outside work and the subsequent increase in motivation.

v) Recognise Workers

Workers are motivated by recognition, security and a sense of belonging.

vi) Communication

The communication between workers and management influences workers' morale and productivity. Workers are motivated through a good working relationship with management.

2.14 SUMMARY

The management thoughts encompass an array of different functions undertaken to accomplish a task successfully. Management thoughts developed the process of designing and maintaining an environment in which individuals, working to gather

in groups, efficiently accomplish selected aims. There are many approaches for the management varying from a problem to problem solving style to the change. Each approach has its own limitations and advantages. Management is all about 'getting things done'. In the late 19th century, management decisions were often arbitrary and workers often worked at an intentionally slow pace. There was little in the way of systematic management and workers and management were often in conflict. Scientific management was introduced in an attempt to create a mental revolution in the workplace. It can be defined as the systematic study of work methods in order to improve efficiency. Frederick W. Taylor was its main proponent. Other major contributors were Frank Gilbreth, Lillian Gilbreth, and Henry Gantt.

Peter Ferdinand Drucker (1909-2005), American economist of Austrian origin, is considered as the "Father of Modern Management". Management by Objectives was first outlined by him in 1954 in his book 'The Practice of Management'.

Formulated by Peter F. Drucker, Management by Objectives is a process in which a manager and an employee agree upon a set of specific performance goals, or objectives, and jointly develop a plan for reaching them. The objectives must be clear and achievable, and the plan must include a time frame and evaluation criteria.

The term 'bureaucracy' has been widely used with invidious connotations directed at government and business. Bureaucracy is an administrative system designed to accomplish large-scale administrative tasks by systematically coordinating the work of many individuals. Weber has observed three types of power in organisations: traditional, charismatic and rational legal or bureaucratic. He has emphasised that bureaucratic type of power is the ideal one.

Operational management involves certain responsibilities. One is ensuring the business operates efficiently, both in terms of using the least amount of resources necessary and in meeting customers' requirements to the highest standard economically viable. Operations management involves managing the process by which raw materials, labor and energy are converted into goods and services. People skills, creativity, rational analysis and technological knowledge are all important for success in operations management.

The contingency approach to management is based on the idea that there is no one best way to manage and that to be effective, planning, organizing, leading, and controlling must be tailored to the particular circumstances faced by an organization.

Elton Mayo's team conducted a number of experiments involving six female workers. These experiments are often referred to as the Hawthorne experiments

or Hawthorne studies as they took place at The Hawthorne Works of the Western Electric Company in Chicago.

2.15 GLOSSARY

a) Management thoughts: The management thoughts encompass an array of different functions undertaken to accomplish a task successfully. Management thoughts developed the process of designing and maintaining an environment in which individuals, working to gather in groups, efficiently accomplish selected aims.

b) Schools of management thought: The schools of management thought are theoretical frameworks for the study of management. Each of the schools of management thought are based on somewhat different assumptions about human beings and the organizations for which they work.

c) Peter Ferdinand Drucker: Peter Ferdinand Drucker (1909-2005), American economist of Austrian origin, is considered as the "Father of Modern Management". Management by Objectives was first outlined by him in 1954 in his book 'The Practice of Management'.

d) Management by Objective: Management by Objective is primarily used as a tool for strategic planning, employee motivation and performance enhancement.

e) Division of Work: Work of the organisation is divided on the basis of specialisation to take the advantages of division of labour. Each office in the bureaucratic organisation has specific sphere of competence.

f) Centralization: It means concentration of authority in the hands of few. Everything, which goes to reduce the importance of subordinates role, is known as centralization.

g) Scalar Chain: Scalar chain refers to the chain superiors ranging from the highest authority to the lowest one to ensure unity of command and effective communication. According to this principle, order or communication should pass through the proper channels of authority.

h) Order: Order refers to the systematic arrangement of things and persons in an organization. Management should observe the principle of 'right place for everything and every man'. To observe this principle, there is need for scientific selection of competent personnel, correct assignment of duties to personnel and good organization.

i) Equity: It means fair dealings, equality of treatment among the personnel in the undertaking. The managerial treatment of the subordinates should be free from the influence of prejudices and personal likes or dislikes. Equity ensures healthy industrial relations.

j) Operational Management: Operational management involves certain responsibilities. One is ensuring the business operates efficiently, both in terms of using the least amount of resources necessary and in meeting customers' requirements to the highest standard economically viable.

k) Contingency approach: The contingency approach to management is based on the idea that there is no one best way to manage and that to be effective, planning, organizing, leading, and controlling must be tailored to the particular circumstances faced by an organization.

2.16 ANSWER TO CHECK YOUR PROGRESS/ POSSIBLE ANSWERS TO SAQ

2.16.1 Short answer questions

1. What is Management Thought?

2. What is Bureaucracy?

3. Give the meaning of Scientific Management.

4. What is Operational Management?

5. What is Human Relations Approach?

6. What is Behavioral Approach?

7. What is System Approach?

8. What is Contingency Approach?

2.16.2 Extended answer questions

1. Discuss the Schools of Management Thoughts.

2. Explain the Peter Drucker Management Thoughts.

3. Discuss Max Weber's Bureaucracy.

4. Explain in details about F.W. Taylor's Scientific Management.

5. Discuss the Henry Fayol's Management Process.

6. Discuss the Human Relations Approach.

7. Explain in details about System Approach.

8. Discuss in details Hawthorne Experiments.

2.16.3 True-false

1. Management thoughts developed the process of designing and maintaining an environment in which individuals, working to gather in groups, efficiently accomplish selected aims.

2. The schools of management thought are theoretical frameworks for the study of management. 3. Management by Objective is primarily used as a tool for strategic planning, employee motivation, and performance enhancement.

4. Bureaucracy is an administrative system designed to accomplish large-scale administrative tasks by systematically coordinating the work of many individuals.

5. Fredrick Winslow Taylor (1845-1905) is considered to be "The Father of Scientific Management".

2.16.4 Multiple-choice

1. The schools of management thought are theoretical frameworks for the…………

 a) Study of management

 b) Human Resource Management

 c) Production activities

 d) Engineering

2. When Peter Ferdinand Drucker American economist of Austrian origin, is considered as the "Father of Modern Management"?

 a) 1910-2004   b) 1909-2005

 c) 1907-2001   d) 1909-2005

3. Max Webber who propounded the ………….

 a) Bureaucratic theory of organization

 b) Theory of management

 c) Both a and b

 d) None of the above

4. Fredrick Winslow Taylor is considered to be "The Father of Scientific Management"?

 a) 1910-2004   b) 1909-2005

 c) 1907-2001   d) 1856-1915

5. Which of the following involves managing the process by which raw materials, labor and energy are converted into goods and services?

 a) Operations management   b) Marketing management

 c) HRM   d) All the above

2.16.5 Matching

i) Management thoughts	i) "Father of Modern Management".
ii) Peter Ferdinand Drucker	ii) Propounded the bureaucratic theory of organization and management
iii) Max Webber	iii) "The Father of Scientific Management"
iv) Fredrick Winslow Taylor	iv) It encompasses an array of different functions undertaken to accomplish a task successfully.

2.16.6 Fill-in-the-blanks

1. The management thoughts encompass an array of different functions undertaken to accomplish a…………...

2. ……………..developed the process of designing and maintaining an environment in which individuals, working to gather in groups, efficiently accomplish selected aims.

3. Peter Ferdinand Drucker (1909-2005), American economist of Austrian origin, is considered as the…………………...

4. …………………………is considered to be "The Father of Scientific Management".

5. ……………..refers to the chain superiors ranging from the highest authority to the lowest one to ensure unity of command and effective communication.

2.17 POSSIBLE ANSWERS TO SELF ASSESSMENT QUESTIONS

2.16.3 1. True 2. True 3. True 4. True 5. False

2.16.4 1. (a) 2. (b) 3. (c) 4. (d) 5. (a)

2.16.5 (i) – (iv), (ii) – (i), (iii) – (ii), (iv) – (iii)

2.16.6 1. Task successfully 2. Management thoughts 3. "Father of Modern Management" 4. Fredrick Winslow Taylor (1856-1915) 5. Scalar chain

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2.20 TERMINAL QUESTIONS

1. Discuss features of Weber's Bureaucracy and its implementations.

2. Why Henry Fayol's Management Process is the best management process? Discuss.

*****

| UNIT 3 | **MANAGEMENT FUNCTIONS AND SKILLS** |

STRUCTURE

*****

3.1 INTRODUCTION

Effective management and leadership involve creative problem solving, motivating employees and making sure the organization accomplishes objectives and goals. There are five functions of management and leadership: planning, organizing, staffing, coordinating and controlling.

3.2 OBJECTIVES

After reading this unit you will be able to understand

Introduction

Management Functions

Skills of Manager

3.3 INTRODUCTION TO MANAGEMENT FUNCTIONS

Management has been described as a social process involving responsibility for economical and effective planning & regulation of operation of an enterprise in the fulfillment of given purposes. It is a dynamic process consisting of various elements and activities. These activities are different from operative functions like marketing, finance, purchase etc. Rather these activities are common to each and every manger irrespective of his level or status. Different experts have classified functions of management. According to George & Jerry, "There are four fundamental functions of management i.e. planning, organizing, actuating and controlling".

According to Henry Fayol, "To manage is to forecast and plan, to organize, to command, & to control". Whereas Luther Gullick has given a keyword 'POSDCORB' where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting. But the most widely accepted are functions of management given by KOONTZ and O'DONNEL i.e. Planning, Organizing, Staffing, Directing and Controlling.

3.4 MANAGEMENT FUNCTIONS

It comprises of management comprises of various functions of management or managerial activities. Management is concerned with getting things done through the efforts of others. To get the work done through the efforts of others, the management has to undertake a number of activities in a systematic manner. These

activities of management are called managerial functions, functions of management or elements of management process.

(i) Planning

It is deciding in advance the future course of operations for a given period. In other words, it is the conscious determination of the objectives to be achieved and the course of action to be taken to achieve the results. It implies decisions-making as to what to do, when to do it. Where to do it, who is to do it, how to evaluate the result. The process of planning includes the result. The process of planning includes the determination of organizational objectives and the formulation of plans, policies, strategies, programmes, procedures and schedules to achieve the desired organizational objectives.

Planning helps the organization to have a clear picture of the future course of events well in advance, and to make the necessary provision for future eventualities.

(ii) Organizing

It means the manpower, material, resources, viz., men, money, machines, materials, managerial personnel, etc. and putting them together into working order or the achievement of the objectives lay down by the enterprise. It can also be defined as the identification of the activities required to achieve the objectives of the enterprise. The grouping of those activities into manageable units, assignment of the grouped activities to the various personnel and fixing responsibilities on them for the performance of the assigned duties, delegation of sufficient authority to the people to carry out their responsibilities and establishing authority-responsibility relationships among the personnel for effective co-ordination of activities.

Organizing function helps in increasing the efficiency of the personnel. Further, by avoiding repetition and duplication of activities, organizing reduces and operating cost of the enterprise.

(iii) Staffing

Staffing function is considered as a separate function of the management by many management experts. But some do not consider it as a separate function of management. They consider staffing either as a part of organizing, since it involves the manning of the positions created by the organizing process. It is considered as a part of directing, as the staffing activities are closely related to leadership, communication and motivation. However, it is desirable to consider staffing as a separate function of management.

Staffing means ensuring right type of personnel is available to manage and execute the various activities required to attain the objectives of the organization.

In other words, it means manning the various positions created in the organizational structure by appointing qualified competent personnel.

(iv) Directing

Directing is one of the important functions of management. While planning, organizing and staffing are merely the preparations for doing the work, directing function actually starts the work. Directing is responsible for the effective execution of the pre-determined plans. So, one can say that directing is the pivot around which the entire performance and undertaking revolves.

Directing is concerned those activities which deals with instructing, influencing, guiding, supervising and motivating the subordinates in their jobs. In other words, it is guiding, supervising and motivating the subordinates for the achievement of the pre-determined organizational goals. In short, it is the actuating function which makes the subordinates works efficiently for the implementation of the plans and the attainment of the pre-determined goals.

(v) Co-ordination

It is the orderly synchronization of efforts of the people working in an organization for the achievement of the organizational objectives. In other words, it is the harmonious blending of the activities of the different departments and the different specialists for the achievement of the desired ends. In short, it is the orderly arrangement of group efforts to provide unity of action in the pursuit of a common purpose.

In the context of the study of management functions, it is better to have some ideal about co-ordination. There are some writers who consider co-ordination as a separate function of management. It is the very essence of management process. It is all-pervasive and permeates every function of management process.

(vi) Communication

It is the fundamental function of management, literally, communicating means sharing a common idea or establishing a common ground of understanding with some one. In practice, it is the process of passing information and understanding from one person to another. In management communication is the exchange of facts and view points among persons in an organization or between organizations which bring about commonness of interest, purpose and effort.

(vii) Controlling

It is the process of measuring actual results (i.e., current performance), the pre determined or standard results), identification of the variances or deviation between the actual results and the pre-determined results if any and taking correction

of the performance of persons against the pre-determined standards. Controlling ensures that everything is undertaken according to the plans already determined.

3.5 FUNCTIONAL AREAS OF MANAGEMENT

Various functional areas of management are:

1. Production Management

In the words of E. F. L. Brech, "Production management is the process of effective planning and regulating the operations of that section of an enterprise which is responsible for the actual transformation of materials into finished products".

From the above definitions, it is clear that production management is that branch of management which is concerned with the various aspects of production, such as production planning and control, quality control, research in production etc.

In fact production, planning and controlling are the main aspects of production management. Production of goods and services undertaken by numerous industries forms an important part of business activity. It is primarily concerned with conversion of raw materials into finished products through various activities and operations. This are performed in a logical sequence, and is known as conversion process.

The term production was earlier linked with factories, where the goods, where the goods of tangible shape, volume, colour, and weight are produced. Today production is used in a general sense as a process through which goods and services are produced. The production function implies bringing together men and machines for producing goods and services to the satisfaction of human needs and wants. Production management includes management of non-manufacturing or service organizations such as transport, banking, insurance, warehousing, health and educational services.

Production management deals with decision-making in relation to the production process so that goods and service of required quality and quantity are produced within a given time schedule and cost. To achieve the objectives, production process are designed and controlled to maintain the cost effectiveness of the entire production system.

Production function may be viewed as 'input-output systems' working in an external environment for achieving objectives. The inputs of the production system may be identified as necessary resources such as land, building, capital, machine, technology, labor and management. Owing to the conversion of inputs, some outputs are produced in the form of products and services for society. The output may be

in the form of finished product, cured patients, serviced customers, delivered goods etc.

2. Marketing Management

The functional area of marketing is mainly concerned with the distribution system. Goods and services, produced by numerous industries, are made available to customers as efficiently as possible. A large number of activities and operations are performed by the organizations involved in the distribution system. Thus, planning, organizing, staffing, directing and controlling of these operations which are performed in the flow of goods from producers to consumers is regarded as marketing management. It includes within it the elements such as the plans and policies of the organization must be framed in such a way so as to attain customer satisfaction, it also says that the organization should generate more profitable sales volume by maintaining cost-effectiveness of the marketing system and also that all the activities and operations of marketing should be integrated and well-coordinated with other activities of the organization.

Marketing is not mere selling of goods and services. It may be considered as a process of planning, organizing, and controlling resources plans, policies, action programmes and activities of marketing to satisfy consumer needs and generate maximum profits.

3. Financial Management

It is a life-giving element to business organizations. It may be considered as a foundation of all economic activities. An organization cannot be formed without adequate finances. Finance is the life blood for an organization to take its origin, finance is needed for conducting business activities, seeking its growth and development and for preserving and protecting its identity in changing environment.

Generally, finance is referred to as a process of arranging and timely procurement of required funds at a reasonable cost. It involves many problems, decision areas and operations and has emerged as one of the important functional areas of business management, attracting attention of the management scientists, scholars and practitioners.

In simple words financial management may be defined as planning and controlling of financial activities of the organization and refers to process of efficient management of funds for achieving organizational goals. It involves an application of funds for achieving organizational goals. It involves an application of management principles and generalizations in the area of financial decision-making.

4. Personnel Management

To achieve organizational objectives, a large number of activities are performed and physical resources like land, building, capital, machine and raw materials are utilized by the manpower employed in the organization. Smooth functioning, efficient utilization of resources and success, to a large extent; depend on the availability of a team of highly-talented, committed and motivated employees. Personnel management assumes a significant role in the entire corporate sector. It is mainly concerned with managing human aspect of organization. The core management lies in organizing and guiding, directing and controlling activities of employees working in an organization.

3.6 QUALITIES OF AN EXCELLENT MANAGER

An excellent manager taps into talents and resources in order to support and bring out the best in others. An outstanding manager evokes possibility in others.

1. Creativity

Creativity is what separates competence from excellence. Creativity is the spark that propels projects forward and that captures peoples' attention. Creativity is the ingredient that pulls the different pieces together into a cohesive whole, adding zest and appeal in the process.

2. Structure

The context and structure we work within always have a set of parameters, limitations and guidelines. A stellar manager knows how to work within the structure and not let the structure impinge upon the process or the project. Know the structure intimately, so as to guide others to effectively work within the given parameters. Do this to expand beyond the boundaries.

3. Intuition

Intuition is the capacity of knowing without the use of rational processes; it's the cornerstone of emotional intelligence. People with keen insight are often able to sense what others are feeling and thinking; consequently, they're able to respond perfectly to another through their deeper understanding. The stronger one's intuition, the stronger manager one will be.

4. Knowledge

A thorough knowledge base is essential. The knowledge base must be so ingrained and integrated into their being that they become transparent, focusing on the employee and what s/he needs to learn, versus focusing on the knowledge

base. The excellent manager lives from a knowledge base, without having to draw attention to it.

5. Commitment

A manager is committed to the success of the project and of all team members. S/he holds the vision for the collective team and moves the team closer to the end result. It's the manager's commitment that pulls the team forward during trying times.

6. Being Human

Employees value leaders who are human and who don't hide behind their authority. The best leaders are those who aren't afraid to be themselves. Managers who respect and connect with others on a human level inspire great loyalty.

7. Versatility

Flexibility and versatility are valuable qualities in a manager. Beneath the flexibility and versatility is an ability to be both non-reactive and not attached to how things have to be. Versatility implies openness this openness allows the leader to quickly change on a dime when necessary. Flexibility and versatility are the pathways to speedy responsiveness.

8. Lightness

A stellar manager doesn't just produce outstanding results; s/he has fun in the process! Lightness doesn't impede results but rather, helps to move the team forward. Lightness complements the seriousness of the task at hand as well as the resolve of the team, therefore contributing to strong team results and retention.

9. Discipline/Focus

Discipline is the ability to choose and live from what one pays attention to. Discipline as self-mastery can be exhilarating. Role model the ability to live from your intention consistently and you'll role model an important leadership quality.

10. Big Picture, Small Actions

Excellent managers see the big picture concurrent with managing the details. Small actions lead to the big picture; the excellent manager is skilful at doing both: think big while also paying attention to the details.

3.7 Duties of a Manager

1. Staffing

Managers are responsible for staffing the business. In a small business, this includes creating job descriptions, running advertisements for open positions,

reviewing resumes and applications, interviewing prospective employees, hiring and firing. The manager oversees his staff, ensuring they are trained properly, follow company guidelines and policies, perform the job satisfactorily and receive feedback on a regular basis. Depending on the size of the company, the manager may also be responsible for the payroll function including tallying work hours, calculating pay, processing checks and tracking vacation days and other time off.

2. Communication

Communication may be one of the most important responsibilities of a manager to keep the workplace running efficiently. Employees need to know the mission and goals of the business and what is expected of them to achieve those results. Managers must have the ability to comprehend directives from upper management and to then translate them to staff so that everyone is on the same page. A manager's communication responsibilities may also entail resolving conflicts, motivating employees, speaking to the public on behalf of the company and preserving customer relationships.

3. Training

Managers need to ensure that direct reports are properly trained in job duties. Each of a manager's employees should be scheduled for an initial orientation and for any subsequent training required to perform his job. He/her must evaluate the employee's progress on a regular basis and determine whether additional training is needed. It is also the responsibility of the manager to note employees who are candidates for promotions or advanced positions within the company's. He should work with each employee to create career goals and plans to attain them. Managers must also make the decision to terminate an employee unable to satisfactorily perform his/her job or who blatantly breaks company rules.

4. Business Growth

A manager's prime responsibility is to the success of the company. His/her actions should all be poised toward business growth. Companies hire managers to run daily operations, coach employees, maintain quality control and ensure that its products and services are fulfilling customer needs. Managers must constantly review the company's financial, budgetary and production goals. If the company is falling short of its goals, it is up to the manager to make the necessary adjustments to get back on track. A manager's duty is to lead the organization to success.

3.8 RESPONSIBILITIES OF A MANAGER

A manager must be proficient in a number of areas to be an effective leader, one who can motivate employees to perform at their highest capabilities. A manager

differs from his/her subordinates because she/he must measure his success by what she/he can get others to accomplish and not solely by what she/he can do on his/her own. While opinions vary about a manager's specific top responsibilities, performing certain key functions effectively will ensure long-term success in management.

1. Leadership

A good manager is measured not as much by what she/he does as by what she/he is able to get others to do. He/she must often lead people in directions that they do not want to go and to get them to accomplish things that they otherwise would not. An effective manager must be able to set a vision for his organization or department and have his/her staff see the value in that vision.

2. Administration

A manager must be able to oversee or administer the operation of the area that he is responsible for. The day-to-day requirements vary and he must be able to alter his current task, sometimes on a moment's notice. Most operations also include reporting and financial requirements, as well as personnel and legal obligations that must be met on a timely basis. The manager must be able to ensure that all requirements of his/her department are met on time.

3. Delegation

The operation of a department or organization usually requires more work than any one person could get done on his/her own. A great manager is able to delegate a department workload effectively and monitor its progress towards completion while not delegating the ultimate responsibility for this work. He must also know exactly what each of his/her staff is capable of and give them work that they can complete effectively while also challenging them to achieve more.

4. Other Considerations

Selling is a key responsibility in any for-profit organization, and the best managers realize that they are also an integral part of this. Even nonprofits must sell, although they may be selling just their image or their goals. The manager also affects the overall morale of his department and realizes his responsibility for setting the tone for day-to-day operations. He must also be professional at all times and not allow his/her personal feelings and opinions to interfere with workplace responsibilities.

3.9 MANAGEMENT CONTROL SYSTEM OF ITC GROUP

ITC is one of India's foremost private sector companies. It is rated among the World's Best Big Companies, Asia's 'Fab 50' and the World's Most Reputable Companies by Forbes magazine, among India's Most Respected Companies by Business World and among India's Most Valuable Companies by Business Today. ITC also ranks among India's top 10 `Most Valuable (Company) Brands', (2012) in a study conducted by Brand Finance and published by the Economic Times.

The ancient Imperial Tobacco Company of India Limited is ITC Limited today, which was incorporated in August 24, 1910. The growth after long way in its journey, ITC posted its face as sector leader in its traditional businesses and spread over more than 60 locations across India. ITC has commitment with the business segments of:

- Cigarettes
- Hotels
- Paperboards & Specialty Papers
- Packaging, Agri-Business
- Packaged Foods & Confectionery
- Information Technology
- Branded Apparel
- Personal Care
- Stationery
- Safety Matches and
- Other FMCG products.

The Company's ownership progressively Indianised and the name of the Company was changed to I.T.C. Limited in 1974. As a strategic backward integration for ITC's Cigarettes business, the Packaging & Printing Business was set up in 1925. It is today India's most sophisticated packaging house. Spanning the network the company has 11 Subsidiaries, 3 JV Companies and 2 Associate Companies. The Company continuously endeavors to enhance its wealth generating capabilities in a globalizing environment.

Board of Directors			
Audit Committee	Compensation Committee	Nominations Committee	Investor Services Committee
Corporate Management Committee			
Divisional/Strategic Business Unit (SBU) Management Committees, each headed by a Divisional/SBU Chief Executive		Corporate Functions, each headed by a HOD	
Businesses include: FMCG, Hotels, Paperboards, Specialty Papers & Packaging and Agri-Business		Corporate Functions include: Planning and Treasury, Accounting, Legal, Secretarial, EHS, Human Resources, Communications, Internal Audit and Information Technology	

Chairman

The Chairman of ITC is the Chief Executive of the Company. He is the Chairman of the Board and the CMC. His primary role is to provide leadership to the Board and the CMC for realizing Company goals in accordance with the charter approved by the Board. He is responsible, inter alia, for the working of the Board and the CMC, for ensuring that all relevant issues are on the agenda and for ensuring that all Directors and CMC members are enabled and encouraged to play a full part in the activities of the Board and the CMC, respectively. He keeps the Board informed on all matters of importance. He is also responsible for the balance of membership of the Board, subject to Board and Shareholder approvals. He presides over General Meetings of Shareholders.

Executive Director

The Executive Directors, as members of the CMC, contribute to the strategic management of the Company's businesses within Board approved direction / framework. Executive Directors assume overall responsibility for the strategic management including governance processes and top management effectiveness for businesses / functions reporting to them. In the context of the multi-business character of the Company, an Executive Director is in the nature of a Managing Director for those businesses and functions reporting to him. As an Executive

Director accountable to the Board for a wholly owned subsidiary or its wholly owned subsidiary, he acts as the custodian of ITC's interests and is responsible for its governance in accordance with the charter approved by the Board.

Non-Executive Director

Non-Executive Directors, including Independent Directors, play a critical role in imparting balance to the Board processes by bringing an independent judgment on issues of strategy, performance, resources, standards of Company conduct etc.

Divisional / SBU Chief Executive Officer (CEO)

The Divisional / SBU CEO for a business has the overall executive responsibility for its day-to-day operations and provides leadership to the DMC / SBU MC in its task of executive management of the business.

3.10 SKILLS OF MANAGER

Managerial skills are what the manager uses to assist the organization in accomplishing its goals. Specifically, a manager will make use of his or her own abilities, knowledge base, experiences, and perspectives to increase the productivity of those with whom they manage.

The toolbox for what a manager needs in order to perform their job effectively, typically, fall into one of three categories: technical skills, human skills, and conceptual skills. To give you a better understanding of these skills, let's take a look at how each of these skills is applied by Manny the Manager and his employee Kelly the Financial Analyst.

1. Technical Skills

Technical skills are those skills needed to accomplish a specific task. It is the 'how to' skill set that allows a manager to complete his or her job. These skills are the combination of formal education, training, and on-the-job experience. Most employees expect their managers to have a technical skill set above their own so that, when needed, an employee can come to their manager to find out how to do something specific to their individual job.

For example, let's say that part of Kelly the Financial Analyst's job is to update a balance sheet each week. Kelly is a novice financial analyst and is new to the company, so she's expecting her manager, Manny, to show her how to perform this task initially, so that she can, eventually, do it on her own. Therefore, it is essential for Manny to have the technical skills of how to update a balance sheet so that he may, in turn, share that skill with Kelly. As a low-level manager, technical

skills are most important for Manny due to how close his role is to the general workforce - in this case, Kelly.

2. Human Skills

The next types of skills a manager must have are human skills. These interpersonal skills are what a manager will use to work with his or her employees. Some people are born with good human skills; others must work much harder at it. Human skills are critical for all managers because they work with people. Managers with good human skills understand their role inside the manager/employee relationship and how important things, like trust, cohesion, fairness, empathy, and good will, are to the overall success of the organization. Human skills help the manager to communicate, lead, and motivate an employee to work towards a higher level of productivity.

For example, let's go back to Kelly and Manny. Imagine Kelly's job description was changing to include a greater deal of responsibility but for the same pay. Kelly is upset, and feels overwhelmed by this change. Manny is a manager with good human skills, so he is able to empathize and communicate his understanding of Kelly's frustration with the change to her. Manny quickly works to find ways to motivate Kelly to continue to work at a higher level, despite the additional workload being placed on her.

3. Conceptual Skills

Conceptual skills are the final type of skills a manager must possess inside their toolbox. The level of analytical ability to envision both the parts and its sum directly translates into a manager's conceptual skill set. Essentially, a manager's conceptual skills allow him or her to solve problems in a strategic and calculated fashion. Conceptual skills are becoming increasingly more important in today's chaotic business environment.

Managers are, continually, being challenged to think conceptually about their organizations to develop action plans and harness resources to achieve organizational goals. A manager with good conceptual skills can look at a problem, break it down into manageable pieces, consider a variety of possible solutions, all before putting it back together again in a more effective and efficient manner. Conceptual skills are most important for top managers but still important for middle and low-level managers as well.

3.11 SUMMARY

Effective management and leadership involve creative problem solving, motivating employees and making sure the organization accomplishes objectives

and goals. There are five functions of management and leadership: planning, organizing, staffing, coordinating and controlling.

Management has been described as a social process involving responsibility for economical and effective planning & regulation of operation of an enterprise in the fulfillment of given purposes. It is a dynamic process consisting of various elements and activities. These activities are different from operative functions like marketing, finance, purchase etc. Rather these activities are common to each and every manger irrespective of his level or status. Different experts have classified functions of management. According to George & Jerry, "There are four fundamental functions of management i.e. planning, organizing, actuating and controlling".

According to Henry Fayol, "To manage is to forecast and plan, to organize, to command, & to control". Whereas Luther Gullick has given a keyword 'POSDCORB' where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting. But the most widely accepted are functions of management given by KOONTZ and O'DONNEL i.e. Planning, Organizing, Staffing, Directing and Controlling.

It comprises of management comprises of various functions of management or managerial activities. Management is concerned with getting things done through the efforts of others. To get the work done through the efforts of others, the management has to undertake a number of activities in a systematic manner. These activities of management are called managerial functions, functions of management or elements of management process.

Planning is deciding in advance the future course of operations for a given period. In other words, it is the conscious determination of the objectives to be achieved and the course of action to be taken to achieve the results. It implies decisions-making as to what to do, when to do it.

Organizing means the manpower, material, resources, viz., men, money, machines, materials, managerial personnel, etc. and putting them together into working order or the achievement of the objectives lay down by the enterprise. It can also be defined as the identification of the activities required to achieve the objectives of the enterprise.

Staffing function is considered as a separate function of the management by many management experts. But some do not consider it as a separate function of management. They consider staffing either as a part of organizing, since it involves the manning of the positions created by the organizing process. It is considered as a part of directing, as the staffing activities are closely related to leadership, communication and motivation. However, it is desirable to consider staffing as a separate function of management.

Directing is one of the important functions of management. While planning, organizing and staffing are merely the preparations for doing the work, directing function actually starts the work.

Controlling is the process of measuring actual results (i.e., current performance), the pre determined or standard results), identification of the variances or deviation between the actual results and the pre-determined results if any and taking correction of the performance of persons against the pre-determined standards. Controlling ensures that everything is undertaken according to the plans already determined. In short controlling makes execution function easy.

3.12 GLOSSARY

a) Planning: Planning is deciding in advance the future course of operations for a given period. In other words, it is the conscious determination of the objectives to be achieved and the course of action to be taken to achieve the results. It implies decisions-making as to what to do, when to do it.

b) Organizing: Organizing means the manpower, material, resources, viz., men, money, machines, materials, managerial personnel, etc. and putting them together into working order or the achievement of the objectives lay down by the enterprise. It can also be defined as the identification of the activities required to achieve the objectives of the enterprise.

c) Staffing: Staffing function is considered as a separate function of the management by many management experts. But some do not consider it as a separate function of management. They consider staffing either as a part of organizing, since it involves the manning of the positions created by the organizing process.

d) Directing: Directing is one of the important functions of management. While planning, organizing and staffing are merely the preparations for doing the work, directing function actually starts the work.

e) Co-ordination: Co-ordination is the orderly synchronization of efforts of the people working in an organization for the achievement of the organizational objectives. In other words, it is the harmonious blending of the activities of the different departments and the different specialists for the achievement of the desired ends. In short, it is the orderly arrangement of group efforts to provide unity of action in the pursuit of a common purpose.

f) Controlling: Controlling is the process of measuring actual results (i.e., current performance), the pre determined or standard results), identification of the variances or deviation between the actual results and the pre-determined results if

any and taking correction of the performance of persons against the pre-determined standards.

g) Creativity: Creativity is what separates competence from excellence. Creativity is the spark that propels projects forward and that captures peoples' attention. Creativity is the ingredient that pulls the different pieces together into a cohesive whole, adding zest and appeal in the process.

h) Technical Skills: Technical skills are those skills needed to accomplish a specific task. It is the 'how to' skill set that allows a manager to complete his or her job. These skills are the combination of formal education, training, and on-the-job experience. Most employees expect their managers to have a technical skill set above their own so that, when needed, an employee can come to their manager to find out how to do something specific to their individual job.

i) Conceptual Skills: Conceptual skills are the final type of skills a manager must possess inside their toolbox. The level of analytical ability to envision both the parts and its sum directly translates into a manager's conceptual skill set. Essentially, a manager's conceptual skills allow him or her to solve problems in a strategic and calculated fashion. Conceptual skills are becoming increasingly more important in today's chaotic business environment.

3.13 ANSWER TO CHECK YOUR PROGRESS/ POSSIBLE ANSWERS TO SAQ

3.13.1 Short answer questions

1. What is Management Function?

2. State any two Management Functions.

3. What is Production Management?

4. What is Marketing Management?

5. Who is a Manager?

6. State any two duties of a Manager.

3.13.2 Extended answer questions

1. Explain various Management Functions.

2. Discuss various Functional Areas of Management.

3. Discuss qualities of an Excellent Manager.

4. Explain various duties of a Manager.

5. Discuss various responsibilities of a Manager.

6. Explain various important Skills of Manager.

3.13.3 True-false

1. Effective management and leadership involve creative problem solving, motivating employees and making sure the organization accomplishes objectives and goals.

2. Management has been described as a social process involving responsibility for economical and effective planning & regulation of operation of an enterprise in the fulfillment of given purposes.

3. According to Henry Fayol, "To manage is to forecast and plan, to organize, to command, & to control".

4. Luther Gullick has given a keyword 'POSDCORB' where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for Reporting & B for Budgeting.

5. Staffing function is considered as a separate function of the management by many management experts.

3.13.4 Multiple-choice

1. Which of the following involve creative problem solving, motivating employees and making sure the organization accomplishes objectives and goals?

   a) Effective management

   b) Leadership

   c) Both a and b

   d) None of the above

2. "To manage is to forecast and plan, to organize, to command, & to control". Who quoted?

   a) Henry Fayol

   b) Luther Gullick

   c) KOONTZ and O'DONNEL

   d) All the above

3. Who has given a keyword 'POSDCORB' where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting?

   a) Henry Fayol

   b) Luther Gullick

   c) KOONTZ and O'DONNEL

   d) All the above

3.13.5 Fill-in-the-blanks

1. According to………………, "To manage is to forecast and plan, to organize, to command and to control".

2. ……………….has given a keyword 'POSDCORB' where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for Reporting & B for Budgeting.

3. ………………is deciding in advance the future course of operations for a given period.

4. ………….means the manpower, material, resources, viz., men, money, machines, materials, managerial personnel, etc.

5. …… is the process of measuring actual results (i.e., current performance), the pre determined or standard results), identification of the variances or deviation between the actual results and the pre-determined results.

3.14 POSSIBLE ANSWERS TO SELF ASSESSMENT QUESTIONS

3.13.3. 1. True 2. True 3. True 4. True 5. True

3.13.4 1. (c) 2. (a) 3. (b)

3.13.5 1. Henry Fayol 2. Luther Gullick 3. Planning 4. Organizing 5. Organizing

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3.17 TERMINAL QUESTIONS

1. The functions of management have identified by KOONTZ and O'DONNEL is the most common functions. Why?

2. Why the general manager should concentrate on various functional areas of management? Discuss.

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UNIT 4   EMERGING HORIZONS OF MANAGEMENT

STRUCTURE

4.1 INTRODUCTION

In the present context, managing has become one of the most important areas of human activity because of increasing role of large and complex organizations in society. Not only the complexities of organizations but also their increasing role in the organizations have attracted the attention of both academicians and practitioners to find out an answer of the question how these organizations can be managed effectively. This led to the development of new field of study know as management.

4.2 OBJECTIVES

After reading this unit you will be able to understand:

Management before 21st Century

Emerging Horizons of Management

Challenges before Managers in 21st Century

4.3 MANAGEMENT OF 20TH CENTURY

The 20th Century goal of delivering goods and services so as to make money is a linear goal. It can be accomplished in its entirety. Through economies of scale, "the system" enables it to be done progressively more cheaply. Through outsourcing and downsizing, the economies can be continued, albeit with declining returns. Rules can be put in place. Processes can be established. Structures can be built. Mistakes can be eliminated. If mistakes do occur, people can be blamed and punished. A predictable and reassuringly linear environment can be built. "The system" operates as a closed universe. The customer is a thing to be manipulated (rather than a person with whom the firm has a relationship) to buy the products and services generated by "the system". Similarly, the employees are treated as "human resources" to be mined and exploited and discarded as necessary. The entire scheme is antipathetic to innovation, because any significant innovation risks de-stabilizing the simple, linear, finite world that has been created. "The system" has become an end in itself. For much of the 20th Century, this worked well enough.

4.4 CHALLENGES BEFORE MANAGERS IN 21ST CENTURY

Over the last decade, the business world has been thoroughly evolved. Some businessmen, who were visionary enough to forecast the upcoming changes, survived this change successfully and flourished. On the other hand, many managers

and executives fell behind. Now-a-days, the management of an organization does not only have the traditional issues and problems to tackle, they also have to deal with the modern challenges of management.

These modern challenges in management, which are also commonly referred as the management challenges of the 21st century, require skills, in-depth management knowledge and a vision to anticipate what is to come. Unless you are well-equipped with the knowledge of modern challenges in management, you may not be able to successfully tackle them. Read the following 5 management challenges of the 21st century and see if you have figured them all out or not.

1. Globalization

Globalization has changed the way managers used to work. Probably, the biggest change of the 21st century is that the world has now become a global village. Globalization brought a lot of interesting possibilities, profitable opportunities and the whole world as a big, grand global market. But on the other hand, globalization also brought a lot of problems and headaches for today's managers. Successfully responding to globalization has actually become the biggest management challenge of the 21st century.

ExxonMobil is a U.S. company, although more than 75% of its revenues are from sales outside the United States of America. Similarly, renowned automobile manufacturers like Mercedes and BMW usually build cars in South Africa. This has increased the amount of foreign assignments that a manager has to deal with. You may have a branch or a subsidiary in another country, and being a manager, you might be dependent on that. The time differences and the usual delays in communication can seriously affect your performance.

2. Information Technology

Even if you are in a business that does not require you to learn about computers, internet and other information technology skills, being a manager of the 21st century makes it mandatory for you. You can even send him the important documents that require immediate attention. These are very basic examples just to give you an idea. Similarly, you might even require a collaborated platform to work simultaneously on an important project. It starts becoming trickier this way. You need to have a reasonable amount of knowledge in information technology. Not only that, you will also have to upgrade yourself constantly.

Moreover, the management also needs to explore the possibilities of online marketing. Having a website with proper search engine rankings, visibility in online business directories and social media presence are some other important things.

3. Competing with the Low-Cost Labor

Another great modern challenge in management is to find a way to minimize your cost of operations. So you can compete with the low-cost labor that many other countries can afford. You may or may not have the luxury of having a labor at Rs. 60 per hour. But it is a fact you must understand that many other countries do have this option.

How would you compete with them? As the world is now a global market, no businessman is out of reach. Your client can hire someone else for his project instead of you, only because your competitor offered him a ridiculously low rate. This is one of the biggest modern challenges in management.

4. Workforce Diversity

Managing people, who are very different to each other, is also one of the modern challenges of management. The workforce has never been more diverse. It is commonly known as workforce diversity and it means that organizations are now fast becoming a mixture of different age groups, genders, cultures, races and ethnicities.

Managing a workforce which has women, colored people, disabled persons, senior citizens, young people, internees and people belonging to different countries, religions and cultures, has become a global concern and management challenge. As a manager, you cannot expect a same rule to be followed by everyone. Since people have different values, perceptions and personalities, they also have different preferences, needs and requirements. It is, indeed, a challenge for managers to cater to the entire workforce successfully.

5. Learning Organizations

The concept of 'learning organizations' was first presented by Peter Senge. According to his concept, employees, who are committed to an organization, works harder and produce better results. That's why he proposed that organizations should invest in their employees and facilitate the learning of their members. As a result of that, the organization actually develops and transforms itself.

Peter Senge said: "We are in the midst of a world-wide, fundamental shift in management philosophy and practice. The traditional resource-based organization of the past is rapidly giving way to the emerging knowledge-based organization."

To tackle this world-wide shift in the management philosophy and practice is another modern challenge in management. The Peter Senge's theory is pretty much accurate. We see many organizations around us that actually invest a lot of time, efforts and money into their employees' learning and development. Internships are another example of making people committed to their organizations. However, the

challenge for the managers is to strike a balance between facilitating the learning and maximizing outputs and profits. Apart from that, having a 'learning organization' is no guarantee that the employee will remain loyal to that organization and won't chase better offers. So that's another thing that the management should look into.

HRM includes conducting job analyses, planning personnel needs, recruiting the right people for the job, orienting and training, managing wages and salaries, providing benefits and incentives, evaluating performance, resolving disputes, and communicating with all employees at all levels. Examples of core qualities of HR management are extensive knowledge of the industry, leadership, and effective negotiation skills, formerly called personnel management.

Typically, HRM is the function within an organisation that focuses on recruitment of, management of, and providing direction for the people who work in the organization. HRM can also be performed by line managers. It can also be described as the organisational function that deals with issues related to people such as compensation, hiring, performance management, organisation development, safety, wellness, benefits, employee motivation, communication, administration, and training.

It is also a strategic and comprehensive approach to managing people and the workplace culture and environment. Effective HRM enables employees to contribute effectively and productively to the overall company direction and the accomplishment of the organization's goals and objectives.

In modern time, HRM is moving away from traditional personnel, administration, and transactional roles, which are increasingly outsourced. HRM is now expected to add value to the strategic utilization of employees and that employee programmes impact the business in measurable ways, hence, the new role of HRM involves strategic direction and HRM metrics and measurements to demonstrate value.

4.5 EMERGING HORIZONS OF MANAGEMENT

1. Human Resource Management challenges

The management of Human Resources has now assumed strategic importance in the achievement of organizational growth and excellence. As globalization advances and we move into the information age, organizations need to adapt to the changes in technology and the changing issues in management of people.

Some critical issues have clearly emerged - planning, acquisition and development of human resources, responding to the demands of the work place and, above all, evolving a strategy of dealing with industrial conflict. As a

management practice, it covers all the conventional areas of personnel management and industrial relations, as well as the relatively new areas such as communication, counseling, training and development and job enrichment.

Over the last two decades, there has been an unprecedented increase in the number of organisations that have internationalised their operations. The international movement of labour that has been concomitant with such expansion of international business has meant that issues associated with the management of human resources across International borders are increasingly important to international human resource managers and academics. This poses a lot of challenges to HR managers.

The rapidly-transforming business landscape means that there are currently many human resource management challenges which will continue to evolve for years to come. Tom Marsden, Director of Professional Services at Alexander Mann Solutions says that HR departments really need to be adding real business value to their organisations.

"Although the restrictions of the recession aren't over yet, companies are recognizing that in 2010, they will need to take steps to retain their workforce. This could be through an increased emphasis on training and engagement programs or by investing in areas that will optimize expenditure, such as integrated technology systems or improved candidate attraction schemes. The signs are that HR departments are preparing to maximize their resources and staff as organisations look to grow."

Due to the fluctuating economy as well as local and global advancements, there are many changes occurring rapidly that affect HR in a wide range of issues. In the Survey of Global HR Challenges: Yesterday, Today and Tomorrow, conducted by PricewaterhouseCoopers on behalf of the World Federation of Personnel Management Associations (WFPMA), several challenges for human resource management were revealed.

This survey, which concluded that "despite national and regional differences, there was remarkable unanimity," disclosed some of the top human resource management challenges as follows:

Change management (48%),

Leadership development (35%),

HR effectiveness measurement (27%),

Organizational effectiveness (25%).

But , typically, the main challenges of HR manager include adding value to an organisation both the labour force and the business itself, manage talent within your organisation – try to attract and keep talented and hard-working people in

the organisation; managing globalisation, Information Technology, business control, Information-workers and info-management.

The modern business cannot effectively operate in the business world if the human force is not well equipped with the latest technology and techniques. This is the responsibility of the human force manager to properly train the work force and to see the basic things the human force needs to achieve the competitive advantages of business in 21st century.

Great debates on this topic have been ongoing for several years and no doubt, people are important in any organisation but due to rapid changes in the business world, globalization, change in customer taste and habits, new techniques of production, human in the organisation now facing different kind of problems, to cope with this situation the today's HR manager is also facing a variety of issues and challenges on how they can best manage and solve all these issues and challenges with splendid ways.

The average HR manager is facing a variety of challenges tomeet these challenges for the future, tomorrow. HR manager or department must be much sophisticated than their predecessors. Because an international or multinational organisation cannot perform their activities well when their HR manager knows the diversity of technique to hack it with these issues and to how they can prepare a unobjectionable force for the organisation to face the rapid competitive business word and to operate in the situation. All the organisations should prepare their human resources people well keeping in view the global environment or market place to ensure competitive advantage. Human resource manager will have to build or developed such a frame work that allows flexibility to develop such a workforce that will be the work force for tomorrow.

What should be the priorities for human resource in future what should be? The answer to this question is very difficult but there are many factors contributing to HR managers functions and these activities are constantly changing. By keeping in view the entire situation, the organisation's HR department is continuously being transformed as well.

Some pieces of research have pointed out that the most of the challenges faced by the HR in 21st century are also, retention of the employees, multicultural workforce, women workforce, retrenchment of employees, change in the demand of the government, technology, globalisation, and initiating the process of change.

The World Federation of Personnel Management Association (WFPMA) survey pointed out the most important top ten HR challenges are leadership development, organizational effectiveness, change management, compensation, health and safety, staff retention, learning and development, succession planning.

Staffing: recruitment and skill labour. Liz Weber has pointed out that the most important challenges of the HR in business are layoffs. The most of the owners and managers are facing this hard issue. This laid off may be due to several reasons which include the economic uncertainty, the employee's job instability and HR less effectiveness.

In the view point of Gary Dessler, the most important challenges of HRM are technology, e-commerce and workforce diversity and globalisation, ethical consideration of the organisation which may directly or indirectly affect the organisation competitive advantages, especially with technological advancement the affect on recruitment, training and development and job performance with great extent can be study in organisation.

We can sum up these from the following points that the foremost challenge faced by HRM is the globalisation. Globalisation means the present flow of goods, services, capital, ideas, information and people. It means the movement of these things without using any human resource. In this modern business world, markets have become battlegrounds where both the domestic and foreign competitors try to capture as maximum market shares as possible. Such globalisation is a challenge for HRM.

However without human resource they have no value because a workforce is knowledgeable and skilled, who facilitates a company in gaining competitive advantage over others and enable a company to compete in the foreign market and to make investment in not only in a domestic market but also in foreign markets. Therefore all the HR Managers come up several strategies to develop and retain such human resource, because Human Resource is the tool which makes an organisation successful in the field of globalisation.

Today, many business leaders and executives view HR as a non-strategic cost centre instead of a core, profit-contributing function. This is especially true during the tough economic times like in the past few years which have put more organizational demand on the revenue generating business functions – and more of a focus on cost saving for the other functions. Unfortunately most organisations still view HR as a transactional cost centre which makes them to under play the function.

One of the most common complaints about HR is that many professionals lack the forward thinking, strategic advisory focus needed to be an effective business partner. They don't spend the time to understand the business they support and focus more on transactional HR activities that don't have the impact the business desires. HR Business Partners need to be trusted advisers to the businesses and leaders they work with. They need to be effective coaches and remain aware of

their critical role as to effectively assess workforce capabilities and enable planning for future needs. HR must be focused on becoming a trusted advisor to their business to empower managers to drive improved organisational performance.

2. Talent acquisition & talent management challenges

Organisations are continuing to struggle with hiring and managing their talent effectively. Most corporate recruitment and talent functions are reactive and rarely are future focused. These functions aren't aligned to their organisation's business strategy, aren't part of a formal organisational talent strategy and in fact seldom even communicate with each other. Most HR leaders and their teams aren't spending the necessary time upfront to analyze and properly plan their organisational talent assets, needs and gaps. When an organisation's recruitment and talent management functions are performing effectively, the rewards far outweigh the investments.

Organizations must be self-aware and understand their true functional capabilities within recruitment and talent management. An organisation which isn't effective in managing and developing their own talent will need to rely more on hiring new talent to fulfill the talent requirements of the business strategy. The organisation must understand the limitations of their talent functions and make the appropriate decision to either invest quickly in resolving their functional deficiencies or work around the deficiencies.

3. The challenges of Operations Management

Operations management is challenging as a branch of study because it employs highly technical and highly specialized language and approaches. In addition, another challenge emerges in the context of business activities and business environment, especially as both context and environment change to alter the effectiveness of operations techniques and processes for managers and businesses. Moreover, the levels of technical and problem solving or conceptual skills required in understanding and applying the tools and techniques of operations management create the most significant challenge for business owners and managers. Business managers and owners must be able to delve into the deeper sides or aspects of processes that create value by understanding activity flow and interrelationships between productive inputs or variables (the factors of production) and how external and internal environmental factors affect how effectively and efficiently these can be combined to produce goods and create services. Most importantly, the concept of value should be understood in terms of the link between value and processes. Operations managers should understand that it is processes that create value and therefore, strive to manage these processes in relation to the value they envision for the organization and their customers. Operations managers must meet the technical challenge presented by operations management in terms of the required body of

knowledge and understanding they need to possess to carry out their job responsibilities and tasks effectively and efficiently. They must also be able to meet the service challenge of operations management by understanding that the design and creation of services differ from the design of physical products or goods. Finally, operations managers must meet the applications challenge of operations.

4. Personnel Management in the 20th Century

The Personnel Management is a direct predecessor of the modern Human Resources Management we know and practice it today. The personnel management has the interesting history; it evolved as the requirement of the business to centralize the personnel administration, and recruitment and staffing, and provide hard skills training and development programs for managers and employees. It had no higher aspirations in the beginning, but the role of the Personnel Management Department has increased over time.

Moreover, organizations required building a strategic relationship with trade unions. The borderline between the Personnel Management and Human Resources is not sharp; there was a kind of a smooth transition between the personnel management and Human Resources.

The personnel management began its development at the beginning of the 20th century. The leaders of large factories realized that the organization can achieve tremendous savings if the employee related processes are centralized and managed using same procedures and principles for all. They also required unifying and upgrading the voluntary social care programs and initiatives. The centralization had many benefits.

Large factories run the social care programs for workers because it allowed employees to spend more time working and not being disturbed by any personal issues. The overall impact on the productivity was highly positive, and operating costs were kept at a reasonable level. As a side benefit, the workforce had been receiving some education about the products and processes of the factory. These programs had a positive impact on the employee satisfaction which had a measurable positive impact on the productivity and profits.

The centralization started as a personnel administration, and it developed into a healthy personnel management function. However, in the late 70s of the 20th century, the modern Human Resources Management has begun to evolve as the strategic response to the increased competition on the market.

Personnel Management (HRM History)

The ambitions of the personnel management were not that challenging in the beginning; it was about the consistent improvement of employee related processes. It was the introduction of formalized people management processes (the huge milestone for Human Resources). All managers and employees received the same service and service levels were guaranteed. However, the personnel management is an important part of the history of human resource management.

The personnel management was focused on basic HR processes mainly in the area of the HR Administration, which we usually see as a standard today (see more on HR Roles and Responsibilities). According to the modern HR Model (see more about HR Models) by David Ulrich, the traditional personnel management would hit the segment called the Administration Expert.

As the personnel management was a successful phase of the HR Management History, it created many issues for modern HR Professionals. They usually do not like talking about the personnel administration as many old style managers still refer to HRM as the administration of personnel files. However, the personnel management was a significant change in the way we work with employees and people in the organization. It represented one of the best improvements of workplace conditions ever introduced.

Most organizations stopped their rapid growth in the number of employees, but they realized the need to increase their productivity to stay competitive on the market. Organizations were pushed to voluntarily change their approach to employees to gain a competitive advantage over evolving competitors from other countries. At the beginning of the period, the USA was a dominating power that was losing its privileged position over time. The smaller and agile competitors were gaining the market share, and the profits were ruined; the strategic answer to these challenges was hidden in the proper and modern HR Management as we know it today.

There is no universal definition of the personnel management. However, the personnel management was the evolutionary step in the overall development of Human Resources Management. The personnel management was a pure administration of employees' files and kept files and processes compliant with the legislation. The personnel management started as a small agenda without any ambitions to develop a modern HR Management strategy.

The personnel management was about the introduction of effective policies and procedures, which unified many personnel-related processes like hiring, training, essential development courses for managers and fundamental principles of the remuneration in the organization. The key goal was in designing cost-efficient

processes and kept the organization competitive on the market. A complete change of the approach to employees was not a primary goal of the introduction of the personnel management; it was a side effect as the company realized positive impacts on the performance and productivity.

The introduction of the centralized recruitment processes made the spread of the unified corporate culture easy. The personnel department was not recommending job applicants who were not compliant with the corporate values. Managers did not spend time reading tons of resumes; they were presented just a few candidates to choose from. It is a significant time and cost saving.

Organizations have not recognized the importance of employees in a full picture yet. They were managing the productivity through the optimization of processes. They were not interested in employee engagement; employees were easy to be replaced. They believed that employees can be changed easily, and more skilled workers can be hired within minutes. Organizations thought that wealth and productivity rise from process re-engineering and product innovations. The full value of employees was still ignored. A real revolution in the HR Management came later, just some 30 years later. This was the introduction of the modern Human Resources Management.

4.6 PERSONNEL MANAGEMENT IMPACT ON HUMAN RESOURCES MANAGEMENT

The personnel management plays an important role in the entire history of the Human Resources Management. The key changes introduced include the proper and detailed induction of the new hires, detailed job grading, and unified recruitment processes for the entire organization. Finally, the introduction of the revolutionary personnel management made possible the development of real modern HR practices. Moreover, it allowed the development of first digitized personnel administration procedures.

Today, most organizations do not use the personnel management as they recognize it as obsolete. However, many personnel management practices are still the best practice in the HR Administration and HR Operations areas. Still, we can find the personnel management approaches quite common in the public sector; the state usually does not manage the workforce as strategic assets. Their motivation scheme works differently, and the PM is a suitable way to process HR processes.

However, the personnel management allowed recognizing the importance of employees because companies with the most developed PM practices were able to keep their growth sustainable. By following best practices, the real HR Management evolved.

4.7 SUMMARY

The 20th Century goal of delivering goods and services so as to make money is a linear goal. It can be accomplished in its entirety. Through economies of scale, "the system" enables it to be done progressively more cheaply. Through outsourcing and downsizing, the economies can be continued, albeit with declining returns. Rules can be put in place. Processes can be established. Structures can be built. Mistakes can be eliminated. If mistakes do occur, people can be blamed and punished. A predictable and reassuringly linear environment can be built. "The system" operates as a closed universe. The customer is a thing to be manipulated (rather than a person with whom the firm has a relationship) to buy the products and services generated by "the system". Similarly, the employees are treated as "human resources" to be mined and exploited and discarded as necessary. The entire scheme is antipathetic to innovation, because any significant innovation risks de-stabilizing the simple, linear, finite world that has been created.

These modern challenges in management, which are also commonly referred as the management challenges of the 21st century, require skills, in-depth management knowledge and a vision to anticipate what is to come.

Probably, the biggest change of the 21st century is that the world has now become a global village. Globalization brought a lot of interesting possibilities, profitable opportunities and the whole world as a big, grand global market. But on the other hand, globalization also brought a lot of problems and headaches for today's managers. Successfully responding to globalization has actually become the biggest management challenge of the 21st century.

ExxonMobil is a U.S. company, although more than 75% of its revenues are from sales outside the United States of America. Similarly, renowned automobile manufacturers like Mercedes and BMW usually build cars in South Africa. This has increased the amount of foreign assignments that a manager has to deal with. You may have a branch or a subsidiary in another country, and being a manager, you might be dependent on that. The time differences and the usual delays in communication can seriously affect your performance.

The management of Human Resources has now assumed strategic importance in the achievement of organizational growth and excellence. As globalization advances and we move into the information age, organizations need to adapt to the changes in technology and the changing issues in management of people.

Some critical issues have clearly emerged - planning, acquisition and development of human resources, responding to the demands of the work place and, above all, evolving a strategy of dealing with industrial conflict. As a management practice, it covers all the conventional areas of personnel management

and industrial relations, as well as the relatively new areas such as communication, counseling, training and development, and job enrichment. An attempt has been made in this paper to point out the experiences on the emerging issues in managing human resources.

The Personnel Management is a direct predecessor of the modern Human Resources Management we know and practice it today. The personnel management has the interesting history; it evolved as the requirement of the business to centralize the personnel administration, and recruitment and staffing, and provide hard skills training and development programs for managers and employees. It had no higher aspirations in the beginning, but the role of the Personnel Management Department has increased over time.

The personnel management plays an important role in the entire history of the Human Resources Management. The key changes introduced include the proper and detailed induction of the new hires, detailed job grading, and unified recruitment processes for the entire organization. Finally, the introduction of the revolutionary personnel management made possible the development of real modern HR practices. Moreover, it allowed the development of first digitized personnel administration procedures.

4.8 GLOSSARY

a) Management before 21st Century: Management before 21st Century was about achieving a finite goal: delivering goods and services, to make money.

b) The 20th Century business goal: The 20th Century goal of delivering goods and services so as to make money is a linear goal. It can be accomplished in its entirety. Through economies of scale, "the system" enables it to be done progressively more cheaply.

c) Management of Human Resources: The management of Human Resources has now assumed strategic importance in the achievement of organizational growth and excellence. As globalization advances and we move into the information age, organizations need to adapt to the changes in technology and the changing issues in management of people.

d) Personnel Management: The Personnel Management is a direct predecessor of the modern Human Resources Management we know and practice it today. The personnel management has the interesting history; it evolved as the requirement of the business to centralize the personnel administration, and recruitment and staffing and provide hard skills training and development programs for managers and employees.

4.9 ANSWER TO CHECK YOUR PROGRESS/ POSSIBLE ANSWERS TO SAQ

4.9.1 Short answer questions

1. What is Management of 20th Century?

2. State any two challenges before Managers in 21st Century.

3. What is Globalization?

4. What is Information Technology?

5. What is Workforce Diversity?

6. What is Learning Organization?

7. What is Emerging Horizons of Management?

8. What is Personnel Management?

4.9.2 Extended answer questions

1. Discuss about Management of 20th Century.

2. Explain about challenges before Managers in 21st Century.

3. Discuss in details about Emerging Horizons of Management.

4. Write note on: Human Resource Management challenges.

5. Explain about Personnel Management impact on Human Resources Management.

4.9.3 True-false

1.   Management after 21st Century was about achieving a finite goal: delivering goods and services, to make money.

2.   The finite goal of delivering goods and services, in order to make money, was utterly boring and dispiriting, as noted in Gary Hamel's wonderful blog post here.

3.   The biggest change of the 20th century is that the world has now become a global village.

4.9.4 Multiple-choice

1.   Management before 21st Century was about achieving a finite goal ………..

a) Delivering goods and services

b) To make money

c) Both a and b

d) None of the above

2. The biggest change of the 21st century is that the world has now become a……………

a) Freedom market

b) Global village

c) Both a and b

d) World market

4.9.5 Fill-in-the-blanks

1. Management before 21st Century was about achieving a finite goal: delivering goods and services, to……………...

2. The biggest change of the 21st century is that the world has now become a……………..

3. …………….is a U.S. company, although more than 75% of its revenues are from sales outside the United States of America.

4. The personnel management plays an important role in the entire history of the……………..

4.10 POSSIBLE ANSWERS TO SELF ASSESSMENT QUESTIONS

4.9.3 1. False 2. True 3. False

4.9.4 1. (c) 2. (b)

4.9.5 1. Make money 2. Global village 3. ExxonMobil 4. Human Resources Management

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4.13 TERMINAL QUESTIONS

1. What are the differences between 20th Century and 21st Century management? Discuss.

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2. Do you think the 21st Century management system is more effective for business development? Discuss.

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NOTES

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UNIT 5	**MANAGEMENT PRACTICES ACROSS THE WORLD**

STRUCTURE

5.1 INTRODUCTION

It is widely recognized that Japanese and American styles of business management practice differ broadly across the range of supervisory style, decision-making, communications, management controls, and interdepartmental relations. The real differences between Japan and the United States in general social values and norms and in manager and worker belief systems concerning work raise serious questions about widespread transferability of Theory Z management to the United States.

In Japan, Theory Z practices are consistent with the general social norms and are generally supported by the actions of labour organisations and governmental bodies. Japanese organisations form a highly consistent and integrated theoretical framework whose application works well in the Japanese setting.

5.2 OBJECTIVES

After reading this unit you will be able to understand:

Management Practices across the World

Comparative study of main features of Japanese Management and Z-culture of American Companies

5.3 INTRODUCTION TO THEORY Z MANAGEMENT

Theory Z is a name applied to three distinctly different psychological theories, one of which was was developed by Dr. William Ouchi. According to Ouchi, Theory Z management tends to promote stable employment, high productivity, and high employee morale and satisfaction.

American management has not found an internally consistent framework of management practices that develops long term employee involvement, and our productivity suffers from this. Thus, Theory Z management is not likely to become the accepted norm in American companies to the extent it has in Japan.

The theory Z as given by Professor William Ouchi simply suggests that involved workers are the key to increased productivity. Such workers in large Japanese organizations result from an internally consistent set of norms, practices, and behaviours which are grounded in trust and interpersonal intimacy.

Japanese organizations foster life time employment, slow evaluation and promotion, non- specialized career paths, implicit control mechanisms, collective decision making, collective responsibility, and holistic concern in internally consistent ways which produce worker's involvement and thus higher productivity. This is

the Japanese way according to Ouchi and it is theory Z way in which some American Organizations now seem to operate.

5.4 MANAGEMENT PRACTICES ACROSS THE WORLD

Productivity levels are of great concern to every country on the face of the earth. In recent years, many U.S. businesses have looked to Japan to find the answer to the productivity crisis in the United States, while many Japanese scholars attend universities in the United States to learn about management. Japan's phenomenal success in increasing productivity is often attributed to its managerial approach and low wage rates. But with the rise of the Japanese yen and the fact that the labor cost component of products becomes increasingly less important, managerial competence becomes even more crucial. There is an abundance of literature on both U.S. and Japanese management; one such book even made the best-seller list. But the literature on Chinese management is very sparse. Since Japan and the United States present contrasting managerial approaches, Chinese managers probably could adopt aspects from either approach. But which country uses managerial practices that would be appropriate for making Chinese businesses more effective and efficient? The first step should be to identify Chinese managerial practices and to analyze whether they are closer to the U.S. or the Japanese model. Then they should be compared and contrasted with current practices used by large, state-owned businesses in China. There is general agreement on the basic characteristics of Japanese and U.S. management, but there is less agreement-and certainty-about the transferability of the practices (not the science) of management to other cultures. In the 1960s, scholars and practitioners were very much concerned about the universality and transferability of management. A great deal of controversy centered on the question of whether management is culture-bound. Some suggest it is, while others point to the universality of management. Harold Koontz, who developed one of the most comprehensive models of comparative management, concluded that the opinion differences about the universality of management can probably be attributed to the fact that management as science-organized knowledge-has universal application, but the practice of management is an art and as such must be adapted to the situation. To understand what management is, we have to ask "What do managers really do?" One of the most widely used frameworks for structuring managerial knowledge is to take the managerial process and divide it, as a first order classification, into the functions of planning, organizing, staffing, leading, and controlling. Key managerial activities are then grouped within these functions. We will first discuss these functions and then point out the differences of managing in the United States and Japan. The

managerial functions will serve as a framework for comparing and contrasting the managerial approaches in these three countries. At the outset, a word of caution is in order. It is obvious that not all companies are managed the same way as discussed here. We must also realize that very few empirical studies exist, especially for Chinese management, and that most of the available literature is descriptive. Many writers point out the differences in the managerial practices in Japan and the United States, or in the West in general. But others report that, for example, no differences have been found in participation in the decision making process or in job satisfaction in Japan and elsewhere. Therefore, the contrasting managerial approaches are suggestive. In Japan, planning is greatly aided by cooperation between government and business. After World War II, Japan developed policies for economic growth and strength as well as international competitiveness. These policies harmonized monetary and fiscal policies within the industrial structure. In this kind of relative economic predictability, environment planning is less risky. Planning is choosing the purpose and objectives of the organization as a whole or a part of it and selecting the means to achieve those ends. It requires making decisions. The Japanese, in general, have a longer-term orientation in planning than U.S. managers. One reason for this is that in Japan banks are the primary providers of capital and their interest is the long-term health of the businesses.

5.5 COMPARATIVE STUDY OF JAPANESE MANAGEMENT

In the post-World War II era a set of Japanese cultural patterns and managerial practices came to be known collectively as the Japanese management style or Japanese management techniques. Many of these techniques were credited with helping vault the Japanese economy to its status as the worlds second largest, behind only the United States, and with making Japanese businesses, particularly in the manufacturing sector, more competitive than their international counterparts. In the wake of Japan's prolonged and arduous struggle with recession throughout much of the 1990s, however, many observers both inside and outside Japan have called into question the effectiveness of some traditional Japanese management practices. As a result, at the dawn of the 21st century Japanese management techniques are more than ever in a state of flux, as scholars and business leaders alike reconsider which practices work and which don't.

Historical Context

Japanese management techniques and economic strategies came to be recognized in Western countries only during the postwar period, their origins are considerably older. Most directly, their origins can be traced to at least the latter

part of the 19th century, when a Western influenced modernization program began under the new monarchy created in the 1868 Meiji restoration. In part as a response to the bitter European colonization experiences of its Asian neighbors, the new Japanese government began to open the Japanese economy and society to controlled outside influences in order to stave off any Western conquerors.

Some recognizably modern practices arose during the Meiji period. Even then, when the Japanese economy was still shedding the trappings of feudalism after centuries of closure to foreigners and slow technological development, heavy emphasis was placed on developing domestic imitations of and innovations on Western goods, rather than relying on imports. The practice was summarized well under a slogan of the era, "Japanese spirit, Western technology."

This ambition to preserve the character of the Japanese culture and the autonomy of the economy can be seen in 20th-century practices at both the macro- and microeconomic levels. In the national economy it is evidenced by long-standing restrictions (direct and indirect) on imports into Japan and the concomitant trade surplus Japan has maintained for years. At the company level, the same motive helps explain the prevalence of the Japanese keiretsu, the large and complex families of interdependent companies centered around their own banks (e.g., Sumitomo, Hitachi, Mitsubishi). In theory, at least, these firms can avoid "importing" their raw materials, components, or even capital from "foreign" (i.e., unaffiliated) companies by sourcing these goods from within their extensive organizations.

5.6 PROFILE OF TRADITIONAL JAPANESE MANAGEMENT PRACTICES

Rooted in these and other historical traditions, some of the other key practices commonly associated with Japanese management techniques include:

a) In-house training of managers

b) Consensual and decentralized decision-making

c) Extensive use of quality control methods

d) Carefully codified work standards

e) Emphasis on creating harmonious relations among workers

f) Lifetime employment and seniority-based compensation

g) It is important to note that these are generalizations according to a conventional formula. There have always been variations, and, as noted above, some aspects of these practices have been increasingly reconsidered in recent years.

5.7 MANAGEMENT EDUCATION IN JAPAN

The education of managers in Japan traditionally takes place on a relatively informal basis within firms. The percentage of Japanese chief executives who have attended university is high, similar to that in the United States and Western Europe. However, very few Japanese executives have attended graduate schools compared to their U.S. and European counterparts. In fact, only one Japanese university offers a degree analogous to an MBA, a key credential for managers in the United States.

Formal education for managers is also not well developed at the undergraduate level. Undergraduate education is not viewed by firms as a means of attaining business skills, and firms base their hiring decisions less on a recruit's knowledge than on general attributes such as character and ambition. Firms do not hire recruits to fill specific occupations. Rather, recruits are expected to be malleable, identifying with the general interests of the firm rather than with their specific role within it. The mentor system is widely used in the early training of management recruits and involves middle-level and senior managers serving as teachers and role models.

The emphasis on in-house education is related to the traditional lifetime employment system, in which management recruits are hired each April following university graduation; they typically would stay with the firm until retirement. The lifetime-employment system makes it probable that a firm will benefit from its investment in training, and also enables the firm to develop long-range plans for training recruits.

Management training is based on regular rotation through a broad range of a firm's operations. Management recruits also frequently begin their careers as ordinary workers on a production line. The pattern of regular rotation enables managers to develop a detailed understanding of a number of varied operations, and thus over time to attain a rich general knowledge of the firm.

Linked with the lifetime-employment system is the emphasis on seniority in compensation and promotion often over what Americans would take to be "qualifications" for the job. This results in a higher average age and less variation in age among top executives in Japan. Compared to the United States and Europe, for instance, relatively few company presidents are under age 50. This practice is believed to equip Japanese executives with an intricate knowledge about their particular business.

Japanese managers typically take a more long-term interest in their firms than do their American counterparts, partly a result of the lifetime employment and seniority systems. In the United States, managers are typically compensated on

the basis of their divisions' performance. This bonus system is not used for Japanese managers, as it is considered detrimental to a long-term perspective and an interest in the firm as a whole.

5.8 ELEMENTS OF MANAGEMENT EDUCATION IN JAPAN

1. Capital and Priorities

The long-term view of Japanese managers is also based on sources of finance. While American firms rely heavily on capital from the stock markets, Japanese firms tend to rely more heavily on borrowing from banks and generally have much higher debt-to-equity ratios. Consequently, Japanese managers are under less pressure to maximize short-term earnings to please shareholders. By contrast, in the United States there is intense market pressure for companies to meet quarterly earnings expectations even exceed them or else face a sell-off of their shares. In general, Japanese firms are more likely to focus on productivity, growth, and market share, whereas U.S. firms are more inclined to concentrate first on profitability.

2. Corporate Governance

While directors from outside the company are common in the United States, they are rare in Japan. The decision-making process in Japanese firms is highly decentralized. In publicly held U.S. corporations, power is concentrated in a board of directors, with each director having one vote. In Japan, both middle and senior management serve as directors. Japanese directors typically retain production-line responsibilities. For example, in the early 1970s, 14 of Hitachi's 20 directors were engineers. This represents another facet of the strong production orientation of Japanese management.

3. The Ringi System

The traditional decision-making process in Japanese firms is referred to as the ringi system. The system involves circulating proposals to all managers in the firm who are affected by an impending decision. Proposals are generally initiated by middle managers, though they may also come from top executives. In the latter case, an executive will generally give his idea to his subordinates and let them introduce it. Managers from different departments hold meetings and try to reach an informal consensus on the matter. Only after this consensus is reached will the formal document, or ringi-sho, be circulated for approval by the responsible managers.

The ringi system requires long lead times, and thus is problematic in a crisis. In recent years the focus on speeding up decision making has made this approach unpopular at many firms. Nonetheless, one of its underlying principles remains prevalent. That is, when a decision proves beneficial, the middle-level managers who initially advocated it receive credit; when a decision proves unsuccessful, responsibility is taken by top-level executives. This practice is intended to promote aggressiveness in younger managers.

4. Enterprise Unions

One distinctive characteristic of labor-management relations in Japan is the enterprise union, which is organized around a single plant. Consequently, any given company may have several enterprise unions representing various portions of its workforce. Enterprise unions generally belong to a larger federation, but the balance of power is at the local level. Japanese unions are distinct not only because of their highly decentralized nature, but also because they represent both white-collar and blue-collar workers, with union membership open to managers up to the section chief level. The fact that many upper-level managers have moved up through union ranks and may have even served as union officials highlights the generally less antagonistic relationship between labor and management in Japan. Combined with a relatively narrow income gap between managers and workers and the willingness of manager recruits to work on production lines as part of their training, the open membership policies of Japanese unions contributes to the fairly harmonious interaction between unions and management.

Union membership is generally associated with lifetime employment guarantees. Membership varies widely by firm size, and relatively few workers in firms with fewer than 100 employees receive lifetime employment guarantees. Nonetheless, in large firms the lifetime employment guarantee creates an environment in which workers are less likely to feel threatened by technological change. As a consequence, changes in the production process are likely to be undertaken by management and workers on a cooperative basis. More generally, since semiannual bonuses and annual wage negotiations are based on a firm's competitive strength, workers have a large stake in their firm's long-term success.

5. Quality Circles

The extensive use of quality circles is another distinguishing characteristic of Japanese management. The development of quality circles in Japan in the early 1960s was inspired by the lectures of American statisticians W. Edwards Deming and J.M. Juran, in which they discussed the development of wartime industrial standards in the United States. Noting that American management had typically

given line managers and engineers about 85 percent of responsibility for quality control and only 15 percent to workers, Deming and Juran argued that these proportions should be reversed. Production processes should be designed with quality control in mind, they contended, and everyone in the firm, from entry level workers to top management, should be familiar with statistical control techniques and undergo continuing education on quality control. In general, Deming and Juran argued that quality control should focus on prevention, with the ultimate goal being to improve the production process until no defective parts or products are produced. Quality circles were one method of reaching these goals.

In Japan, quality circles consist of groups of about 10 workers who meet weekly, often on their own time. The groups typically include foremen, who usually serve as circle leaders. Quality circles focus on concrete aspects of the operations in which they are directly involved, using tables and graphs to communicate the statistical details of their quality issues. In one common format, problems are categorized by materials, manpower, and machines.

Quality circles provide a means for workers to participate in company affairs and for management to benefit from worker suggestions. Indeed, employee suggestions play an important role in Japanese companies. Two associations, the Japanese Association of Suggestion Systems and the Japan Human Relations Association, were developed to encourage this process. Japanese employee suggestions reportedly create billions of dollars' worth of benefits for companies.

6. Scientific Management

Japanese management techniques have been strongly influenced by the tenets of scientific management. Like quality circles, scientific management originated in the United States, only to be more systematically adopted in Japan. The pioneering figure of scientific management is Frederick Jackson Taylor (1856-1915). Taylor is best known for his time and motion studies of workers as part of an effort to optimize and standardize work efforts, but he also argued for a system of bonuses to reward workers based on productivity. These ideas were implemented by Japanese firms as early as 1908, and a translation of his Principles of Scientific Management sold 2 million copies in Japan.

In the post-World War II years, carefully codified work standards and the use of semiannual bonuses for workers became common practices in Japan. Consistent with the Japanese emphasis on teamwork, bonuses are generally allotted to a work group rather than an individual worker. Scientific management emphasizes the role of management in the production process. This is reflected in the more hands-on approach in Japanese management training, as well as the relatively high share of managers directly involved in the production process.

7. Pervasiveness of Engineers

As with managers, Japanese industrial engineers are more directly involved with production processes than their counterparts in the United States. In his book The Japanese Industrial System, Charles J. McMillan explained that most Japanese companies make few distinctions between engineers and blue-collar workers, although engineers do tend to earn more. They work closely alongside production workers. In addition, Japan produces up to three times as many engineers a year as the United States. Japan's emphasis on production oriented engineering is consistent with its dominant competitive strategy in the postwar years—indeed, since the Meiji era of focusing on improving existing products or processes rather than developing completely new ones.

5.9 NEW DIRECTIONS OF MANAGEMENT

While many of the patterns just described continue unabated at some Japanese companies, a variety of forces have caused them to change, often toward Western practices. Since the 1980s, for example, the predominance of seniority-based raises has been gradually giving way to a Western style regime of merit-based pay. Indeed, as of 1995, three-quarters of Japanese companies surveyed allocated at least some of their reward pay based on skills or achievements as opposed to tenure. And more than a few Japanese companies have attacked seniority more directly, explicitly revising policies to diminish or even eliminate it as a criterion in the compensation structure. This trend may be evidence of a cultural shift from valuing length of service to valuing quality of service.

Also mirroring Western trends, labor union membership in Japan has dropped considerably since the 1970s, falling from 35.4 percent of the workforce in 1970 to just 22.4 percent by 1998, according to figures compiled by the Japanese Ministry of Labor. Union participation remains the highest in large companies (those with 1,000 or more workers), where in 1998 membership was still nearly 57 percent. This share was down from 68 percent in 1987, the first year statistics by company size were kept.

Other traditional Japanese practices appear more enduring, notably lifetime employment. Although Japan's economic troubles have meant that some employees have lost their jobs, a continuing commitment to the principle of lifetime employment seems to remain at many companies and in the society as a whole. Still, younger workers (e.g., those under age 30) are decidedly less loyal to companies than in decades past, and there is growing evidence of a rise in professional identification over corporate identification among workers (i.e., "I'm a tax accountant" instead of "I'm a Toyota worker").

Nonetheless, even at the depths of the Japanese recession during the late 1990s Asian financial crisis, companies went to great lengths to avoid outright layoffs. One of the most common practices instead was to reassign workers, either within the corporate family or to other companies, such as vendors the company does business with. These transfers (known as shukko) could be temporary, in which case the worker is still officially employed by the company that has loaned him or her out, or permanent, where the company essentially finds a new job for the employee at another company. Employees who were never considered part of the lifetime staff, such as part-time help, usually didn't enjoy such privileges.

Although most agree that Japanese management has been moving in new directions, academics who study Japanese management practices are divided on how profound the shifts in the Japanese business paradigm really are. Indeed, the gamut of opinions has ranged from declaring the death of the Japanese management system to asserting its overarching continuity and strength. A number of observers see a continued convergence with Western practices, but many believe that, as in the past, the adoption of Western principles and practices will never be wholesale, but will blend with prevailing norms and beliefs in Japanese business and the broader culture.

5.10 Z-CULTURE OF AMERICAN COMPANIES

Theory Z is an approach to management based upon a combination of American and Japanese management philosophies and characterized by, among other things, long-term job security, consensual decision making, slow evaluation and promotion procedures, and individual responsibility within a group context. Proponents of Theory Z suggest that it leads to improvements in organizational performance. The following sections highlight the development of Theory Z, Theory Z as an approach to management including each of the characteristics noted above, and an evaluation of Theory Z. Realizing the historical context in which Theory Z emerged is helpful in understanding its underlying principles. The following section provides this context.

5.11 DEVELOPMENT OF THEORY Z

Theory Z has been called a sociological description of the humanistic organizations advocated by management pioneers such as Elton Mayo, Chris Argyris, Rensis Likert, and Douglas McGregor. In fact, the descriptive phrase, "Theory Z." can be traced to the work of Douglas McGregor in the 1950s and 1960s. McGregor, a psychologist and college president, identified a negative set of assumptions about human nature, which he called Theory X. He asserted that these assumptions limited the potential for growth of many employees.

McGregor presented an alternative set of assumptions that he called Theory Y and were more positive about human nature as it relates to employees. In McGregor's view, managers who adopted Theory Y beliefs would exhibit different, more humanistic, and ultimately more effective management styles. McGregor's work was read widely, and Theory Y became a well-known prescription for improving management practices.

But in the 1970s and 1980s, many United States industries lost market share to international competitors, particularly Japanese companies. Concerns about the competitiveness of U. S. companies led some to examine Japanese management practices for clues to the success enjoyed by many of their industries. This led to many articles and books purporting to explain the success of Japanese companies. It was in this atmosphere that Theory Z was introduced into the management lexicon.

Theory Z was first identified as a unique management approach by William Ouchi. Ouchi contrasted American types of organizations (Type A) that were rooted in the United States' tradition of individualism with Japanese organizations (Type J) that drew upon the Japanese heritage of collectivism. He argued that an emerging management philosophy, which came to be called Theory Z, would allow organizations to enjoy many of the advantages of both systems. Ouchi presented his ideas fully in the 1981 book, Theory Z: How American Companies Can Meet the Japanese Challenge. This book was among the best-selling management books of the 1980s.

Professor Ouchi advocated a modified American approach to management that would capitalize on the best characteristics of Japanese organizations while retaining aspects of management that are deeply rooted in U.S. traditions of individualism. Ouchi cited several companies as examples of Type Z organizations and proposed that a Theory Z management approach could lead to greater employee job satisfaction, lower rates of absenteeism and turnover, higher quality products, and better overall financial performance for U.S. firms adapting Theory Z management practices. The next section discusses Ouchi's suggestions for forging Theory Z within traditional American organizations.

5.12 EVALUATION OF THEORY Z

Research into whether Theory Z organizations outperform others has yielded mixed results. Some studies suggest that Type Z organizations achieve benefits both in terms of employee satisfaction, motivation, and commitment as well as in terms of financial performance. Other studies conclude that Type Z organizations do not outperform other organizations.

Difficulties in the Japanese economy in the 1990s led some researchers to suggest that the widespread admiration of Japanese management practices in the 1970s and 1980s might have been misplaced. As a result, Theory Z has also received considerable criticism. It is unclear whether Theory Z will have a lasting impact on management practices in the U. S. and around the world into the twenty-first century, but by positioning target research at the organizational level rather than the individual level, Ouchi will surely leave his mark on management practice for years to come.

5.13 BENEFITS OF THEORY Z

Ouchi first wrote about Theory Z in his 1981 book, "Theory Z: How American Management Can Meet the Japanese Challenge." He created the theory after conducting research designed to help American companies compete with Japanese businesses. It takes the best of the Japanese management philosophy, and the best of traditional US management philosophy, and combines the two.

According to Ouchi, the benefits of using Theory Z include reducing employee turnover, increasing commitment, improving morale and job satisfaction, and drastically increasing productivity. To realize these benefits, he argued that an organization should have the following:

a) A Strong Company Philosophy and Culture: The company philosophy and culture needs to be understood and embodied by all employees, and employees need to believe in the work they're doing.

b) Long-Term Staff Development and Employment: The organization and management team has measures and programs in place to develop employees. Employment is usually long-term, and promotion is steady and measured. This leads to loyalty from team members.

c) Consensus in Decisions: Employees are encouraged and expected to take part in organizational decisions.

d) Generalist Employees: Because employees have a greater responsibility in making decisions, and understand all aspects of the organization, they should be "generalists." However, employees are still expected to have specialized career responsibilities.

e) Concern for the Happiness and Well-Being of Workers: The organization shows sincere concern for the health and happiness of its employees, and for their families. It puts measures and programs in place to help foster this happiness and well-being.

f) Informal Control with Formalized Measures: Employees are

empowered to perform tasks the way they see fit, and management is quite "hands off." However, there should be formalized measures in place to assess work quality and performance.

g) Individual Responsibility: The organization recognizes the contributions of individuals, but always within the context of the team as a whole.

5.14 THEORY Z AS AN APPROACH TO MANAGEMENT

Theory Z represents a humanistic approach to management. Although it is based on Japanese management principles, it is not a pure form of Japanese management. Instead, Theory Z is a hybrid management approach combining Japanese management philosophies with U.S. culture. In addition, Theory Z breaks away from McGregor's Theory Y. Theory Y are a largely psychological perspective focusing on individual dyads of employer-employee relationships while Theory Z changes the level of analysis to the entire organization.

According to Professor Ouchi, Theory Z organizations exhibit a strong, homogeneous set of cultural values that are similar to clan cultures. The clan culture is characterized by homogeneity of values, beliefs, and objectives. Clan cultures emphasize complete socialization of members to achieve congruence of individual and group goals. Although Theory Z organizations exhibit characteristics of clan cultures, they retain some elements of bureaucratic hierarchies, such as formal authority relationships, performance evaluation, and some work specialization. Proponents of Theory Z suggest that the common cultural values should promote greater organizational commitment among employees.

5.15 FEATURES OF THEORY Z

The primary features of Theory Z are summarized in the paragraphs that follow:

1. Long-Term Employment

Traditional U.S. organizations are plagued with short-term commitments by employees, but employers using more traditional management perspective may inadvertently encourage this by treating employees simply as replaceable cogs in the profit-making machinery. In the United States, employment at will, which essentially means the employer or the employee can terminate the employment relationship at any time, has been among the dominant forms of employment relationships. Conversely, Type J organizations generally make life-long commitments to their employees and expect loyalty in return, but Type J

organizations set the conditions to encourage this. This promotes stability in the organization and job security among employees.

2. Consensual Decision Making

The Type Z organization emphasizes communication, collaboration, and consensus in decision making. This marks a contrast from the traditional Type A organization that emphasizes individual decision-making.

3. Individual Responsibility

Type A organizations emphasize individual accountability and performance appraisal. Traditionally, performance measures in Type J companies have been oriented to the group. Thus, Type Z organizations retain the emphasis on individual contributions that are characteristic of most American firms by recognizing individual achievements, albeit within the context of the wider group.

4. Slow Evaluation and Promotion

The Type A organization has generally been characterized by short-term evaluations of performance and rapid promotion of high achievers. The Type J organization, conversely, adopts the Japanese model of slow evaluation and promotion.

5. Informal Control with Formalized Measures

The Type Z organization relies on informal methods of control, but does measure performance through formal mechanisms. This is an attempt to combine elements of both the Type A and Type J organizations.

6. Moderately Specialized Career Path

Type A organizations have generally had quite specialized career paths, with employees avoiding jumps from functional area to another. Conversely, the Type J organization has generally had quite non-specialized career paths. The Type Z organization adopts a middle-of-the-road posture, with career paths that are less specialized than the traditional U.S. model but more specialized than the traditional Japanese model.

7. Holistic Concern

The Type Z organization is characterized by concern for employees that goes beyond the workplace. This philosophy is more consistent with the Japanese model than the U.S. model.

5.16 SUMMARY

It is widely recognized that Japanese and American styles of business management practice differ broadly across the range of supervisory style, decision-making, communications, management controls, and interdepartmental relations. The real differences between Japan and the United States in general social values and norms and in manager and worker belief systems concerning work raise serious questions about widespread transferability of Theory Z management to the United States.

In Japan, Theory Z practices are consistent with the general social norms and are generally supported by the actions of labour organisations and governmental bodies. Japanese organisations form a highly consistent and integrated theoretical framework whose application works well in the Japanese setting.

Theory Z is a name applied to three distinctly different psychological theories, one of which was was developed by Dr. William Ouchi. According to Ouchi, Theory Z management tends to promote stable employment, high productivity, and high employee morale and satisfaction.

American management has not found an internally consistent framework of management practices that develops long term employee involvement, and our productivity suffers from this. Thus, Theory Z management is not likely to become the accepted norm in American companies to the extent it has in Japan.

The theory Z as given by Professor William Ouchi simply suggests that involved workers are the key to increased productivity. Such workers in large Japanese organizations result from an internally consistent set of norms, practices, and behaviours which are grounded in trust and interpersonal intimacy.

Productivity levels are of great concern to every country on the face of the earth. In recent years, many U.S. businesses have looked to Japan to find the answer to the productivity crisis in the United States, while many Japanese scholars attend universities in the United States to learn about management. Japan's phenomenal success in increasing productivity is often attributed to its managerial approach and low wage rates. But with the rise of the Japanese yen and the fact that the labor cost component of products becomes increasingly less important, managerial competence becomes even more crucial. There is an abundance of literature on both U.S. and Japanese management; one such book even made the best-seller list. But the literature on Chinese management is very sparse. Since Japan and the United States present contrasting managerial approaches, Chinese managers probably could adopt aspects from either approach.

In the post-World War II era a set of Japanese cultural patterns and managerial practices came to be known collectively as the Japanese management style or Japanese management techniques. Many of these techniques were credited with helping vault the Japanese economy to its status as the worlds second largest, behind only the United States, and with making Japanese businesses, particularly in the manufacturing sector, more competitive than their international counterparts. In the wake of Japan's prolonged and arduous struggle with recession throughout much of the 1990s, however, many observers both inside and outside Japan have called into question the effectiveness of some traditional Japanese management practices. As a result, at the dawn of the 21st century Japanese management techniques are more than ever in a state of flux, as scholars and business leaders alike reconsider which practices work and which don't.

The education of managers in Japan traditionally takes place on a relatively informal basis within firms. The percentage of Japanese chief executives who have attended university is high, similar to that in the United States and Western Europe. However, very few Japanese executives have attended graduate schools compared to their U.S. and European counterparts. In fact, only one Japanese university offers a degree analogous to an MBA, a key credential for managers in the United States.

Japanese management techniques have been strongly influenced by the tenets of scientific management. Like quality circles, scientific management originated in the United States, only to be more systematically adopted in Japan. The pioneering figure of scientific management is Frederick Jackson Taylor (1856-1915). Taylor is best known for his time and motion studies of workers as part of an effort to optimize and standardize work efforts, but he also argued for a system of bonuses to reward workers based on productivity. These ideas were implemented by Japanese firms as early as 1908, and a translation of his Principles of Scientific Management sold 2 million copies in Japan.

In the post-World War II years, carefully codified work standards and the use of semiannual bonuses for workers became common practices in Japan. Consistent with the Japanese emphasis on teamwork, bonuses are generally allotted to a work group rather than an individual worker. Scientific management emphasizes the role of management in the production process. This is reflected in the more hands-on approach in Japanese management training, as well as the relatively high share of managers directly involved in the production process.

Theory Z is an approach to management based upon a combination of American and Japanese management philosophies and characterized by, among other things, long-term job security, consensual decision making, slow evaluation and promotion procedures, and individual responsibility within a group context.

Proponents of Theory Z suggest that it leads to improvements in organizational performance. The following sections highlight the development of Theory Z, Theory Z as an approach to management including each of the characteristics noted above, and an evaluation of Theory Z. Realizing the historical context in which Theory Z emerged is helpful in understanding its underlying principles. The following section provides this context.

Theory Z has been called a sociological description of the humanistic organizations advocated by management pioneers such as Elton Mayo, Chris Argyris, Rensis Likert, and Douglas McGregor. In fact, the descriptive phrase, "Theory Z." can be traced to the work of Douglas McGregor in the 1950s and 1960s. McGregor, a psychologist and college president, identified a negative set of assumptions about human nature, which he called Theory X. He asserted that these assumptions limited the potential for growth of many employees.

McGregor presented an alternative set of assumptions that he called Theory Y and were more positive about human nature as it relates to employees. In McGregor's view, managers who adopted Theory Y beliefs would exhibit different, more humanistic, and ultimately more effective management styles. McGregor's work was read widely, and Theory Y became a well-known prescription for improving management practices.

5.17 GLOSSARY

a) Theory Z: Theory Z is a name applied to three distinctly different psychological theories, one of which was was developed by Dr. William Ouchi. According to Ouchi, Theory Z management tends to promote stable employment, high productivity, and high employee morale and satisfaction.

b) Japanese and American styles of business Management: It is widely recognized that Japanese and American styles of business management practice differ broadly across the range of supervisory style, decision-making, communications, management controls, and interdepartmental relations.

c) American Management: American management has not found an internally consistent framework of management practices that develops long term employee involvement, and our productivity suffers from this.

d) Japanese Management: Japanese management techniques have been strongly influenced by the tenets of scientific management. Like quality circles, scientific management originated in the United States, only to be more systematically adopted in Japan.

e) Scientific Management: Scientific management emphasizes the role of management in the production process. This is reflected in the more hands-on

approach in Japanese management training, as well as the relatively high share of managers directly involved in the production process.

5.18 ANSWER TO CHECK YOUR PROGRESS/ POSSIBLE ANSWERS TO SAQ

5.18.1 Short answer questions

   1. What is Theory Z Management?

   2. What is Management Practice?

   3. What is Japanese Management?

   4. What is Corporate Governance?

   5. What is Ringi System?

   6. What is Enterprise Union?

   7. Give the meaning of Quality Circle?

   8. What is Scientific Management?

5.18.2 Extended answer questions

   1. Discuss Management Practices across the World.

   2. Explain about comparative study of Japanese Management.

   3. Discuss the profile of Traditional Japanese Management Practices.

   4. Explain Management Education in Japan.

   5. Discuss various elements of Management Education in Japan.

   6. Discuss about Z-culture of American Companies.

5.18.3 True-false

   1. It is widely recognized that Japanese and American styles of business management practice differ broadly across the range of supervisory style, decision-making, communications, management controls, and interdepartmental relations.

   2. In Japan, Theory Z practices are consistent with the general social norms and are generally supported by the actions of labour organisations and governmental bodies.

   3. Japanese organisations form a highly consistent and integrated theoretical framework whose application works well in the Japanese setting.

   4. Theory X is a name applied to three distinctly different psychological theories, one of which was was developed by Dr. William Ouchi.

5. The theory Z as given by Professor William Ouchi simply suggests that involved workers are the key to increased productivity.

5.18.4 Multiple-choice

1. It is widely recognized that Japanese and American styles of business management practice differ broadly across the range of ……………..

   a) Supervisory style

   b) Decision-making

   c) Management controls and interdepartmental relations

   d) All the above

2. Theory Z is a name applied to three distinctly different psychological theories, one of which was was developed by………………

   a) Dr. William Ouchi

   b) Philip Kotler

   c) Mc Gragor

   d) None of the above

3. The theory Z as given by Professor William Ouchi simply suggests that involved workers are the key to increase……………

   a) Cost

   b) Productivity

   c) Price

   d) Demand

5.18.6 Fill-in-the-blanks

1. It is widely recognized that Japanese and American styles of business management practice differ broadly across the range of supervisory style, decision-making, communications, management controls, and……………………..

2. In Japan, Theory Z practices are consistent with the general social norms and are generally supported by the actions of labour organisations and………………..

3. …………………form a highly consistent and integrated theoretical framework whose application works well in the Japanese setting.

4. ……………..is a name applied to three distinctly different psychological theories, one of which was was developed by Dr. William Ouchi.

5.   The theory Z as given by Professor William Ouchi simply suggests that involved workers are the key to increased………………..

5.19 POSSIBLE ANSWERS TO SELF ASSESSMENT QUESTIONS

5.18.3 1. True 2. True 3. True 4. False 5. True

5.18.4 1. (d) 2. (a) 3. (b)

5.18.5 1. Interdepartmental relations 2. Governmental bodies 3. Japanese organizations 4. Theory Z 5. Productivity

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5.22 TERMINAL QUESTIONS

1. Discuss about summary of conventional Japanese Management Practices.

2. Z-culture of American Companies is different from Japanese companies. Why?

*****

UNIT 6   PLANNING

STRUCTURE

6.1 INTRODUCTION

Every business enterprise has its own predetermined objectives to be achieved. In order to achieve the objectives in the best possible manner, it requires a lot of mental exercise based upon imagination, foresight and judgment for deciding the tasks to be undertaken and techniques to be adopted. No doubt the success lies in the effective and sound planning, which undoubtedly determines the future course of action.

6.2 OBJECTIVES

After reading this unit you will be able to understand:

    Planning

    Nature

    Significance

    Types and Steps

    Management by Objectives

    Nature

    Concept and Process of MBO

    Strategies & Policies

    Planning Premises and Forecasting

6.3 INTRODUCTION TO PLANNING

Planning is the beginning of the process of management. A manager must plan before he can possibly organize, staff, direct or control. Because planning sets all other functions into action, it can be seen as the most basic function of management. Without planning other functions becomes merely an activity, producing nothing but disorder.

All planning involves anticipation of the future course of events and therefore bears an element of uncertainty in respect of its success. Planning is concerned with the determination of the objectives to be achieved and course of action to be followed to achieve them. Before any operative action takes place it is necessary to decide what, where, when and who shall do the things. Decision-making is also an important element of planning. Planning determines both long-term and short-term objectives and also of the individual departments as well as the entire organisation.

In fact there is an element of planning in every human activity, but in business there is greater need for planning. Planning thereby is to decide the future course of action and therefore it is an intellectual process which requires a manager to think before acting. It is thinking in advance. The managers of an organization are able to decide what is to be done, when it is to be done and who is to do it only through proper planning. Planning hence is considered to be the first managerial function to be performed in the process of management.

6.4 MEANING OF PLANNING

Planning refers to a predetermined course of action to achieve a specified aim or goal. It is concerned with deciding in advance what is to be done, when, where, how, and by whom it is to be done.

6.5 DEFINITIONS OF PLANNING

According to **Theo Haimann,** "Planning is deciding in advance what is to be done. When a manager plans, he projects a course of action for the future, attempting to achieve a consistent, coordinated structure of operations aimed at the desired results."

According to **Louis A Allen,** "Planning involves the development of forecasts, objectives, policies, programmes, procedures, schedules and budgets".

According to **Koontz and O'Donnell,** "Planning is deciding in advance what to do, how to do, when to do it and who is to do it, planning bridges the gap from where we are, to where we want to go. It makes it possible for things to occur which would not otherwise happen".

6.6 CONCEPT OF PLANNING

Planning is deciding in advance what is to be done. It involves the selection of objectives, functions of Management policies, procedures and programmes from among alternatives. A plan is a predetermined course of action to achieve a specified goal. It is a statement of objectives to be achieved by certain means in the future. In short, it is a blueprint for action.

Planning is a mental process requiring the use of intellectual faculties' imagination, foresight, sound judgement etc. The plan of action is, at one and the same time, the result envisaged, the line of action to be followed, the stages to go through, and the methods to use. It is a kind of future picture wherein proximate events are outlined with some distinctness.

6.7 NATURE OF PLANNING

The nature of planning can be summarized as follows:

1. Intellectual Process

Planning is an intellectual process. That is it is a mental exercise. It requires thinking reflection, analysis of information and judgment. A good plan is based upon collection, study and analysis of the requisite facts, evaluating alternative combination of factors and deciding the most appropriate lines of action, depending upon the ability and intelligence of management. Further decisions cannot be made on guess work. A mental exercise is required to foresee the pros and cons of various alternatives. The selection of best alternative from the available ones will require deep thinking. According to Koontz and O'Donnell, planning is an intellectual process involving mental exercise, foreseeing future developments, making forecasts and the determination of the best course of action.

2. Primary Function

Planning is the beginning of the process of management. A manager must plan before she/he can possibly organize, staff, direct or control. Because planning sets all others into action, it can be seen as the most basic function of management. Without proper planning other activities become meaningless activity, producing nothing but chaos. It is a primary requisite to the managerial functions of organizing, staffing, directing, motivating, co-ordinating, communicating and controlling. A manager must do planning before she/he can undertake the other managerial functions. In short planning sets all other functions into action. Without planning, other functions will become mere activities producing nothing.

3. Focus on objectives

Planning is linked with certain goals or objectives. A plan starts with the setting of objectives, and then, develops policies, procedures, strategies, etc. to achieve the objectives. Planning has no meaning, if it does fix up objectives. If planning is not related to goals or objectives, it becomes an empty mental exercise or mere day-dreaming.

An organization employs a number of persons. Each one of them has different personality and attitude. There will be difference of opinion about the objectives of the enterprise and the methods to achieve them. Planning focuses attention on setting up organizational objectives and suggests ways to achieve them.

4. Pervasive

Planning pervades all levels of management. That is, planning is done at all

levels of the management. In other words, every manager, whether he is at the top, in the middle or at the bottom of the organizational structure, plans. Of course, the depth of planning differs from one management level to other. Top management is concerned with wide long-range strategic planning, while management at lower levels is concerned with operational short-range planning.

Planning is essential for every sort of business activities. Every department whether, purchase, sales, accounts, auditing, marketing etc. needs systematic planning. Co-ordination of different departmental plans and direction of their integrated energies towards the desired goal of the business depend on planning. Effective organization, staffing, direction and controlling are needed for planning. Planning in this way is all-embracing.

5. Decision-Making

Planning is essentially a decision making process, since it involves careful analysis of various alternative courses of action and choosing the best. In the words of R. N Farmer and B. M Richman, "Planning is essentially decision-making once it involves choosing from among the alternatives".

Decision- making is an integral part of planning. It is defined as the process of choosing among alternatives. Obviously, decision-making will occur at many points in the planning process.

The success of an organization depends to a great extent on the type of decisions that are made at the various level of an organization. Decision-making involves making a choice from various level of an organization. Decision –making involves making a choice from various available alternatives after evaluating each of these. Planning targets, objectives and course of action provide managers with guidelines and criteria against which to evaluate alternatives and choose those which are most suitable, thus planning guides decision-making.

6. Integrated

It involves not only the determination of objectives but the formulation of sound policies, programmes, procedures and strategies for the accomplishment of these objectives. It is the first of managerial functions and facilitates other functions like organizing, staffing etc. It indicates that it facilitates and integrates all other functions of management.

7. Selective

Planning is a selective process. That is, it involves the selection of best course of action after a careful analysis of the various alternative courses of action.

Planning is choosing the best possible alternative out of the various alternatives. In order to accomplish the predetermined objectives of the business, there can be

various alternatives possible course of action. Every line of action has its own plus and minus points. Planning studies and evaluates every alternative with reference to its needs and resources. Finally, it decides the most suitable line of action to be adopted by the enterprise.

8. Flexible

The process of planning should be adaptable to the changes that take place in the environment. Koontz and O'Donnell emphasize that "effective planning requires continual checking on events and forecasts and the redrawing of plans to maintain a course towards a designed goal."

Planning should be adaptable to the changing business environment. If planning is made rigid then it will not be able to achieve business goals. Planning is a dynamic process and it adjusts with the needs and requirements of situations.

9. Continuous

Planning is a never-ending activity of a manager. Planning is always tentative and subject to revision and amendment as new facts become known. Even in execution of planning there may be a change in settings and conditions necessitating modification on a some what continual basis. Generally managers have the practice of re examining a plan and modifying them, if necessary, in view of the new situations. In this way, it will be possible to heed to new situations and overcome problems. Planning is necessary for situations when things are going well as well as when troubles are faced. All types of situations require continuous planning.

10. Inseparable

Planning and control are inseparable, which means that they are Siamese twins of management. Unplanned action cannot be controlled, for control involves keeping activities in course by correcting deviations from plans. And any attempt to control without plans should be meaningless. In short, planning without control is fruitless exercise, and control without planning is impossibility.

11. Future Oriented

Planning is future oriented. Its essence is looking ahead. It's undertaken to handle future events effectively and achieve some objectives in future.

No doubt, we always plan for future. We anticipate future requirements and availability of resources. While determining the future demands, we have to take into consideration the existing and prospective resources of the business and fiscal, monetary and industrial policy of the government. Plans are always put to practice in future. It is only a setting, thinking and arrangement in advance for the future. Planning in this way is looking ahead.

12. Action Oriented

Planning is action-oriented. That is, planning should be undertaken in the light of organizational preferences. The course of action determined must be realistic. That is, it should be neither impossible nor too easy to achieve.

13. Inter-Dependent

Planning is an inter-dependent process. It requires the cooperation of various sections and sub-sections of the organization.

14. Participative

Planning involves the participation of all the managers as well as the subordinates. In the words of Koontz and O' Donnell, "plans must be formulated in an atmosphere of the participation and high degree of concurrence".

6.8 SIGNIFICANCE OR IMPORTANCE OF PLANNING

The significance or importance of Planning can be summarised as follows:

1) Planning offsets future uncertainty and change

A business concern has to work in an environment which is uncertain and ever-changing. Planning helps the manager in carving out the organization than would be present without planning. Proper planning brings with it a higher degree of certainty and order in the organization; it helps the organization in foreseeing the risks and uncertainties in the future and in advance in the best possible way and in preparing the plan on the basis of decisions in the past and present. This will reduce the uncertainties and risks resulting from the future changes. In short, planning helps to reduce uncertainties and changes in future.

2) Facilitates unity of direction and coordination

Planning facilitates coordination through its well defined objectives, well publicized policies, programmes and procedures. Planning facilitates the coordination of all the inter-connected activities and avoids duplication of activities and delays in the execution of activities. In the words of Koontz and O' Donnell, "Plans are selected courses along with the management desires to co-ordinate group action, towards the common goals of the organization."

3) Facilitates Control

Planning facilitates control. Planning determines in advance the work to be done, the person responsible for doing it., the time to be taken to do the work and the costs to be incurred. This makes it easy to compare the actual performance

with the planned performance. In case there are deviations, corrective actions are taken to remove the deviations. Thus planning facilitates control.

4) Management by objectives

It facilitates Management by objectives. That is, it makes the management formulate the objectives of the organization in clear-cut terms and take the right course of action to realize specific objectives.

5) Focuses attention on Organizational goals and facilitates management by objectives

An organization has definite goals or objectives, and all the activities of the organization are directed towards the achievement of those objectives. Planning makes the organization objectives more concrete and clear, and makes every level of the people of the organization have a clear idea of the objectives of the organization objectives to be achieved. It also determines the methods to be adopted in order to achieve the organization's objectives.

6) Improves Adaptability

Planning helps adaptability i.e. planning helps the organization in coping with the changing business environment. The anticipation of future events and changing conditions, implied in planning, prepares the organization to meet them effectively.

7) Improves Competitive Strength

Planning improves the competitive strengths of the firm by anticipating the technological changes and tastes and preferences of the people for discovering new opportunities for expansion and providing for changes in work methods, improvement in quality of products, etc. enterprises which adopt planning will have a competitive edge over enterprises which do not have planning.

8) Improves motivation

Planning improves motivation. Planning ensures the participation of all managers in the determination of the goals, policies, programmes etc. of the organization; this improves the motivation and morale of the managers. Again, when there is good planning, the workers in the organization know clearly what is expected of them. This improves the motivation and morale among workers.

9) Encourages Innovation and Creativity

Planning promotes or encourages innovation and creativity on the part of managers, in the sense that many new ideas come to the minds of managers during planning, which is basically a deciding function of management.

10) Ensures efficient use of resources

Planning ensures efficient use of all resources at the disposal of the concern to achieve organizational objectives. In planning, management evaluates alternative courses of action on the basis of efficiency, and selects only that course of action which is considered most efficient.

11) Helps in avoiding business failures

As planning involves the selection of best objectives, unity of action, coordination of activities, economy in operation and offsetting of future uncertainty and change, there is a great possibility of avoiding business failure.

12) Brings economy in operation

As planning involves the selection of the most profitable course of action are after evaluating the various alternatives, the enterprise can achieve the best results at a minimum cost. Planning brings about economy in operation by determining the one best way of doing things.

13) Facilitates management by exception

Planning facilitates management by exception. That is planning ensures that top management is not involved in each and every activity, and intervenes only when things are not going as per planning.

14) Facilitates Delegation

This means that not only managers but also their subordinates take part in planning. The involvement of subordinates in planning necessarily requires delegation of authority to them for getting the things done.

6.9 OBJECTIVES OF PLANNING

The following are objectives of planning:

    i)   To fix the desired end-results of the organization.

    ii)   To provide clear-cut policies for the guidance of all personnel in the organization.

    iii)   To integrate the activities of the different sections of the organization to avoid duplication of activities and delays in execution.

    iv)   To anticipate problem before they become critical so that the required corrective action can be taken at the right time.

    v)   To establish and exercise administrative controls.

    vi)   To reduce the severity of the uncertainty and complexity of the future of the organization.

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vii) To guard against impulsive and snap decisions by the management in respect of issues of vital importance.

viii) To facilitate proper decision-making.

ix) To determine the types and volume of physical and other resources to be acquired and allocated among the various activities.

x) To help in achievement of the organizational objectives.

xi) To provide effective organizational structure.

6.10 SIX (6) P'S OF PLANNING

The six P's are stated the fundamental requirement of planning. These P's are as follows:

1. Purpose: The first need of planning is the purpose. An effective planning requires a clear understanding of the purpose of planning. The reasons for the existence of the organization must be stated, the purpose of the organization may be to increase profits or increase market share or introduce more products.

2. Philosophy: It states the beliefs as to how the organization's purpose is to be achieved. The philosophy of an organization may be based on profitability through quality or increasing the turnover through consumer satisfaction.

3. Promise: It is assessment of the strengths and weaknesses of the organization based on the knowledge and assumptions of the environment. With the help of business forecasting and other methods some conclusions are made for the future environment trends. By knowing the strengths and weakness of the organization management can deal with changing environment in a more effective way.

4. Policies: Policies are the general statements for the guidance of the personnel. They are the guidelines and constraints which aid in management thinking and action. An organization may have production policies, finance policies, human resource policies, and marketing and accounting policies etc. these policies form a basis for managerial actions.

5. Plans: These are the objectives and action statements. Objectives are the goals of an organization and action statements are the means of achieving them. Plans guide us for reaching the goals and helping in knowing the progress at different stages.

6. Priorities: An organization must fix goal priorities. The resources of finance, materials, personnel etc. are limited and these are to be allocated as per the priorities set. The high priority goal will have preference for allocation of resources. The

priorities of the goals are to be based on the philosophy and premises of the organization as well as on economic, political and social environment.

6.11 ESSENTIALS OF A GOOD PLAN

1) It should be based on clearly defined objectives.

2) It must be simple.

3) It should be comprehensive.

4) It must be flexible.

5) It should provide for a proper analysis and opportunities to the utmost before creating new authorities and new sources.

6) It should be economical.

7) There should be proper coordination among short term and long term plans.

8) It should be free from social and psychological biases of the planners as well as subordinates.

9) It should be rationale and appropriate.

6.12 NEED FOR PLANNING

Planning is first step in management. The increasing complexities of business, technological changes, increasing marketing competition, changing consumer preferences have necessitated proper planning. Following reasons emphasize the need for planning:

1. Essential for Modern Business

The growing complexities of modern business, rapid, technological changes, opening of economies to international competition, changes in consumer tastes necessitates planning not only in the current context but also in the future environment.

2. Related to performance

Planning helps in setting goals for each function and for each employee. The concerns having formal planning have performed better when compared to those where planning is not taken up as a regular activity. The variables for assessing performances may be return on investment, sales target, earning per share etc.

3. Focus on Objectives

The thrust of formal planning is on setting objectives and providing guidelines for reaching them. Objectives provide a direction and all planning decisions are

directed towards achieving them. It ensures maximum utilization of managerial time and efforts.

4. Proper Allocation of Resources

The needs of the organization are anticipated with the help of planning. The acquisition and allocation of resources can be properly planned thus minimizing wastages and ensuring optimal utilization of resources.

5. Facilitates Control

Planning can be used to devise a mechanism of control. There can be quantitative targets and their comparison with actual performance can bring to notice any deviations. A periodical review can also help in pointing out low performance. The deviation in production, sales, profits etc. may come to light during periodic investigations and remedial action can be taken.

6. Helpful in Decision-making

Planning helps in the process of decision-making. Since planning helps in specifying the actions to be taken for achieving organizational objectives, it serves as a basis for decision-making for the future. The objectives plans, policies, schedules, rules, etc. serve as guidelines for routine decision making.

7. Avoiding Business Failures

Business failures may be due to wrong and unscientific planning. A bad planning may result to wastage of human and physical resources. The enterprise may not be able to face competition from well planned units. Good planning will help in utilizing available resources in the best possible way thus reducing the chances of failures.

6.13 ADVANTAGES OF PLANNING

i) Attention on Objectives: Planning helps in clearly laying down objectives of the organization. The whole attention of management is given towards the achievement of those objectives. There can be priorities in objectives, important objectives to be taken up first and others to be followed after them.

ii) Minimizing Uncertainties: Planning is always done for the future. Nobody can predict accurately what is going to happen. Business environments are always changing. Planning is an effort to foresee the future and plan the things in the best possible way. Planning certainly minimizes future uncertainties by basing its decisions on past experiences and present situations.

iii) Better utilization of resources: The needs of the organization are anticipated with the help of planning. The acquisition and allocation of resources can be properly planned thus minimizing wastages and ensuring optimal utilization of resources.

iv) Economy Operations: As planning involves the selection of the most profitable course of action after evaluating the various alternatives, the enterprise can achieve the best results at a minimum cost. Planning brings about economy in operation by determining the one best way of doing things.

v) Better Co-ordination: Planning facilitates coordination through its well defined objectives, well publicized policies, programmes and procedures. Planning facilitates the coordination of all the inter-connected activities and avoids duplication of activities and delays in the execution of activities. In the words of Koontz and O' Donnell, "plans are selected courses along with the management desires to co-ordinate group action, towards the common goals of the organization."

vi) Encourages Innovation and Creativity: Planning promotes or encourages innovation and creativity on the part of managers, in the sense that many new ideas come to the minds of managers during planning, which is basically a deciding function of management.

vii) Facilitates Control: Planning can be used to devise a mechanism of control. There can be quantitative targets and their comparison with actual performance can bring to notice any deviations. A periodical review can also help in pointing out low performance. The deviation in production, sales, profits etc. may come to light during periodic investigations and remedial action can be taken.

viii) Management by Exception Possible: It means that management should not be involved in each and every activity. When things are going as per plan than management must not intervene much but when things are not going as per plan than management needs to intervene. Planning fixes objectives of the organization and thereby it facilitates in directing all the activities automatically towards achieving those objectives. Management should interfere only when things are not going well. By introduction of management by exception, managers are given more time for planning the activities rather than wasting their time in directing day-to-day work.

ix) Facilitates delegation: Under planning process, delegation of powers is facilitated. The goals of different persons are fixed. They will be requiring requisite authority for getting the things done. Delegation of authority is facilitated through planning process.

6.14 LIMITATIONS OF PLANNING

1. Internal Limitations

There are several limitations of planning. Some of them are inherit in the process of planning like rigidity and other arise due to shortcoming of the techniques of planning and in the planners themselves.

a) Rigidity

    i) Planning has tendency to make administration inflexible.

    ii) Planning implies prior determination of policies, procedures and programmes and a strict adherence to them in all circumstances.

    iii) There is no scope for individual freedom.

    iv) The development of employees is highly doubted because of which management might have faced lot of difficulties in future.

    v) Planning therefore introduces inelasticity and discourages individual initiative and experimentation.

b) Misdirected Planning

    i) Planning may be used to serve individual interests rather than the interest of the enterprise.

    ii) Attempts can be made to influence setting of objectives, formulation of plans and programmes to suit one's own requirement rather than that of whole organization.

    iii) Machinery of planning can never be freed of bias. Every planner has his own likes, dislikes, preferences, attitudes and interests which is reflected in planning.

c) Time consuming

    i) Planning is a time consuming process because it involves collection of information, it's analysis and interpretation thereof. This entire process takes a lot of time specially where there are a number of alternatives available.

    ii) Therefore planning is not suitable during emergency or crisis when quick decisions are required.

d) Probability in planning

    i) Planning is based on forecasts which are mere estimates about future.

    ii) These estimates may prove to be inexact due to the uncertainty of future.

    iii) Any change in the anticipated situation may render plans ineffective.

    iv) Plans do not always reflect real situations in spite of the sophisticated techniques of forecasting because future is unpredictable.

    v) Thus, excessive reliance on plans may prove to be fatal.

e) False sense of security

    i) Elaborate planning may create a false sense of security to the effect that everything is taken for granted.

ii) Managers assume that as long as they work as per plans, it is satisfactory.

ii) Therefore they fail to take up timely actions and an opportunity is lost.

iii) Employees are more concerned about fulfilment of plan performance rather than any kind of change.

f) Expensive

Collection, analysis and evaluation of different information, facts and alternatives involves a lot of expense in terms of time, effort and money.

2. External Limitations of Planning

i) Political Climate- Change of government from Congress to some other political party, etc.

ii) Labour Union- Strikes, lockouts, agitations.

iii) Technological changes- Modern techniques and equipments, computerization.

iv) Policies of competitors- E.g. Policies of Coca Cola and Pepsi.

v) Natural Calamities- Earthquakes and floods.

vi) Changes in demand and prices- Change in fashion, change in tastes, change in income level, demand falls, price falls, etc.

6.15 STEPS IN PLANNING PROCESS

1. Recognizing and Identifying the Problems and Opportunities

The first step in planning is to identify the problem provided for the opportunity to be seized. At first the problem which is called for planning and action is to be identified. The problem to be provided for the opportunity to be seized should be identified in the light of the market competition, customer's preferences strengths weaknesses of the organization etc. It is the awareness of the unexploited business opportunities or the problems to be provided for in future. What are the business opportunities/problems are likely to arise in future. What is the plan to be formed to exploit such opportunities or problems will help in ascertaining clearly the opportunities and problems.

2. Collecting and Analyzing Information

Before actual planning is initiated relevant facts are figures are collected. All information related to operation of the business should be collected in detail. The facts and figures collected will help in framing realistic plan. The type of customers to be dealt with, the circumstances under which goods are to be provided, value

of products to the customers, etc., should be studied in detail. To decide the course of action possible, adequate information is necessary. So after fixing the objectives, adequate information has to collect on the type of activity to be planned. Further, the information collected has to be analyzed for interpretation (i.e. finding out the cause-effect relationship between various factors).

3. Determination of Objectives

Analysis and interpretation of data facilitate in determining the enterprise objectives. Objectives are the goals, which the management tries to achieve. Objectives must be specific and clear and should be properly formulated and communicated to all members in the organization.

4. Determining Planning Premises

Planning is always for uncertain future. Though nothing may be certain in the coming period but still certain assumptions will have to be made for formulating plans. Planning premises are certain assumption about the future on the basis of which the plan will be ultimately formulated. It is vital to the success of planning as they supply pertinent facts and information relating to the future such as population trends, production cost and prices, competitive behaviour, etc.

Classification of Planning Premises

(a) Internal and External Premises: Premises which exist within the company are internal premises and outside the company are external premises. Examples for internal premises are capital investment in plant and equipment, skill of the labour force etc. and for external premises is demand for industry products, population growth, and political stability etc.

(b) Tangible and Intangible Premises: Tangible premises are those, which can be quantitative measured while intangible premises are those which being qualitative in character cannot be measured.

Example for tangible Premises – Industry demand, capital and resources invested.

Example: for Intangible premises – Business and Economic environment, political stability.

(c) Controllable and Non Controllable Premises: Controllable factors are those, which can be controlled in nature. Example- Company's advertising policy, attitude and behaviour of owners, etc., and Uncontrollable premises are those factors which cannot be controlled and where there is a need for the organization to revise the plans. Example: Strikes, Wars, Emergency, Legislation etc.

5. Examining Alternative Course of Action

Generally, in every situation, there is more than one possible course of action. As such, in the light of the analysis of the information gathered, the possible alternative courses of action should be identified. In other words, of Koontz and O' Donnell "There is seldom a plan for which reasonable alternative do not exist and quite often an alternative that is not obvious proves to be the best".

6. Evaluation and Selecting the Best Alternative Courses of Action

After determining the possible alternative courses of action, each of the possible alternative courses of action has to be evaluated. That is, the strengths and weaknesses of the possible alternative courses must be examined against factors, such as cost, risk, benefits; availability of facilities, etc. The next step in planning will be choosing the best course of action. There are a number of ways of doing a thing. The planner studies all the alternatives and then final selection should be made. All the pros and cons of the methods should be weighed before a final selection.

After examining the strengths and weaknesses of the possible alternative course of action, the course of action which is best or the most desirable has to be selected. The selection of the best course of action is just the process of deciding upon the particular course of action to be adopted for accomplishing the objectives of the enterprise.

7. Determining Secondary Plans / Derivative Plans

Once a main plan is formulated then a number of supportive plans/ derivative plans are required. In fact secondary plans are meant for the implementation of principal plan. For example, once Production plan is decided then a number of plans for procurement of raw materials, recruitment of persons etc., will be required. All secondary plans will be a part of the main plan.

8. Implementation of Plans

After the basic and development plans are formulated and the period of plan is decided, the plans must be put into action (i.e., implemented) to achieve the set goals. Implementation of the plans requires the formulation of policies, procedures, budgets and standards. It requires delegation of requisite authority and responsibility to the subordinates. It also requires the co-operation, participation and commitment of the subordinates for the effective implementation of the palns. Planning should be put into action so that business objectives may be achieved. The implementation will require establishment of policies, procedures, standards and budgets. These tools will enable a better implementation of plans.

9. Feedback and Future Evaluation / Follow up Action

In order to see that the plans are proceeding along right lines, it is necessary for the management to devise a system for continuous evaluation and appraisal of the plan. By this the management can notice shortcomings in time and can also take immediate suitable corrective action. Progress of the plan has to checked at each stage so that necessary remedial action can be taken to make the plan work or to change the original plan, if it is unrealistic.

6.16 TYPES OF PLANS/ METHODS OF PLANS

Planning consists of several individual plans. Depending on their nature and scope, plans can be broadly classified as follows:

I. Standing Plans/ Repeated - Use Plans

Standing plans are plans which are used repeatedly over a long period of time for tackling frequently recurring problems and issues. They give ready-made answers to issues which occur again and again. Standing plans serve as guidelines for managerial decision-making and actions. They make managerial decisions and actions easy and increase managerial efficiency, as they offer standard procedures for tackling similar and frequent recurring problems and issues.

Standing plans include:

(a) Objectives

(b) Policies

(c) Procedures

(d) Methods

(e) Rules and

(f) Strategies.

a) Objectives

Objectives are goals or aims which the management and administration wish organization to achieve.

Characteristics of Objectives

Business objectives are posses certain characteristics. They are:

i) Objectives are multiple in natures: According to Peter. F. Drucker, "Business objectives are multiple in natures. The search for one objective is essentially a search for a magic formula that will make judgment unnecessary'. These statements clearly shows that business objectives are multiple or plural in

nature. For instance, earning profit may be the main objective of a business. But, besides this objectives, such as selling products in foreign markets providing continuous flow of goods to the public, assuring competitive prices for its products, etc.

ii) Objectives have a hierarchy: Effective management requires the assignment of a part of the main mission to some of the departments and further sub division of the assignment among a number of sections and individuals.

When there is division and sub-division of the main mission among many sections and individuals, objectives are required to be laid down for each level in the organizational structure. That means, objectives have a hierarchy from the top level to the lowest level in the organization.

iii) Objectives form a network: Objectives form a network. That is, objectives are interdependent and mutually supporting. If objectives are interdependent and mutually supporting, people at different levels may pursue only such policies which may be good for the company as a whole. As objectives from a network, all the objectives are required to be satisfied simultaneously.

iv) Objectives are both long-range and short-range: Both the objectives are long-range and short-range. Long-range objectives are objectives which are to be achieved over a period of 5 to 10 years. Short-term objectives are objectives which are to be achieved within a year. For instance, survival and growth are long-term objectives, while maximization of sales, increase in profits, market standing, etc. are short-term objectives. Long-range objectives are company aims, while short-term objectives are departmental goals and individual assignment.

v) Business objectives: are generally, made verifiable by expressing them in numerical terms. Even in cases like the personnel department, where the objectives cannot be expressed in numerical terms, attempts are made to make the objectives verifiable indirectly. Verifiability of objectives is the key to the success of business. Verifiable objectives provide standards against which the actual performance could be measured, and the success or failure of the business can be assessed.

vi) Business objectives may be specific or general: Business objectives may be specific or general. Specific objectives give a sense of purpose to the activities of the individuals, while general objectives contribute to co-ordination in the organization. vii) Objectives may be tangible or intangible: Objectives may be tangible or intangible. For instance objectives in the areas of productivity, market standing are quantifiable and so, they are tangible objectives. On the other hand, objectives in other areas such as managers' performance workers' morale, etc. are not quantifiable, and so, they are intangible.

viii) Objectives have a priority: Objectives have a priority. That is, at a given point of time, the attainment of one objective is relatively more important than that of other objectives.

ix) Objectives may clash with one another: Objectives may, sometimes, clash with one another. This is because each section of an organization has the responsibility of attaining a particular objective.

b) Policies

Policies provide the framework within which the decision-making are expected to operate while making decisions relating to the organization. They act as guide to the thinking and action of subordinates for the purpose of achieving the objectives of the business successfully.

Characteristics of Policies

The chief characteristics of policies are:

i) Policies are formulated for the concern as a whole as well as for each of its sections and departments.

ii) They are the basis for executive action.

iii) They lay down the broad limits within which decision have to be made for accomplishing the objectives of the enterprise.

iv) Policies are supplementary and complementary objectives, as they facilitate the attainment of objectives putting them to action.

c) Procedures

Objectives do not state the ways and means through which objectives are to be accomplished and policies put into effect. Hence, there is a need for procedures. Procedures are clear-cut administrative specification prescribing the time sequence for work to be done. They can be defined as plans "Prescribing the exact chronological sequence of specific tasks required to perform designated work".

Determinants of Procedure

Procedures are determined on the basis of research and analysis of the various components of the work to be done. Related to action, they mostly originate at the lower level. Though the procedures are a type of organizational plan, they have a significant role in operational functioning of an organization. In day-to-day function, they contribute in the following manner:

i) Once a procedure is established for doing a particular activity, every manager follows it and ultimately, it ensures uniformity in performance and action.

ii) Procedures help in standardizing and streamlining day-to-day activities to maintain smoothness in the functioning of the organization.

iii) A set of procedures laid down for doing various activities facilitates implementation of decisions and policies of the organization.

iv) They help in expediting and accelerating the performance of administrative action, contributing to the smooth-functioning of the organization.

v) Procedures are prescribed for various activities to facilitate coordination.

vi) Procedures encourage delegation of authority to lower level managers because procedure-based activities can easily be delegated to the administration staff to ensure they will perform the activities.

d) Methods

Methods provide details about a particular operation or activity. They prescribe the exact manner in which the operation will be performed, are more detailed and specific in dealing with specific activity. Methods may be defined as a manual or mechanical means for performing. Methods may be viewed as specific, more detailed, and rational means of simplifying and standardizing the work. The need and importance of determining the best method of doing things have been highlighted by Taylor in the approach to scientific management.

Definition of Method

George .R. Terry and Stephen G. Franklin define methods as, "A prescribed manner for performing a given task with adequate consideration to the objective, facilities available and total expenditures of time, money and effort."

From the above definition, it is clear that a method is specified or prescribed process, manner or the way in which a particular task or operation is to be performed.

The use of scientific methods in performing various operations may lead to higher efficiency, more production and less tiredness on the part of the workers. In brief, the methods are based on research and analysis, require a high degree of standardization and are more detailed but limited in scope as compared procedures.

In a modern organization, methods are determined not only for activities and operations to be performed by workers but they are also considered desirable for clerical, administrative and managerial tasks and activities.

e) Rules

Rules are a plan that lay down a required course of action with respect to given situation. In other words, rules are the established principle for carrying out

the activities in systematic manner. In short, they are prescribed behaviour of the people in the organization.

Rules prescribe the code of discipline. They specify what is to be done, and what is not to be done in a given situation. Rules are definite and rigid. They demand strict compliance. Generally, their violation attracts disciplinary action or penalty. A rule may be or may not be a part of any procedure. For instance, the rule "No Smoking" is not a part of any procedure.

f) Strategies

A strategy is action plan which sets the direction that a company will be taking. It is decision-making choice and would involve consideration for internal strengths and weakness and external environment affecting the company. Strategy was earlier used for military manoeuvring etc., but now it is used in organizations too. In a business set up, a planner should see the plans and policies of his competitors and then modify or re-adjust his plans so that he may prove the superiority of his product or service. Strategy can also be used in the sense that it helps in the determination of organizational objectives and the deployment of resources of achieving them.

Characteristics of Strategies

The chief characteristics of strategies are as follows:

1. They are guideline to handle specific problems of crises.

2. They involve the finding out of a judicious combination of human resources and physical resources to be used for achieving the objectives of the organization.

3. They are formulated to meet business contingencies such as the challenges of the policies adopted by the competitors, the forces operating in the industry, the general forces operating in the country etc.

4. The formulation of strategies involves taking into consideration external environment, such as opportunities and challenges and internal environment, such as organization's resources and capabilities.

5. As strategies depend on external and internal environmental factors, which are not static, but changing, the strategies also have to be dynamic, and not static. i.e. to be flexible in adjusting itself to the changing environment.

II. Single Use Plans / Ad hoc Plans

Single-use plans are plans which are to be used only in specific situations and for tackling specific matters. In other words, they are plans for handling non-repetitive and specific problems. As they are for specific matters only, single-use plan or ad hoc plan for one situation cannot be used in another situation.

Single – use plans include:

(a) Programme   (b) Projects   (c) Budget

a) Programme

A Programme is a precise plan which lays down the operations to be carried out to accomplish a given. It includes all activities necessary to achieve the given objectives and prescribes how the enterprise's resources should be used. A Programme is drawn in conformity with the objectives and it consists of steps to be taken to achieve the tasks.

Characteristics of Programme

The following are the characteristics of Programme:

1. A Programme is a single use comprehensive plan. It is formed to achieve a particular purpose only. Once the goal is achieved the Programme will not be used again.

2. A number of small plans are prepared to formulate a Programme. The Programme for increasing sales by 20 percent may require a number of small plans to be formed.

3. A Programme is prepared to achieve organizational goals.

4. It gives a time limit up to which the Programme is to be implemented. A strict time table is fixed for doing a particular task.

5. A Programme should ensure co- ordinate planning efforts.

b) Budget

A budget is the monetary/ quantitative expression of business plans and policies to be pursued in the future period of time. The term budgeting is used for preparing budgets and other procedures for planning, co-ordination and control of business enterprise.

Characteristics of Budget

1. A budget should be based on past figures. The possibilities in future should also be taken into account.

2. A budget should be flexible so that it is modified according to the requirements of the situation. Rigidity in budgets sometimes creates difficulties.

3. The persons at various levels should be involved in preparing a budget. This will help in getting willing co-operation of everybody while implementing budgets.

4. A budget should be a specific statement. The quantities or monetary information should be clearly mentioned in a budget.

5. There should be an active involvement of top management while preparing a budget.

6.17 MEANING AND DEFINITION OF MBO

MBO is a technique and philosophy of management based on converting an organizational objective into a personal objectives makes an employee committed, which leads to a better performance. The objective setting in MBO creates an integrated hierarchy of objectives throughout the entire organization. In the process of objective setting in MBO, superiors and subordinates jointly identify common objectives, set the result that should be achieved by the subordinates, assess the contribution to each individual and integrate individuals with the organization so that the resources of the organization are put to their best use. Thus, we find, in MBO, the process of objectives setting involves participation and collaboration among the various levels of the organization with the intention of achieving organizational objectives.

MBO is defined as, "A comprehensive managerial system that integrates many key managerial activities in systematic manner, consciously directed towards the effective and efficient achievement of organizational objectives".

6.18 NATURE OF MBO

1. MBO is not merely a technique but a philosophy to management. A technique is applicable only in specified areas but a philosophy or approach guides and influences every aspect of management. MBO is an approach which includes various techniques of better management.

2. In this approach various objectives of the organization and of individuals are collectively decided by superiors and subordinates. These objectives become the targets which are to be achieved by various persons in the organization. The review of objectives is also done collectively.

3. The corporate, departmental and individual objectives are used as a yardstick to measure performance. A comparison of targets and actual results will enable managers to judge the performance of subordinates and top level will similarly assess the performance of managers.

4. MBO provides for a regular review of performance. This review is normally held once in a year. It emphasizes initiative and active role by the manager who is responsible for achieving the objectives. The review is future oriented and provides a basis for planning and corrective actions.

5. The objectives in MBO provide guidelines for appropriate system and procedures. The degree of delegation of authority, fixation of responsibility, allocation of resources etc. can be decided on the basis of objectives of various individuals. These objectives also become a basis of reward and punishment in the organization.

6.19 CONCEPT OF MBO

MBO is one of the techniques by which executives can improve organizational performance and effectiveness. The idea of MBO was contributed by Donaldson Brown and Alfred Sloan in 1920s and Edward Hagenin in 1930s. Peter Drucker, known as father of MBO technique, coined this term in 1954. Some other authorities on the subject are Charles L. Hughes, Goal Setting (American Management Association, 1965); Dale D. Mc Conkey, How to Manage by Results (American Management Association, 1967); George S. Ordiorne, Management by Objectives (Pitman, 1965); W.J. Reddin, Effective Management by Objectives (Mc Graw-Hill, 1971).

In order to understand the concept of MBO some definitions are given:

According to George S. Ordiorue, "The system of management by objectives can be described as a process whereby the superior and subordinate managers of an organization jointly identify its common goals, define each individual's major areas of responsibility in terms of results expected of him, and use these measures as guides for operating the unit and assessing the contribution of each of its members."

According to Koontz and Weihrich, "Management by objectives is a comprehensive managerial system that integrates many key managerial activities in a systematic manner and that is consciously directed toward the effective and efficient achievement of organizational and individual objectives."

S.K. Chakravarty defines it as, "MBO is a result-centered, non-specialist, operational managerial process for the effective utilization of material, physical, and human resources of the organization by integrating the individual with the organization and organization with the environment."

According to Terry and Franklin, "A managerial objective is the intended goal that prescribes definite scope and suggests direction to the planning efforts of a manager." This definition states four aspects of management by objectives i.e. goal, scope, definiteness, direction. From managerial point of view the target to be achieved should be identified and clear. The scope of the goals should be stated in the prescribed boundaries. The goal should also state definiteness, a vague goal

will create more confusion and has no managerial value. The objective also indicates the direction, showing the results to be sought.

Prof. Reddin says that MBO is "the establishment of effectiveness areas and effectiveness standards for managerial positions and the periodic conversion of all these into measurable time bound objectives linked vertically and horizontally with future planning."

6.20 PROCESS OF MBO

MBO is used to plan goals for the employees through their own participation. The goals will act as motivational factor and help in increasing employee efficiency. The setting of goals is not a simple thing. It requires lot of thinking and planning.

The setting of objectives requires following steps:

1. Setting Objectives at the Top:

The first step in MBO process is to analyze the purpose or mission of the organization. This exercise is undertaken at the top level. The mission of the organization will be converted into goals for a given period, it may be for a quarter, half year, a year, 5 years or more. In many cases objectives are set to coincide with the completion of a project or with an annual budget. This may not be desirable. Some goals may be set for a short period while some may be for a longer period. Generally as we go downward in the hierarchy the period for objective setting is short. At the operative level the objectives may be for a week or a month.

The goals set at the top level are only preliminary in nature. These goals are set by taking into account company's strengths and weaknesses and opportunities available. These goals may be modified while discussing them with the subordinates. The objectives should not be forced on the subordinates rather their viewpoint should be given weightage while fixing objectives. It will bring commitment from subordinates. The subordinates may suggest the problems which they will face in implementing the plans. The goals should be verifiable or other criteria for goal accomplishment should be established beforehand.

2. Clarifying Organizational Roles:

Sometimes organizational roles are not properly clarified and specific responsibility for attaining the objectives is not fixed. There should be clear cut assignment of tasks and fixation of responsibilities. In some cases the responsibility of one person for a particular task may not be fixed.

For example, the development of a new product may be the responsibility of research, production and marketing managers. Such activities can be put under

the overall command of a particular person, say product manager. In the absence of such a command specific responsibilities for taking up separate tasks be given to concerned managers. So organizational roles should be clearly spelt out.

3. Setting Subordinates Objectives:

The subordinate managers should be informed of general objectives, planning premises and strategies of the company. The superior should then discuss with the subordinate about the objectives which she/he can accomplish, time frame for them and the resources required. The feasibility of such goals for the company is also discussed. The superior has to play an important role while interacting with the subordinate. He/she should ask questions like what will be his/her contribution to the organizational goals? How can he improve his/her performance? What are the hurdles he/she faces in reaching has objectives? What changes he expects from superiors? How can the superior help him in his task.

The answers to such questions can help in deciding the specific objectives of subordinates. The goals should be such which are practicable, realistic or achievable. Superiors are generally in the habit of fixing high objectives for their subordinates thinking that higher objectives will help them in increasing their efficiency. On the other hand subordinates may try to keep their current objectives very low so that they do not have problems in reaching them. Superior is required to perform a balancing act by keeping in view the capacity of the subordinate and expectations of the organization. Unrealistic or unachievable objectives may weaken the whole program of objective setting.

There should be a proper discussion between the superior and the subordinate. Superior should understand the view point of the subordinate and then approve the objectives. The final approval of goals must be based upon what is reasonably attainable with stretch and pull, what is consistent with goals of other managers in their functions, what is consistent with long term objectives of the organization and what is consistent with the available resources.

4. Recycling Objectives:

Recycling of objectives denotes a joint and interactive process. Objectives cannot be set in isolation. Neither can they set at the top and communicate to the lower levels nor can they be set at the bottom and communicated upwards. There should be proper consultations and interactions at various levels before deciding about the objectives. The objectives set by an individual department may be higher than the expectations of higher management but still they may not reconcile with the objectives of other departments. The objectives of marketing department, for example, should reconcile with those of manufacturing and finance departments. So recycling of objectives helps in their easy achievement.

6.21 PLANNING PREMISES

Planning premises means systemic and logical estimate for the future factors affecting planning. According to Dr.G.R.Terry ,"planning premise are the assumptions providing a background against which the estimated events affecting the planning will take place".

6.22 TYPES OF PLANNING PREMISES

Types of Planning Premises are briefly explained as follows:-

1. Internal and External Premises

Internal Premises come from the business itself. It includes skills of the workers, capital investment policies, philosophy of management, sales forecasts, etc.

External Premises come from the external environment. That is, economic, social, political, cultural and technological environment. External premises cannot be controlled by the business.

2. Controllable, Semi-controllable and Uncontrollable Premises

Controllable Premises are those which are fully controlled by the management. They include factors like materials, machines and money.

Semi-controllable Premises are partly controllable. They include marketing strategy.

Uncontrollable Premises are those over which the management has absolutely no control. They include weather conditions, consumers' behaviour, government policy, natural calamities, wars, etc.

3. Tangible and Intangible Premises

Tangible Premises can be measured in quantitative terms. They include units of production and sale, money, time, hours of work, etc.

Intangible Premises cannot be measured in quantitative terms. They include goodwill of the business, employee's morale, employee's attitude and public relations.

4. Constant and Variable Premises

Constant Premises do not change. They remain the same, even if there is a change in the course of action. They include men, money and machines.

Variable Premises are subject to change. They change according to the course of action. They include union-management relations.

6.23 SUMMARY

Planning is the beginning of the process of management. A manager must plan before he can possibly organize, staff, direct or control. Because planning sets all other functions into action, it can be seen as the most basic function of management. Without planning other functions becomes merely an activity, producing nothing but disorder.

Planning refers to a predetermined course of action to achieve a specified aim or goal. It is concerned with deciding in advance what is to be done, when, where, how, and by whom it is to be done.

A business concern has to work in an environment which is uncertain and ever-changing. Planning helps the manager in carving out the organization than would be present without planning. Proper planning brings with it a higher degree of certainty and order in the organization; it helps the organization in foreseeing the risks and uncertainties in the future and in advance in the best possible way and in preparing the plan on the basis of decisions in the past and present. This will reduce the uncertainties and risks resulting from the future changes. In short, planning helps to reduce uncertainties and changes in future.

Policies provide the framework within which the decision-making are expected to operate while making decisions relating to the organization. They act as guide to the thinking and action of subordinates for the purpose of achieving the objectives of the business successfully.

Planning premises means systemic and logical estimate for the future factors affecting planning. According to Dr.G.R.Terry ,"planning premise are the assumptions providing a background against which the estimated events affecting the planning will take place".

6.24 GLOSSARY

a) Planning: Planning refers to a predetermined course of action to achieve a specified aim or goal. It is concerned with deciding in advance what is to be done, when, where, how, and by whom it is to be done.

b) Intellectual Process: Planning is an intellectual process. That is it is a mental exercise. It requires thinking reflection, analysis of information and judgment. A good plan is based upon collection, study and analysis of the requisite facts, evaluating alternative combination of factors and deciding the most appropriate lines of action, depending upon the ability and intelligence of management.

c) Standing plan: Standing plans are plans which are used repeatedly over a long period of time for tackling frequently recurring problems and issues. They give ready-made answers to issues which occur again and again. Standing plans serve as guidelines for managerial decision-making and actions. They make managerial decisions and actions easy and increase managerial efficiency, as they offer standard procedures for tackling similar and frequent recurring problems and issues.

d) Methods: Methods provide details about a particular operation or activity. They prescribe the exact manner in which the operation will be performed, are more detailed and specific in dealing with specific activity. Methods may be defined as a manual or mechanical means for performing.

e) Strategy: A strategy is action plan which sets the direction that a company will be taking. It is decision-making choice and would involve consideration for internal strengths and weakness and external environment affecting the company.

f) Planning premises: Planning premises means systemic and logical estimate for the future factors affecting planning. According to Dr.G.R.Terry ,"planning premise are the assumptions providing a background against which the estimated events affecting the planning will take place".

6.25 ANSWER TO CHECK YOUR PROGRESS/ POSSIBLE ANSWERS TO SAQ

6.25.1 Short answer questions

1. Give the meaning of Planning.

2. What is Objective?

3. What is Method?

4. What is Budgeting?

5. Give the meaning of MBO.

6. What is Planning Premises?

7. What is Forecasting?

6.25.2 Extended answer questions

1. Discuss nature of Planning.

2. Explain significance or Importance of Planning.

3. Explain various steps in Planning Process.

4. Discuss various types of Plans.

5. Explain concept of MBO.

6. Explain process of MBO.

7. Discuss importance of Forecasting.

6.25.3 True-false

1. Planning is second step in management.

2. Rules prescribe the code of discipline.

3. Planning premises means systemic and logical estimate for the future factors affecting planning.

4. The concept of plan is often confused with lack of freedom.

5. A mental exercise is required to foresee the pros and cons of various alternatives.

6.25.4 Multiple-choice

1. Who defines,"Planning is an intellectual process involving mental exercise, foreseeing future developments, making forecasts and the determination of the best course of action"?

 a) Koontz

 b) O'Donnell

 c) All of them

 d) None of them

2. What is the process of monitoring activities to ensure that they are being accomplished as planned and of correcting any significant deviations?

 a) Controlling

 b) Planning

 c) Monitoring

 d) Achieving

3. According to …………………………….., "Control consists in verifying whether everything occurs in conformity with the plan adopted, the instructions issued and the principles established.

 a) Koontz

 b) O'Donnell

 c) Breach

 d) Henry Fayol

4.   What is a mental exercise?

a) Management

b) Planning

c) Functions

d) Controlling

5.   Functions of Management ………………………………….. from among alternatives.

a) Policies

b) Procedures

c) Programmes

d) All of them

6.25.6 Fill-in-the-blanks

1.   Planning is the beginning of the process of …………………

2.   …………………………. is an intellectual process.

3.   A budget is the …………………………………….. of business plans and policies to be pursued in the future period of time.

4.   Planning refers to a ……………………………. of action to achieve a specified aim or goal.

6.26 POSSIBLE ANSWERS TO SELF ASSESSMENT QUESTIONS

6.25.3 1. False 2. True 3. True 4. False 5. True

6.25.4 1.(c) 2.(a) 3.(d) 4.(b) 5. (d)

6.25.5 1. Management 2. Planning 3. Monetary/ quantitative expression 4. Predetermined course

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6.29 TERMINAL QUESTIONS

1. Why planning is the most important function of management? Discuss.

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2. How to perform planning process? Explain in details.

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UNIT 7	FORECASTING AND DECISION MAKING

STRUCTURE

7.1 INTRODUCTION

Forecasting plays a major role in decision making because forecasts are useful in improving the efficiency of the decision-making process. Businessmen use various qualitative and quantitative demand forecasting techniques to predict future demand for products and accordingly take business decisions. Qualitative techniques include expert opinion, survey and market experiments, whereas quantitative techniques include time series analysis and barometric method.

7.2 OBJECTIVES

After reading this unit you will be able to understand:

Forecasting

Significance of Forecasting

Process and Environmental Forecasting

Decision Making

Significance of Decision Making

Rationality of Decision Making

Process of Decision Making

Models of Decision Making

Management by Exception

7.3 INTRODUCTION TO FORECASTING

Forecasting is the process of using past events to make systematic predictions about future outcomes or trends. Forecasting is the process in business marketing and web development of determining what the business market that you are engaged in looks like demographically. It can also involve attempting to predict the movements of the existing market going forward so market strategies and business plans can be developed to anticipate and meet the changing demands. Many different forecasting strategies are used, and each market will have specific models that have worked in the past.

7.4 SIGNIFICANCE OF FORECASTING

1. Helps to Predict the Future

Forecasting does not provide you with a crystal ball to see exactly what will happen to the market and your company over the coming years, but it will help

give you a general idea. This will provide you with a sense of direction which will allow your company to get the most out of the marketplace.

Predicting the future in the wine industry can be very difficult. But by doing so, a winery can predict future trends and then change their company objectives to achieve success in this new environment.

2. Keep Customers Happy

In order to keep your customers satisfied you need to provide them with the product they want when they want it. This advantage of forecasting in business will help predict product demand so that enough products are available to fulfil customer orders.

By using business forecasting to look ahead, wineries are able to make sure they always have product available for the customers to purchase. If the shelves are bare for any length of time, a customer is extremely likely to try another brand.

3. Learn From The Past

Looking at what has happened in the past can help companies predict what will happen in the future. Thus it is making the company stronger and most likely more profitable. Wineries look at past sales and trends and use that data to try and predict the future.

4. Keeps Companies Looking Ahead

By forecasting on a regular basis, it forces companies to continually think about their future and where their company is headed. This will allow them to foresee changing market trends and keep up with the competition. Wineries have to keep looking ahead or else they will not be able to meet demand. Giving their competition even a slight advantage could be devastating.

5. Save on Staffing Costs

One of the advantages of forecasting in business is that it allows companies to predict how much product will need to be produced to meet customer demand. From here a company can use this data to accurately determine how many employees they will need to have on hand to meet the required level of production.

Many wineries have fairly small profit margins, so it is important to make sure they have the correct amount of staff on hand and are not employing too many people.

6. Remain Competitive

A business that does not use forecasting techniques will likely succumb to their competition in a short time. Having a general idea of what sales to expect in

the following period is very important. This will help a company prepare to meet customer demand; otherwise the customer will look to fulfil their needs elsewhere.

The wine industry is extremely competitive. There are literally thousands of different wineries fighting for the same shelf space. Attracting new customers with expensive advertising campaigns and flashy labels is very costly. That is why once a company gets a new customer, they want to do everything in their power to keep them.

7. Receive Financing

In order to receive financing for new start-ups or to fund an existing enterprise, a forecast will need to be completed. The lender needs an estimate on the number of sales you will have within a given time period before they will consider lending out large sums of money.

Financing is a key component of success for most wineries. Most have loans on their buildings, equipment, and vineyards. Without this financing, they would more than likely not be able to operate so this is an essential advantage of forecasting in business.

8. Reduce Inventory Costs

Forecasting helps predict how much inventory should be on hand at any given time. By having the right amount of inventory, your company will be able to save on warehouse and transportation costs. There will also be less risk of incurring obsolescence costs or having to discount products because you have a large surplus.

Having the correct amount of inventory on hand is very important for every winery. White wine can only be kept on the shelf for a couple of years. That is why it is extremely important to make sure there is not a large surplus of product.

9. Helps Prepare for a Drop in Sales

A drop in sales is never a good thing for a company, however, this advantage of forecasting in business reveals sales drops which in turn, can be recognized and dealt with quickly.

When a winery has forecasted a drop in sales they will slow down production. This means having less wine in their tanks or barrels at any given time, and also less finished goods inventory on hand at their various facilities.

10. Prepare for New Business

By forecasting demand, a company can see if an increase in sales is likely imminent. This will allow the company to prepare for this increase in business by providing extra staff or production facilities to meet this new level of demand.

Wineries will increase wine production and bottling to meet this new demand and hopefully gain lifelong customers in the process.

7.5 METHODS OF FORECASTING

The various methods of forecasting are given below:

A) Quantitative Forecasting

Quantitative forecasting is the statistical technique for making projections about the future which uses numerical facts and prior experience to predict upcoming events. The two main types of quantitative forecasting used by business analysts are the explanatory method that attempts to correlate two or more variables and the time series method that uses past trends to make forecasts. Qualitative forecasting methods attempt to use actual data to determine a qualitative or actual market trend toward a certain position or function in the market. These methods involve looking at non-numerical data. For example, if you were attempting to forecast whether a new product would be successful, you could review customer surveys in which customers have described their views of the ideal product function. Qualitative forecasting methods are not as effective as quantitative methods, which are the most common methods and which come in a variety of different formats. They are often applied when a great deal of data are available on the target market.

Types of Quantitative Methods

1) Time-series methods

2) Explanatory Method

1) Time-series methods

Time series forecasting is the use of a model to predict future values based on previously observed values. While regression analysis is often employed in such a way as to test theories that the current values of one or more independent time series affect the current value of another time series, this type of analysis of time series is not called "time series analysis". Time-series methods used historical data to develop forecasts of the future.

Features of Time Series Method

i) The underlying assumption is that patterns exist and that the future will resemble the past.

ii) Time-series methods do not in themselves predict the impact of present or future actions that managers might take to bring about change.

iii) A trend reflects a long-range general movement is either an upward or a downward direction.

iv) A seasonal pattern indicates upward or downward changes that coincide with particular points within a given year.

v) A cyclical pattern involves changes at particular points in time that span longer than a year.

vi) Time-series are more valuable for predicting broad environmental factors than in predicting the impact of present or future actions.

vii) Because time-series rely on past trends there can be a danger in their use if environmental changes are disregarded.

2) Explanatory Method

Explanatory method attempts to identify the major variables that are related to or have caused particular past conditions and then use current measures of those variables (predictors) to predict future conditions.

Features of explanatory method

i) Explanatory models allow managers to assess the probable impact of changes in the predictors.

ii) Regression models are equations that express the fluctuations in the variable being forecasted in terms of fluctuations among one or more other variables.

iii) Econometric models are systems of simultaneous multiple regression equations involving several predictor variables used to identify and measure relationships or interrelationships that exist in the economy.

iv) Leading indicators are variables that tend to be correlate with the phenomenon of major interest but also tend to occur in advance of the phenomenon.

B. Qualitative Forecasting

Qualitative Forecasting is aimed primarily at predicting long-term trends in technology and other important aspects of the environment. The focus is upon longer-term issues that are less amenable to numerical analysis as quantitative approaches. The Delphi method and Scenario analysis can be used as techniques. These techniques are primarily based upon judgment and intuition and especially when sufficient information and data is not available so that complex quantitative techniques cannot be used. The widely used qualitative methods are:

(a) Jury of executive opinion

This is a method by which the relevant opinions of experts are taken, combined

and averaged. These opinions could be taken on an individual basis or there could be a brain storming group session in which all members participate in generating new ideas that can later be evaluated for their feasibility and profitability.

(b) Opinions of the sales person

The sales people being closer to consumers can estimate future sales in their own territories, more accurately. Based on these and the opinions of sales managers, reasonable trends of the future sales can be calculated. These forecasts are good for short range planning since sales people are not sufficiently sophisticated to predict long-term trends.

(c) Consumers' expectations

This method involves a survey of the customers as to their future needs. This method is especially useful where the industry serves a limited market. Based on the future needs of the customers a general overall forecast for the demand can be made.

(d) The Delphi method

The Delphi method originally developed by Rank Corporation in 1969 for forecasting military events, has become a useful tool in other areas also. It is basically a more formal version of the jury of opinion method. A panel of experts is given a situation and asked to make initial predictions, on the basis of a prescribed questionnaire, these experts develop written opinions. These responses are analyzed and summarized and submitted back to the panel for further considerations. All these responses are anonymous so that no member is influenced by others opinions. This process is repeated until a consensus is obtained.

7.6 PROCESS OF FORECASTING

Various steps in forecasting process:

1. Analysing and understanding the problem

The manager must first identify the real problem for which the forecast is to be made. This will help the manager to fix the scope of forecasting.

2. Developing sound foundation

The management can develop a sound foundation, for the future after considering available information, experience, type of business, and the rate of development.

3. Collecting and analysing data

Data collection is time consuming. Only relevant data must be kept. Many statistical tools can be used to analyse the data.

4. Estimating future events

The future events are estimated by using trend analysis. Trend analysis makes provision for some errors.

5. Comparing results

The actual results are compared with the estimated results. If the actual results tally with the estimated results, there is nothing to worry. In case of any major difference between the actual and the estimates, it is necessary to find out the reasons for poor performance.

6. Follow up action

The forecasting process can be continuously improved and refined on the basis of past experience. Areas of weaknesses can be improved for the future forecasting. There must be regular feedback on past forecasting.

7.7 ENVIRONMENTAL FORECASTING

Environmental forecasting is a technique whereby managers attempt to predict the future characteristics of the organizational environment and hence make decisions today that will help the firm deal with the environment of tomorrow.

In today's business world rapid changes are too frequent. It would be crucial for managers to invent new ways of surviving in the ever-changing business environment. They would have to build up the capacity of a firm to face the changes and adapting themselves to changes.

They would have to find out new ways of creating opportunities of profitability and growth. The new rules and regulations also create more pressure on business.

To prepare for such ongoing eventualities, managers will have to prepare themselves for really understanding the remote and the immediate environments of business and mechanisms of changes that affect their industry or firm. The changes have not only affect smaller companies but also the giants of various industries. It creates an awareness of environmental forecasting.

7.8 DECISION-MAKING

Decision-making is an important job of the manager. Every day she/he has to decide about doing or not doing a particular thing. A decision in the selection from

among alternatives, "It is a solution selected after examining several alternatives chosen because the decider foresees that the course of action he selects will be more than the others to further his goals and will be accompanied by the fewest possible objectionable consequences." It is the selection of one course of action from two or more alternative courses of action.

7.9 DEFINITION OF DECISION MAKING

According to **D. E. Mc Farland,** "A decision is the act of choice wherein exclusive forms of conclusion about what must be done in a given situation. A decision represents a course of behaviour chosen from number of possible alternatives."

From the above definitions, it is clear that decision-making is the selection of a particular course of action chosen by the decision-maker as the most effective means at his disposal for achieving the goal or goals he is currently emphasizing or for solving the problem that is bothering him. In other words, it is choosing a particular course of action from several alternative courses of action for achieving a desired result. In short, it is the choice made by the decision-maker about what should or should not be done in a given situation.

Decision- making involves the entire process of establishing goals, defining tasks, searching for alternatives and developing plans in order to find the best answer to the decision problem.

7.10 CHARACTERISTICS OF DECISION- MAKING

Decision–making has certain characteristics. The chief characteristics of decision-making are:

1. It is the process of choosing the best course of action from among the alternative courses of action. It involves choosing from two or more alternatives (i.e., two or more alternative courses of action), because if there is only on alternative there is no decision to be made.

2. Choosing from among the alternative courses of operation implies uncertainty about the final result of each possible course of operation.

3. The choice involved in decision-making implies freedom to the decision-maker to choose from among the alternatives without externally imposed coercion.

4. Decision-making is a mental or intellectual process, because the final decision is made by the decision-maker by the application of intellectual abilities after careful consideration.

5. It is always purposive or goal-oriented. That is, it has to serve a purpose always. It is aimed at achieving the objective of the organization.

6. It may be positive (i.e., a decision to decide) or negative (i.e., a decision not to decide). However, most of the decisions are positive, and they result in some tangible action, such as some rules, policies, orders, changes or other concrete events.

7. A decision may be expressed in words or may be implied from behavior.

8. It is the end process preceded by discussions and deliberations and reasoning, because there are many alternative courses of action to most business problems.

9. Decision-making is a blend of thinking, deciding and action.

10. Decision-making involves the entire process of establishing goals, defining the problem, searching for alternatives, evaluation of the various alternatives and developing of plans for solving the problem.

11. Decision-making involves certain commitment. That is, once a decision made after weighing the various alternatives everyone in the organization must abide by the decision. It may be noted that support from those affected by the decision would increase the commitment.

12. Decision-making involves a time decision and a time lag. This is because the decision-maker has to take time to collect facts and to weigh the various alternative courses of action, and he requires still more time to carry out the decision.

13. Decision-making is always related to environment or circumstances or situation. A decision maker may take one decision on a particular set of circumstances and another decision in a different set of circumstances.

14. Decision making is both a managerial function and an organizational process. It is managerial function, in the sense that is the fundamental responsibility of the manager himself. It is an organization process, for many decisions transcend the individual manager and become the product of a team, committee or a group. In fact, most important decisions are made by a group of managers rather than by an individual manager.

15. A decision may relate to end or means or both, in some cases, the end may be given and the manager has to decide upon the best means of attaining it. In some cases, the means are given, and the manager has to decide upon the end. In some other cases, the manager may have to decide upon the means as well as the end.

16. Decision-making is rational. It is rational in the sense that the final decision to achieve the desired goals is taken only after a thorough analysis and reasoning and weighing the consequences of various alternatives.

7.11 SIGNIFICANCE OR IMPORTANT OF DECISION-MAKING

The importance of decision-making has been there right from the day when the size of the business used to be small to the present day when the size of the business is very large. The only difference is that today's corporate business world, where the business structure is complex, decision-making has become more complex.

Decision-making is necessary in every business because to meet any business situation, there are many alternative courses of action.

One of the most important functions of a manager is to take decisions, "whether a manager plans, organizes, hires or fires an employee, approves or disapproves a work or orders or advises, he is engaged in decision-making." In the words of Peter. F. Ducker, "whatever a manager does, he does through making decisions." According to George Terry, "Managerial life is a perpetual choice making challenge. It there is in universal mark of a manager, it is decision-making". In the other words of John Mc Donald, "The business executive is by profession is a decision-maker. Uncertainty is his opponent, overcoming it is his mission. Whether the outcome is a consequence of luck or of wisdom, the moment of decision is without doubt the most creative event in the life of the executive. Manager uses the tool of decision-making for discharging their duties. In fact, today, decision-making is regarded as the sole criterion for the evaluation of an executive's administrative performance. Threat most outstanding quality of a successful manager is his ability to make sound decision.

Decision-making permeates through all managerial functions. In other words, decision-making spreads over all the managerial functions. In short, decisions are made in the course of all management activities. It is because of the pervasiveness of decision-making that Prof. H. A. Simon regards decision-making synonymous with management. One may not agree with Prof. Simon but decision-making is widely acknowledged to be the heart and core of executive activity in business. In fact, management and decision-making are inseparable.

As stated earlier, all managerial functions, such as planning, organization, direction and control are settled by managers with the tool of decision-making. Decision-making helps to set objectives, prepare plan of action, determine organization structure, motivate personnel and introduce innovations. Decision-making is important in planning, organization, direction, co-ordination and control, because in each of these functions, the manager has to choose from.

7.12 STEPS OF DECISION-MAKING PROCESS

A decision cannot be taken in isolation. It is influenced by past experience, present conditions and future expectations. Once a decision is taken then it becomes difficult to reverse. It is pertinent to discuss the problem involved and then take a decision after considering various possibilities. Decision-making involves the following steps:

1. Defining the Problem

The first step in decision-making is to find out the correct problem. It is not easy to define the problem. It should be seen what is causing the trouble and what will be its possible solutions. No problem presents itself in a manner that an immediate decision is taken. If the problem is not correctly defined then the efforts and money spent on a wrong decision will go waste.

Before defining the problem the manager has to identify critical or strategies factor of the problem. Clacu Barnaed has pointed out that the theory of the strategic factor is necessary for the appreciation of the process of decision-making. His emphasis that in decision-making the analysis required is actually a search for the strategic factors. These factors may be the root cause of obstacles in developing a proper solution to the problem under discussion. If we wish to increase the yield of grain in a certain field, on analysis it may be found that there is a lack of potash. The potash will be strategic or limiting factor in this case. Once the problem is properly defined then it will be easily solved. So the first important factor is the determination of problem.

2. Analysis of Problem

After defining the problem, the manager should analyze it. He should collect all possible information about the problem and then decide whether it will be sufficient to take a decision or not. Generally the managers complain that they seldom get sufficient information which they would have liked to have. Sometimes it may be costly to get additional information or further information may not be possible. Peter .F. Drucker rightly says, " To make a sound decision, it is not necessary to have all the facts; but it is necessary to know what information is lacking in order to judge how much of risk the decision involves, as well as the degree of precision and rigidity that the proposed course of action can afford." Whatever information is available should be used to analyze the problem. If there are deficiencies in information then the manager must judge the degree of risk involved in the decision.

3. Developing Alternative Solutions or Courses of Action

The next step involved in decision-making is to develop or find out alternative solutions or courses of action for the problem.

Development of alternative solutions is necessary, because every problem has two or more alternatives for its solution. For instance, if the problem is how to sell the product, there are alternative solutions for the problem, such as selling through whole seller, selling through company's retail selling units or direct selling to the consumer through company's retail selling units or direct selling it to the consumers through the company's own sales force. Similarly, if the problem is how to fill up the vacancy caused by the retirement of an employee, there are alternative solutions, such as promotion within the organization or recruitment of a person from outside the organization. Further, development of alternative solutions is necessary for the simple reason that decision-making implies choice and choice implies the existence of alternatives.

Development of alternative courses of action helps the manager to make the right decision. Further, it serves to guard the manager against making the wrong decision.

4. Selecting the Best Solution or Course of Action

After the development of the alternatives, the next step involved in decision-making is the selection of the best solution.

After the development of the various alternative solutions for the problem, the various alternative solutions should be evaluated (i.e., the merits and demerits should be considered), and the best solution should be selected. Sound knowledge and practical experience of the manager and research and analysis will help him to make a proper evaluation of the various alternatives and select the best. However, authorities on the management have laid down certain standards or criteria for the proper evaluation of the alternatives and the selection of best from among them. Koontz and O'Donnell have suggested three bases, which should be followed by manager, for selecting from among the alternative.

They are: (i) Experience, (ii) Experimentation and (iii) Research and Analysis

(i) Experience: In selecting from among the alternatives, a manager is influenced to a great extent by his past experience. That is, past experience acts as a guide or basis for selecting the alternative. But undue importance should not be given to past experience. So, a manager should make the selection carefully after considering the changes in the present situation.

(ii) Experimentation: Sometimes, a manager makes a election of the alternative on the basis of experimentation. That is, the various alternatives are put to

experimentation, i.e. Put into actual practice, and selection is made on the basis of the results of experimentation (i.e. the alternative which yields the best result is selected). This basis or technique has been found very useful in test marketing of a new product. This basis or technique is definitely better than past experience. But it is a very expensive technique. So, it should be used only as last resort.

(iii) Research and Analysis: Research and analysis is used as the basis or technique in selecting the alternative, when any major decision is involved. It is the most effective basis or technique of selecting the alternative. The technique involves search for the relationship among the more limiting or critical factors that affect the goal sought. It weighs various alternatives by making models. It makes use computers and mathematical techniques. This technique makes the choice of the alternative more rational and objective.

5. Implementation the Decision or to put the decision into Effect

Once the decision is taken, the decision must be translated into action (i.e. the decision must be out to effect).

Implementation of the decision is one of the most difficult steps. It involves taking up certain steps. They are:

(a) There should be proper communication of the decision to employees who are to implement the decision. The employees must be made to understand what the decision involves and what is expected of them.

(b) The acceptance of the decision by the employees affected by it must be gained. In order to reduce the resistance from the employees and to get their acceptance, it is desirable that the employees should be associated with the decision-making process, particularly at the stage of development of alternatives. There could also be other techniques of motivation to get the employees' acceptance of the decision.

(c) Care should be taken to see that the decision is applied in the right and opportune time when the conditions are favourable for the implementation of the decision.

(d) There should also be the development of controls to see that the decision is being carried out properly by the employees.

6. Following up the Decision

After the decision has been put into action, there should be the following up of the decision. Following up of decision means checking the results after the results are put into effect.

Following are the reasons why one has to make a follow up of the decision that is put to effect:

(a) To see whether the decision is implemented properly by the employees.

(b) To find out whether the decision taken by the management is right one or not.

(c) When the decision taken by the management turns out to be a wrong one, to modify the decision, if necessary, without loss of time.

Thus in order to achieve proper follow-up, the management should develop an efficient system of feed-back information.

7.13 MODELS OR THEORIES OF DECISION MAKING

Following are the theories used in decision-making

1. Marginal Theory

This theory stresses on profit maximization. The economists who propounded this theory say that profits will be maximum only when marginal costs of inputs are equal to marginal revenues. Marginal costs represent additional costs of producing an additional unit and marginal revenue is the extra revenue from that product. When the marginal costs and revenue differ, the profits cannot be maximum.

2. Psychological Theory

The thrust of this theory is on the maximization of the customer satisfaction. The manager acts an "administrative man" rather than "economic man". A good manager will try to protect economic interest of enterprise besides maximizing consumer satisfaction. Those alternatives may be selected which will help the consumers. According to this theory the consumer's interests should be a top priority in the mind of the decision-maker.

3. Mathematical Theory

This Theory is based on the use of models. This is also known as Operations Research Theory. The techniques generally used include linear programming, theory of probability, simulation models. Monte Carlo technique, games theory, network theory, etc. the analyst defines the problem area, uses symbols for unknown data and then tries to solve it. This theory is more systematic as compared to theories.

7.14 LIMITATIONS OF DECISION MAKING

1. There is the inter-mingling of the personal objectives of the decision-maker.

2. The ability of the human beings to crystallize all alternative courses of action is limited.

3. Some of the factors involved in decision-making are beyond the control of managers.

4. The individual manager interprets the organizational goals in his own way.

5. The individual manager may be lazy or careless in taking decisions.

7.15 RATIONALITY OF DECISION MAKING

Rationality of decision making is a multi-step process for making choices between alternatives. The process of rational decision making favors logic, objectivity, and analysis over subjectivity and insight. The word "rational" in this context does not mean sane or clear-headed as it does in the colloquial sense.

Assumptions of the Rational Decision-Making Model

The rational model of decision making assumes that people will make choices that maximize benefits and minimize any costs. The idea of rational choice is easy to see in economic theory. For example, most people want to get the most useful products at the lowest price; because of this, they will judge the benefits of a certain object (for example, how useful is it or how attractive is it) compared to those of similar objects. They will then compare prices (or costs). In general, people will choose the object that provides the greatest reward at the lowest cost.

An individual has full and perfect information on which to base a choice.

Measurable criteria exist for which data can be collected and analyzed.

An individual has the cognitive ability, time, and resources to evaluate each alternative against the others.

7.16 MANAGEMENT BY EXCEPTION

Management by exception (MBE) is a practice where only significant deviations from a budget or plan are brought to the attention of management. The idea behind it is that management's attention will be focused only on those areas in need of action.

Advantages of Management by Exception

There are several valid reasons for using this technique. They are:

a) It reduces the amount of financial and operational results that management must review, which a more efficient use of their time is.

b) The report writer linked to the accounting system can be set to automatically print reports at stated intervals that contain the predetermined exception levels, which is a minimally-invasive reporting approach.

c) This method allows employees to follow their own approaches to achieving the results mandated in the company's budget. Management will only step in if exception conditions exist.

d) The company's auditors will make inquiries about large exceptions as part of their annual audit activities, so management should investigate these issues in advance of the audit.

Disadvantages of Management by Exception

There are several issues with the management by exception concept, which are:

a) This concept is based on the existence of a budget against which actual results are compared. If the budget was not well formulated, there may be a large number of variances, many of which are irrelevant, and which will waste the time of anyone investigating them.

b) The concept requires the use of financial analysts who prepare variance summaries and present this information to management. Thus, an extra layer of corporate overhead is required to make the concept function properly. Also, an incompetent analyst might not recognize a potentially serious issue, and will not bring it to the attention of management.

c) This concept is based on the command-and-control system, where conditions are monitored and decisions made by a central group of senior managers. You could instead have a decentralized organizational structure, where local managers could monitor conditions on a daily basis, and so would not need an exception reporting system.

d) The concept assumes that only managers can correct variances. If a business were instead structured so that front line employees could deal with most variances as soon as they arise, there would be little need for management by exception.

7.18 SUMMARY

Forecasting is the process of using past events to make systematic predictions about future outcomes or trends. Forecasting is the process in business marketing and web development of determining what the business market that you are engaged in looks like demographically. It can also involve attempting to predict the movements of the existing market going forward so market strategies and business plans can be developed to anticipate and meet the changing demands. Many different forecasting strategies are used, and each market will have specific models that have worked in the past.

Quantitative forecasting is the statistical technique for making projections about the future which uses numerical facts and prior experience to predict upcoming events. The two main types of quantitative forecasting used by business analysts are the explanatory method that attempts to correlate two or more variables and the time series method that uses past trends to make forecasts.

Environmental forecasting is a technique whereby managers attempt to predict the future characteristics of the organizational environment and hence make decisions today that will help the firm deal with the environment of tomorrow.

Decision-making is an important job of the manager. Every day she/he has to decide about doing or not doing a particular thing. A decision in the selection from among alternatives, "It is a solution selected after examining several alternatives chosen because the decider foresees that the course of action he selects will be more than the others to further his goals and will be accompanied by the fewest possible objectionable consequences." It is the selection of one course of action from two or more alternative courses of action.

Marginal Theory stresses on profit maximization. The economists who propounded this theory say that profits will be maximum only when marginal costs of inputs are equal to marginal revenues. Marginal costs represent additional costs of producing an additional unit and marginal revenue is the extra revenue from that product. When the marginal costs and revenue differ, the profits cannot be maximum.

Rationality of decision making is a multi-step process for making choices between alternatives. The process of rational decision making favors logic, objectivity, and analysis over subjectivity and insight. The word "rational" in this context does not mean sane or clear-headed as it does in the colloquial sense.

Management by exception (MBE) is a practice where only significant deviations from a budget or plan are brought to the attention of management. The idea behind it is that management's attention will be focused only on those areas in need of action.

7.19 GLOSSARY

a) Forecasting: Forecasting is the process of using past events to make systematic predictions about future outcomes or trends. Forecasting is the process in business marketing and web development of determining what the business market that you are engaged in looks like demographically.

b) Quantitative forecasting: Quantitative forecasting is the statistical technique for making projections about the future which uses numerical facts and prior experience to predict upcoming events. The two main types of quantitative

forecasting used by business analysts are the explanatory method that attempts to correlate two or more variables and the time series method that uses past trends to make forecasts.

c) Explanatory method: Explanatory method attempts to identify the major variables that are related to or have caused particular past conditions and then use current measures of those variables (predictors) to predict future conditions.

d) Qualitative Forecasting: Qualitative Forecasting is aimed primarily at predicting long-term trends in technology and other important aspects of the environment. The focus is upon longer-term issues that are less amenable to numerical analysis as quantitative approaches.

e) Environmental forecasting: Environmental forecasting is a technique whereby managers attempt to predict the future characteristics of the organizational environment and hence make decisions today that will help the firm deal with the environment of tomorrow.

f) Decision-making: Decision-making is an important job of the manager. Every day he has to decide about doing or not doing a particular thing.

g) Management by Exception (MBE): Management by Exception (MBE) is a practice where only significant deviations from a budget or plan are brought to the attention of management. The idea behind it is that management's attention will be focused only on those areas in need of action.

7.20 ANSWER TO CHECK YOUR PROGRESS/ POSSIBLE ANSWERS TO SAQ

7.20.1 Short answer questions

1. What is Forecasting?

2. What is Environmental Forecasting?

3. Give the meaning of Decision Making.

4. What is Rationality of Decision Making?

5. What is Management by Exception?

7.20.2 Extended answer questions

1. Discuss significance of Forecasting.

2. Explain the process and Environmental Forecasting.

3. Discuss significance of Decision Making.

4. Explain in details about rationality of Decision Making.

5. Discuss process of Decision Making.

6. Discuss various models of Decision Making.

7. Write note on: Management by Exception.

7.20.3 True-false

1. Forecasting is the process of using past events to make systematic predictions about future outcomes or trends.

2. Quantitative forecasting is the statistical technique for making projections about the future which uses numerical facts and prior experience to predict upcoming events.

3. Qualitative Forecasting is aimed primarily at predicting long-term trends in technology and other important aspects of the environment.

4. Decision-making is an important job of the manager. Every day he has to decide about doing or not doing a particular thing.

5. Management by exception (MBE) is a practice where only significant deviations from a budget or plan are brought to the attention of management.

7.20.4 MULTIPLE-CHOICE

1. What is the process of using past events to make systematic predictions about future outcomes or trends?

   a) Demand

   b) Forecasting

   c) Supply

   d) Pricing

2. What is the statistical technique for making projections about the future which uses numerical facts and prior experience to predict upcoming events?

   a) Quantitative forecasting

   b) Qualitative Forecasting

   c) Demand Curve

   d) None of the above

3. What is aimed primarily at predicting long-term trends in technology and other important aspects of the environment?

   a) Quantitative forecasting

b) Qualitative Forecasting

c) Demand Curve

d) None of the above

7.20.6 FILL-IN-THE-BLANKS

1. ……………is the process of using past events to make systematic predictions about future outcomes or trends.

2. ……………is the statistical technique for making projections about the future which uses numerical facts and prior experience to predict upcoming events.

   3. ……………is aimed primarily at predicting long-term trends in technology and other important aspects of the environment.

4. ………………is an important job of the manager. Every day he has to decide about doing or not doing a particular thing.

5. Management by exception (MBE) is a practice where only significant deviations from a budget or plan are brought to the……………………..

7.21 POSSIBLE ANSWERS TO SELF ASSESSMENT QUESTIONS

7.20.3 1. True 2. True 3. True 4. True 5. True

7.20.4 1. (b) 2. (a) 3. (b)

7.20.5 1. Forecasting 2. Quantitative forecasting 3. Qualitative Forecasting 4. Decision-making 5. Attention of management

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7.24 TERMINAL QUESTIONS

1. "Forecasting gives the roadmap of future business activities". Discuss.

2. Why decision making is important? Discuss.

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UNIT 8   ORGANIZING

STRUCTURE

8.1 INTRODUCTION

An organization can be structured in many different ways, depending on their objectives. The structure of an organization will determine the modes in which it operates and performs. Organizational structure allows the expressed allocation of responsibilities for different functions and processes to different entities such as the branch, department, workgroup and individual.

Organizational structure affects organizational action in two big ways. First, it provides the foundation on which standard operating procedures and routines rest. Second, it determines which individuals get to participate in which decision-making processes, and thus to what extent their views shape the organization's actions.

8.2 OBJECTIVES

After reading this unit you will be able to understand:

Organizing

Nature

Significance

Process

Influence of Socio-Cultural Factors on Organization

Line and Staff Relationship

Delegation and Decentralization and Groups Functions

Organizational Roles & Status-Power

Responsibility and Authority

8.3 INTRODUCTION TO ORGANIZATION

Organizing is a process of integrating, coordinating and mobilizing the activities of members of a group for seeking common goals. Organisation is the process of establishing relationship among the members of the enterprise. The relationships are created in terms of authority and responsibility. To organise is to harmonise, coordinate or arrange in a logical and orderly manner. Each member in the organisation is assigned a specific responsibility or duty to perform and is granted the corresponding authority to perform his duty. The managerial function of organising 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.

Organising 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 organisational objectives.

An organizational structure consists of activities such as task allocation, coordination and supervision, which are directed towards the achievement of organizational aims. It can also be considered as the viewing glass or perspective through which individuals see their organization and its environment.

The set organizational structure may not coincide with facts, evolving in operational action. Such divergence decreases performance, when growing. E.g., a wrong organizational structure may hamper cooperation and thus hinder the completion of orders in due time and within limits of resources and budgets. Organizational structures shall be adaptive to process requirements, aiming to optimize the ratio of effort and input to output.

Organizational structures developed from the ancient times of hunters and collectors in tribal organizations through highly royal and clerical power structures to industrial structures and today's post-industrial structures.

As pointed out by Michael Angelo Castillo, the early theorists of organizational structure, Taylor, Fayol, and Weber "saw the importance of structure for effectiveness and efficiency and assumed without the slightest question that whatever structure was needed, people could fashion accordingly. Organizational structure was considered a matter of choice. When in the 1930s, the rebellion began that came to be known as human relations theory, there was still not a denial of the idea of structure as an artifact, but rather an advocacy of the creation of a different sort of structure, one in which the needs, knowledge, and opinions of employees might be given greater recognition." However, a different view arose in the 1960s, suggesting that the organizational structure is "an externally caused phenomenon, an outcome rather than an artifact." In the 21st century, organizational theorists such as Lim, Griffiths, and Sambrook (2010) are once again proposing that organizational structure development is very much dependent on the expression of the strategies and behaviour of the management and the workers as constrained by the power distribution between them, and influenced by their environment and the outcome.

8.4 MEANING OF ORGANISING

Organising in management refers to the relationship between people, work and resources used to achieve the common objectives or goals.

8.5 DEFINITIONS OF ORGANISING

According to **Koontz and O'Donnell,** "Organizing involves the establishment of an internal structure of roles, by identifying and listing the activities required to achieve the purpose of enterprise, the grouping of these activities, the assignment of such group of activities to manager, the delegation of authority to carry out and provision for coordination of authority relationship horizontally and vertically in the organization structure".

According to **Theo Haimann,** "Organising is the process of defining and grouping the activities of the enterprise and establishing the authority relationships among them. In performing the organising function, the manager defines, departmentalises and assigns activities so that they can be most effectively executed."

According to **Urwick,** "Organizing is a process of dividing up of activities which are necessary to any purpose and arranging them in group which are assigned to individuals".

8.6 NATURE OF ORGANIZING

The nature of organizing is given below:

i) 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.

ii) 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 saran work repeatedly which gradually makes that person an expert.

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

iv) Co-ordination: Under organizing different persons are assigned different works but the aim of all these persons happens to be the some - 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/her 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.

v) 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.

vi) 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.

vii) 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 tube 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.

viii) 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 mom than two people work jointly. Therefore, organization has the quality of universality. 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.

8.7 NEED FOR ORGANIZING

1. The whole process of organizing helps in coordinating various jobs in the department or division and by relating them to departmental work. It further integrates and unifies the functioning of various departments in such a way as to contribute to overall functioning of the organization.

2. Logical and clear cut division of work and delegation of authority among

the various members' leads to many befits. Every member knows very well that what he is expected to contribute and what are the limits of his authority.

3. Organizing virtually means order and discipline both in respect to working behaviour of the employees and their role and relationships.

4. The structure of the organization facilitates formal communication through line of authority, established from top to lower levels. It also determines pattern of interaction among various employees.

8.8 SIGNIFICANCE OF ORGANIZING

The significance of organizing can be summarized as follows:

a) 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 help the decision-making.

b) 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.

c) 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/her ability and capacity and conditions ant created to enable him to utilize his/her ability to the maximum extent. For example, if an employee possesses the knowledge of modem machinery but the modem machinery is not available in the organization, in that case, efforts are made to make available the modem machinery.

d) Facilitates Co-ordination

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 co-ordination 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 co-ordination.

e) 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.

f) 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.

8.9 PROCESS OF ORGANIZING

The steps in the process of organization are explained below:

1. Fixing the objectives of the organization

At the top level, administrative management first fixes the common objectives of organisation. At the middle level, executive management fix the departmental objectives. Lastly, at the lower level, supervisory management fix the day-to-day objectives. All the objectives of the organisation must be specific and realistic.

2. Finding activities must for achieving objectives

After fixing the objectives, the top-level management prepares a list of different activities (or works) which are required to be carried out for achieving these objectives. This list is prepared at random without following any sequence or order. This is a very important step because it helps to avoid duplication, overlapping and wastage of efforts.

3. Grouping the similar activities

All similar or related activities having a common purpose are grouped together to make departments. For e.g. all activities or works which are directly or indirectly connected with purchasing are grouped together to make the Purchase Department. So, various departments such as Purchase, Production, Marketing, Finance, etc. are made. The grouping of similar activities leads to division of labour and specialisation.

4. Defining responsibilities of each employee

The responsibilities (duties) of each employee are clearly defined. This will result in the selection of a right person for the right post / job. He / she will know exactly what to do and what not to do. Therefore, it will result in efficiency.

5. Delegating authority to employees

Each employee is delegated (surrender or given) authority. Without authority, the employees cannot carry out their responsibilities. Authority is the right to give orders and the power to get obedience. The authority given to an employee should be equal to the responsibility given to him.

6. Defining authority relationship

When two or more persons work together for a common goal, it becomes necessary to clearly define the authority relationship between them. Each person should know who is his superior, from whom he should take orders and to whom he will be answerable? Similarly, each superior should know what authority he has over his subordinates.

7. Providing employees all required resources

After defining the authority relationships, the employees are provided with all the material and financial resources, which are required for achieving the objectives of the organisation. So in this step, the employees actually start working for a common goal.

8. Coordinating efforts of all to achieve goals

This is the last stage or step in the process of organisation. Here, the efforts of all the individuals, groups, departments, etc. are brought together and co-coordinated towards the common objectives of the organisation.

8.10 ORGANIZATION

Organisation are created because they perform tasks i.e. produce goods and/ or services on a scale which is not possible for individuals. We live in a society of organization, profit making as well as not for profit making. The standard living in modern society would not have been possible but for the efficient functioning of business corporations and public service organizations like universities, utilities, public, judiciary and other government departments. Most of us are employees in one of these organizations. Thus, proliferation of organisation has resulted in a society of employees. Organisation may be studied in two perspective namely micro and macro. In micro the focus of the study is on individual being. It concerns itself how an individual learns, what it motivates him and what kind of leadership

strategies might produce him the behaviour the leader wants. The macro view considers organization as the unit of analysis in place of an individual. It is considered with organizational goals, organizational structure, technologies used in organization and how organization interacts with the environment.

Organization is a consciously coordinated social unit, composed of two or more people, which functions on a relatively continuous basis to achieve a common goal or set of goals. An organization is a social unit or human grouping, deliberately structured for the purpose of attending specific goals. The term 'Organization' is used in two different senses. In first sense, it is used to categorize the process of organizing. In the second sense, it is used to reflect the outcome of that process namely, the organization structure showing the relationships. Organization involves the grouping of activities necessary to accomplish goals and plans, the assignments of these activities to appropriate department and the provision of authority delegation and co-ordination.

8.11 MEANING OF ORGANISATION

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.

8.12 DEFINITIONS OF ORGANIZATION

According to **Sheldon,** "Organisation is the process of so combining the work which individuals or groups have to perform with facilities necessary for its execution, that the duties so performed provide the best channels for efficient, systematic, positive and coordinated application of available effort."

According to **Chester I Bernard,** "Organisation is a system of co-operative activities of two or more persons."

Mc Ferland has defined organisation as, "an identifiable group of people contributing their efforts towards the attainment of goals".

According to **Louis A Allen,** "Organisation is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority, and establishing relationships for the purpose of enabling people to work most effectively together in accomplishing objectives.

According to **North Whitehead,** "Organisation is the adjustment of diverse elements, so that their mutual relationship may exhibit more pre-determined quality."

According to **Mooney and Railey,** "Organisation is the form of every human association for the attainment of a common purpose."

According to **John M Pfiffner and Frank P Sherwood,** "Organisation is the pattern of ways in which large number of people, too many to have intimate face-to-face contact with all others, and engaged in a complexity of tasks, relate themselves to each other in the conscious, systematic establishment and accomplishment of mutually agreed purposes."

According to **C. Davis,** "Organization is a group of people who are united by a common purpose. As business entity, it can be defined as an ongoing business unit employing the various resources to create results".

According to **L. H. Haney,** "Organization is a harmonious adjustment of specialized parts for accomplishment of some common purpose or purposes".

8.13 NATURE OF ORGANIZATION

The nature of organisation can be summarised as follows:

1. Organization as a process: Organization is a continuous process through which work is allotted among the employees and optimum coordination is established in order to achieve the goals of the organization. It is concerned with identifying and grouping of activities to be performed.

2. A creative ideology: Organization is a creative ideology. It gives new thoughts, new ideas and new styles with the combination of skilled and unskilled employees. The main aim of the Organization is to create something new by teamwork.

3. Organization as group: Organization is a group of recognized persons who contribute their efforts for the attainment of goals. It is system of cooperative activities of two or more persons.

4. Organization as a mechanism of management: Organization coordinates various other functions of management. It directs, coordinates and controls all managerial activities of the Organization hence it works as a mechanism of management. It is a mechanism of management as its main aim is to make function of management easy.

5. Organization as function: Organization is one of the important functions of management. The person behind this fact is that Organization combines other activities of business.

6. Organization as system: It is system of cooperative activities of two or more persons for the attainment a common purpose, and whenever an analysis is being done, one has to do for the firm in full consolidation. This way organization is a system.

7. Organization as a structure of relationship: Organization is also interpreted by some writers as structure of relationships among positions and jobs for the purpose of achieving enterprise objectives.

8. Organization as a 'Means' and 'End': It is also another important fact about the nature of organization that it is a means and not the end. Organization is connecting port that defines, establishes and allots work, system, activity and it directs and control all these allotted works also.

8.14 PURPOSE OF AN ORGANIZATION

The purposes of an organisation are:

1. Facilitates attainment of objectives through proper co-ordination of all activities.

2. Minimizes the conflicts between individuals over jurisdiction.

3. Eliminates over lapping and duplication of work.

4. Decreases likelihood of "run-arounds".

5. Aids in wage and salary administration.

6. Facilitates easier and better communication at all levels of the organizational hierarchy.

7. Permits effective delegation and decentralization.

8. Provides for optimum use of technological improvements and enhance the efficiency of the workers quantitatively and qualitatively.

9. Creates clear cut lines of authority and responsibility in an organization, thus improving the activating and controlling functions of the manger.

10. Facilitates an orderly growth and expansion of the enterprise.

8.15 PRINCIPLES OF ORGANIZATION

Principles of organization refer to those well established and accepted general statements which are to be used in the process of organizing to purpose a sound organizational structure. These principles serve as general guidelines for mangers for evolving sound and more effective pattern of relationship in designing the organization. Some of these principles are outlined below.

1. Principle of division of labour: This is one of the most important principles which represent division of work and activities into small tasks and jobs necessary for achieving a set of objectives. Each job is assigned to individual, who performs it repeatedly for a long period of time and gets specialized knowledge about it. Subsequently he would be able to perform it with less effort and time which may

lead to higher efficiency. Thus the principle of division of labour encourages job specialization, increase efficiency of the employees and facilitates smooth flow of work.

2. Principle of functional definition: According to this principle the functions to be performed by an individual employee or by a department must be well-defined. This principle also suggests that the job, activities, role, relationship and expected results should be specifically spelt out in terms of functions. It involves defining the job clearly, laying down an amount of authority given to job-holders, describing his relationship with other and establishing the desired level of performances for him. This is to done with a view to making job-holder responsible.

3. Principle of scalar chain: It is also called as line of authority or chain of command. It is unbroken line of authority or scalar chain from the top to the lowest level. This scalar chain is established on account of assignment of work and delegation of authority from higher to lower level. Every employee is attached to the scalar chain in the relationship of superior and subordinate. This chain promote smooth communication between superior and subordinate and facilitates effective decision-making, gives a sense of confidence to the managers decisions within the extent of authority.

4. Principle of span of control: This principle refers to the number of subordinates to be placed under the command of the manager whose work he can manage efficiently. It recognizes that there is a limit in each managerial position of the number of subordinates, individual manger can mange at a time.

5. Principle of unity of command: This principle implies oneness of command and single source of authority over a subordinate. According to this principle at the time of designing a structure of an organization, the rule of one subordinate and one superior should be followed. It suggests that to bring a grater feeling of personal responsibility for results, an individual must have a reporting relationship to a single superior. He/she should get orders and instructions regarding the work only from one superior.

6. Principle of objective: This principle says that an organization should be designed in perfect accordance with the goals of the business. In view of this first, the objectives of the business concern should be clearly stated. This helps the management in formulating the organization with the minimum cost and effort.

7. Principle of responsibility: This principle depicts that the responsibility in consideration to the delegated authority must be absolute and clear. No person should be free from the defined responsibility. It means that the superior should be held responsible for the acts of his/her subordinates to whom he/she has delegated authority.

8. Principle of flexibility: It states the adequate provisions of flexibility should be made in respect of organizational structure. It suggests that the structure of an organization should be designed to permit growth and diversification.

9. Principle of efficiency: The organizational structure should be designed in such a way as to facilitate efficient accomplishment of objectives. It further states that the structure should permit optimum utilization of resources. Since the organization is an 'input-process-output' system, it should be designed and directed in such a manner wherein with minimum inputs maximum output is created.

10. Principle of continuity: It states that while designing the structure of the organization due care should be taken to maintain continuity in respect of its existence and functioning. It may function continuously only when it is capable of coping with the changing environment and maintaining.

11. Principle of parity between authority and responsibility: Here authority vested in a manger should be equal to responsibility assumed by him. The principle suggests that there should be complete balance or parity between authority and responsibility, only that much authority should be delegated which is needed for carrying out the assigned job.

12. Principle of cooperation: This principle concerned with functional aspects rather than its design. An organization is concerned as a team work aimed at achieving objectives. Therefore all members should perform the assigned work in corporation with each other. Any kind of disagreement clash or conflicting situation may lead to inefficiency and poor performance.

8.16 INFLUENCE OF SOCIO-CULTURAL FACTORS ON ORGANIZATION

Social and cultural factors are important to consider while creating and implementing a marketing strategy of a company. These often-linked but somewhat different factors have diverse effects on the decisions of consumers and buyers. Basically, sociocultural factors are customs, lifestyles and values that characterize a society. More specifically, cultural aspects include aesthetics, education, language, law and politics, religion, social organizations, technology and material culture, values and attitudes. Social factors include reference groups, family, role and status in the society. Small-business owners should be aware of and understand these factors' connection with buying habits.

1. Education and Language

The average level of education in a society affects the interests and sophistication of consumers. For example, in a community in which a high

percentage of potential customers have some form of post-secondary education, small-business owners might use more details and explanations while advertising and promoting products. The spoken language of the community is a decisive factor on the labeling and advertising of the products. Consider the foreign language skills in the society while advertising.

2. Social Organization

As part of the culture, social organization is the way a society organizes itself, how it considers kinship, status system, social institutions and interest groups. For example, the role of women in a society, whether they are the decision-makers in shopping, for example, is a decisive factor in marketing. A major interest group in the area such as oil companies in Texas can also influence society. The marketing of a small business can be successful by building its advertising strategy on women or moms, a specific interest group or a leader that has the biggest influence in the community.

3. Reference Group and Family

Because people are social beings, each person has people around him/her who influence his/her decisions in some way. Reference groups comprise people with whom individuals compare themselves. Family members, relatives, neighbors, friends, co-workers and seniors at workplace can form reference groups. Well-known and respected idols in society serve as examples in lifestyle, values and buying habits. Family is a specific reference group and can play the most important role in influencing the buying decisions of the individuals. Spouses, children or grandparents have different needs and necessities. Being aware of and finding the major reference groups, persons or family structures in a community and building marketing on them can help small businesses achieve success.

4. Role and Status in Society

A person's role in society and social status affects his/her buying decisions. Each person plays a dual role in society depending on the group to which he/she belongs. An individual working as president at a reputed firm is also someone's wife and mother at home. The social status is also a relevant factor; an individual from an upper-middle class would spend on luxurious goods, while an individual from a lower income group would buy items required for basic needs. Knowing the income information of the potential customers gives the small-business owner an edge, allowing her to have more information about customer habits and implement a successful marketing strategy.

8.17 TYPES OF ORGANIZATION

The general types of organizational design which are well recognized are given as under:

1. Formal Organization

2. Informal Organization

1. Formal Organization

The formal organization is the pattern of activities, process, managerial role relationships which are deliberately planned and structured by the management of that organization to accomplish the organizational objectives. Formal organization is a form of organization where people work together because of their official placements and assigning of work. By means of rules, policies and other regulations of the organization, it prescribes the relationships amongst the people working in the organization. In this way all enterprises that have well system of well defined positions, authority, responsibility, relationships, and rules, polices are considered formal organization.

A formal organization is the relationship between members of the organizational is official, recognized and well structured. The flow of communication among the organization members is well planned officially. All rules and regulations of the organization are effectively framed by the top management well in advance.

Meaning of Formal Organisation

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.

Definition of Formal Organization

According to **Chester Barnard,** "An organization is formal when the activities of two or more persons are consciously co-coordinated towards a common objective".

Features of Formal Organization

The features of formal organization are:

i) Formal organization structure is laid down by the top management to achieve organizational goals.

ii) Formal organization prescribes the relationships amongst the people working in the organization.

iii) The organization structures is consciously designed to enable the people of the organization to work together for accomplishing the common objectives of the enterprise

iv) Organization structure concentrates on the jobs to be performed and not the individuals who are to perform jobs.

v) 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.

vi) A formal organization is bound by rules, regulations and procedures.

vii) In a formal organization, the position, authority, responsibility and accountability of each level are clearly defined.

viii) Organization structure is based on division of labour and specialization to achieve efficiency in operations.

ix) A formal organization is deliberately impersonal. The organization does not take into consideration the sentiments of organizational members.

x) The authority and responsibility relationships created by the organization structure are to be honoured by everyone.

Advantages of Formal Organization

i) A formal organization is bound by rules, regulations and procedures. It thus ensures law and order in the organization.

ii) The organization structure enables the people of the organization to work together for accomplishing the common objectives of the enterprise.

iii) The formal organization structure concentrates on the jobs to be performed. It, therefore, makes everybody responsible for a given task.

Disadvantages of Formal Organization

i) The formal organization does not consider the goals of the individuals. It is designed to achieve the goals of the organization only.

ii) The formal organization is bound by rigid rules, regulations and procedures. This makes the achievement of goals difficult.

iii) The formal organization does not take into consideration the sentiments of organizational members.

Types of Formal Organization

1. Line Organization

2. Line and staff Organization

3. Functional Organization

4. Matrix Organisation

Line Organization

It is one of the oldest forms of organizational structure; all other forms are modifications of it they directly or indirectly relay on it. Line organization is a basic framework for the whole organization. This is the simplest form of organization structure, in which the line of authority flows vertically downward from top to bottom throughout the organization. Every person is in charge of all under him and husely himself his accountable to his/her superior only. This organization is a vertical structure where one person delegates authority to his/her subordinate and who in turn delegates to his/her subordinate and so on.

A line organization each department is generally a complete self sustaining unit. It acquires its names because the direct single lines of authority and responsibility between an officer and his/her subordinates. Thus the line type of organization forms a line from the very top to the bottom of the organization structure.

Types of Line Organization

The line organization can be of two types:

1. Pure line organization   2. Departmental Line organization

1. Pure line Organization

In pure line organization activities at any level of organization are same with each employee performing same type of work and departments are created only to facilitate control and direction.

For example, if three sales managers work under the command of marketing manger dealing with sales activities of same product in different area, it is known as pure line organization.

2. Department line Organization

In this type of organization, the whole unit is divided into different departments that are convenient for control purposes. Again even within a department, there may be several sub departments. For example, in production department, there may be number of foreman each in charge of a sub department and controlling a certain number of workers.

Characteristics of Line Organization

Line organization has the following characteristics:

1. In line structure, authority flows from the top to lower through various managerial positions.

2. Flow of responsibility starts from lower levels to higher ones. Every subordinate is accountable to his immediate superior. For performing work assigned to him.

3. There is direct reporting relationships between superior and subordinate.

4. All managers work in a line authority in the relationship of superior and subordinate and are known as line manager.

5. Line mangers has line authority, she/he performs line activities and functions and is directly responsible for achieving objectives of organization.

6. Line activities are those activities which are core activities and are essential for achieving organizational goals.

7. The principle of unity of command is followed for designing line structure.

Advantages Line Organization

1. Line structure is quite simple to understand and to implement and no complications are involved in it.

2. There is a clear cut division of authority and responsibility among various positions in the organization.

3. The operational cost of line structure is minimum as compared to other forms.

4. In line organization, there is high degree of flexibility because when organization grows in size and volume, additional work either can be shared by existing departments or new department can be crated easily.

5. Line structure serves as ground for training and development of all managerial personnel.

6. In line structure decisions can be made promptly by the manager because enough authority is delegated to them for this purpose.

7. It is ideal form of organization especially for small sized enterprise engaged in a business of simple nature.

8. It facilitates communication by providing line of command as channel.

9. Due to unity of command, discipline can be maintained among employees, their activities can be effectively controlled and they cannot sidetrack their responsibility.

Limitations Line Organization

1. On account of excess working load their working efficiency is also bound to decrease.

2. Duplication of similar type of activities in every department may further enhance operating cost of organizational and it remains no more economical.

3. Line organization doesn't encourage and permit use of specialized services from outside and no provisions are made to introduce specialized supportive services in organizational structure.

4. Line managers are preoccupied with heavy workload. They have to perform all kinds of activities, not only key activities but supportive activities also. Consequently they so not get enough time to devote on basic managerial functions.

5. One of the major drawbacks is that it tilts towards bureaucratic form and ignores human needs and values which are affecting working behaviour of the employees.

6. The line mangers don't normally posses required knowledge for performing each and every activity assigned to them. Due to changes in the nature of business many new dimensions have been added to existing set of activities which calls for specialized knowledge on the part of managers. But it is not possible for the line manger to acquire all sort of specialization.

7. In the event of growth and development of organization further differentiation in activities is needed; this does not seem to be feasible in case of line organization.

Line and staff Organization

In a line and staff organization, the work administration of business units is divided into two broad divisions namely the staff which is responsible for planning and the line for actual execution of the work. The staffs are attached to the line to assist the line in discharging its duties efficiently. This method clearly distinguishes the differences between the two aspects of administration namely planning and execution. In the line and staff organization the functional specialist are added to the line giving the line the advantage of specialist advisor on all important matters. Staffs are basically advisory in nature and usually do not possess any command over line executives.

In view of inadequacies and drawbacks associated with the line organization and due to growing complexities of modern business certain modifications are introduced in line form and another form is developed which is line and staff organization. In line and staff organization a distinction is made between line positions from those in formal line of authority and staff positions from those serving in advisory capacity outside formal chain of command. The line managers have authority to make decisions and give orders to subordinates in the chain of command, where as those who occupy staff positions merely advice, help and support line managers. They don't have any relationship authority. The rationale behind the development of this form is to separate line activities which are basic

and core in nature from other supportive or auxiliary activities which are to be performed by specialized staff. Hence in line and staff organization both line activity units as well as staff activity units coexist. Staff units render various types of services to line activity units, so as to facilitate performance of line activities in a satisfactory manner.

Meaning of Line and Staff Organisation

Line and staff organization is a modification of line organization and it is more complex than line organization. According to this administrative organization, specialized and supportive activities are attached to the line of command by appointing staff supervisors and staff specialists who are attached to the line authority. The power of command always remains with the line executives and staff supervisors guide, advice and council the line executives.

Types of Staff

1. General staff

These staffs consist of group of experts and serves as assistant to top management. They provide advice on certain matters. Special assistants, assistant manager, deputy chair persons are some examples of service staff departments.

2. Specialist staff

a) Advisory staff: This is important staffs which provide ownselling to line managers. It makes a detailed study of problems faced by the managers, offers suggestions and prepares plans for the use and help of the managers

b) Service staff: It provides a better service consisting of activities that been separated from the line job. Personnel, R&D, purchasing are some of the examples

c) Control staff: Staff who directly or indirectly has authority to control over other units in an organization. They control directly by serving as an agent for a line manager or indirectly through policy interpretation and procedural compliance. Quality control staff, material inspection staff, performance appraisal staff are some of the examples.

Characteristics Line and staff Organization

1. In line and staff organization, there are two types of relationships i.e. line and staff

2. Line managers work in line authority give orders to subordinate and are directly responsible for achieving organizational objectives.

3. Staffs specialists are having specialized knowledge of their respective areas, perform supportive and auxiliary activities and guide, help and advise the line managers.

4. Line managers and staff specialists are not in the relationship of superior and subordinate, because staff specialists are appointment beyond line of authority and they work independently.

5. Like line organization, this structure is also marked by unity of command.

Advantages Line and staff Organization

1. Line mangers get the benefit of specialists' advice on all important matters at various levels.

2. Specialized advice improves the quality of decisions resulting in operational efficiency and economy.

3. Staff specialists relieve the line authorities of botheration of concentration on specialized staff function like selection and training, purchasing, public relations.

4. Line and staff has greater flexibility, since required specialists can be added to help line mangers at various levels.

5. The enterprise besides taking advantage of functional organization, maintain the principle of unity of command.

Disadvantages Line and staff Organization

1. By introducing staff relationship in the line structures the overall organizational structure becomes more complicated and complex.

2. Line and staff structure also suffers from the drawback of poor co-ordination, because of dual relationship in organization.

3. Line and staff structure, may also results in high operating cost especially if the services of staff specialists are not properly used in a desirable manner.

4. The position of staff specialists in organization seems to be very weak because they do not have any authority to assert on line mangers and do not assume any responsibility.

5. In this type of organizational structure difference of perceptions and orientation of line and staff managers does create serious problem with respect to smooth functioning of the organization.

6. Due to many reasons clash and conflict occur between line mangers and staff specialist.

Functional Organization

In functional organization the task of management and direction of subordinates should be divided according to the type of work involved. All activities are grouped together according to certain functions like production, marketing, finance, personnel etc. and are put under the charge of different persons. All the persons in the organization dealing with a particular function are put under the charge of person controlling that particular function. The person in charge of function is a specialist in it and brings out the best in him. In case a person performs a number of functions then he will be accountable to all those persons who are in charge of those areas.

Under this type of organization men with special abilities or training in a specialized function may be employed. These specialists will be performing the functions which are common to different under one organization. Thus under the functional type of organization functions are performed by a specialist.

The workers under functional type of organization receive instructions from a specialist in each of several supervisory functions, which are assigned to the different specialists. In functional structure activities of the organization are grouped into various units on the basis of functions which are to be performed with regard to that of group to those group activities. Each functional head is given full authority over those functions irrespective of level at which they are performed. In functional organization authority does not flow from top to bottom in the line. Instead each activity is divided according to functions. And the manger having specialized knowledge is made in charge of that group activity.

Meaning of Functional Organisation

Functional organisation refers to the classic organizational structure where the employees are grouped hierarchically, managed through clear lines of authority, and report ultimately to one top person.

Characteristics Functional Organization

1. In functional organization the activities of organization are grouped in different departments or division on the basis of functions which are required to be performed for that group.

2. Each functional department is too headed by the manger that has specialist knowledge of that function.

3. The functional headed will exercise final authority over that function irrespective of level at which it is being performed.

4. In this kind of structure, unity of command is broken because on subordinate has to seek orders and instructions from two or more functional mangers. The functional authority of the manger extends into activities of several work units.

Advantages Functional Organization

1. It facilitates prompt decision making because required authority with regard to particular group of activity is delegated to the departmental head.

2. The functional organization provides wide scope for the growth and mass production. The employment of specialist at various levels of work enables the organization to grow as per the needs of the situation.

3. Consistency and uniformity can be maintained with regard to functioning of various work units operating under the command of functional heads.

4. The use of specialists helps in controlling the waste of materials, money and time. The consolidation of activities leads to optimum use of facilities like office accommodation, plant and machinery.

5. Functional organization allows changes in organization without disturbing the whole work. The span of supervision can also be adjusted according to the organization.

6. Every superior is an expert in his/her own area and she/he will be successful in making proper planning and execution. The superiors being well acquainted with the work, will be able to improve the level of supervision.

7. This type of organization eliminates one man control. There will be a joint control and supervision in the organization. This boosts the morale of employees and also encourages a sense of co-operation among them. The democratic approach motivates workers to go deep into their work and make suggestions for work improvement.

Disadvantage Functional Organization

1. Due to multiplicity of command in organization its structure becomes very complicated and complex.

2. It becomes very difficult to coordinate functioning of several work units under the command of functional mangers, because each work unit is subject to many more functional commands.

3. It is also found in functional structure that specialization exceeds desired limit and beyond which its advantage may be outnumbered by the cost incurred to achieve it.

4. The principle of unity of command is violated as result of which indiscipline crops in among the employees, they can sidetrack their responsibility and their activities cannot be controlled efficiently.

5. Divided loyalty of head of the work units may also result in the creation of conflicting situations.

Matrix Organization

Some organizations find that none of the afore-mentioned structures meet their needs. One approach that attempts to overcome the inadequacies is the matrix structure, which is the combination of two or more different structures. Functional departmentalization commonly is combined with product groups on a project basis. For example, a product group wants to develop a new addition to its line; for this project, it obtains personnel from functional departments such as research, engineering, production, and marketing. These personnel then work under the manager of the product group for the duration of the project, which can vary greatly.

Matrix management is a technique of managing an organization (or, more commonly, part of an organization) through a series of dual-reporting relationships instead of a more traditional linear management structure. In contrast to most other organizational structures, which arrange managers and employees by function or product, matrix management combines functional and product departments in a dual authority system. In its simplest form, a matrix configuration may be known as a cross-functional work team, which brings together individuals who report to different parts of the company in order to complete a particular project or task. The term "matrix" is derived from the representative diagram of a matrix management system, which resembles a rectangular array or grid of functions and product/ project groups.

The practice is most associated with highly collaborative and complex projects, such as building aircraft, but is also widely used in many product/project management situations. Even when a company does not label its structure a matrix system or represent it as such on an organization chart, there may be an implicit matrix structure any time employees are grouped into work teams (this does not normally include committees, task forces, and the like) that are headed by someone other than their primary supervisor.

Meaning of Matrix Organisation

Matrix Organisation is an organizational structure that facilitates the horizontal flow of skills and information. It is used mainly in the management of large projects or product development processes, drawing employees from different functional disciplines for assignment to a team without removing them from their respective positions.

Advantage of a Matrix Organisation

One advantage of a matrix structure is that it facilitates the use of highly specialized staff and equipment. Rather than duplicating functions as would be done in a simple product department structure, resources are shared as needed.

In some cases, highly specialized staff may divide their time among more than one project. In addition, maintaining functional departments promotes functional expertise, while at the same time working in project groups with experts from other functions fosters cross-fertilization of ideas. The matrix organizational structure divides authority both by functional area and by project. In a matrix structure, each employee answers to two immediate supervisors: a functional supervisor and a project supervisor. The functional supervisor is charged with overseeing employees in a functional area such as marketing or engineering. Project supervisors manage a specific and often impermanent project. They absorb employees from various functional areas to complete their project teams. This kind of organizational structure has several advantages.

i) Resource Coordination

The matrix structure allows supervisors to focus on their areas of expertise. Functional supervisors focus on hiring, training and managing employees in their field, while project supervisors can focus on achieving the goals of their specific projects or products.

ii) Specialization

Placing employees in functional areas allows them to specialize in a particular field. Instead of being good at a variety of tasks, specialized employees can excel at tasks in their field of focus.

iii) Breadth of Skill

When isolated in a functional area, employees may have more difficulty benefiting from the skills and experiences of those in other areas. In a matrix structure, employees have constant contact with members of other functional areas via their membership in project teams. Through the project team, employees have the opportunity to develop a wider set of skills than they would in a purely functional structure.

iv) Communication

Since employees have constant contact with members of different functional areas, the matrix structure allows for information and resources to travel more fluidly between those functional areas. The collaboration between functional areas allows a project team to better handle complex challenges and objectives.

v) Flexibility

The matrix structure allows for human resources to be shared flexibly across different projects or products. Functional areas maintain a stock of talented employees to meet projects' requirements.

Disadvantages of a Matrix Organization

The disadvantages of a matrix organization arise from the dual reporting structure. The organization's top management must take particular care to establish proper procedures for the development of projects and to keep communication channels clear so that potential conflicts do not arise and hinder organizational functioning. In theory at least, top management is responsible for arbitrating such conflicts, but in practice power struggles between the functional and product manager can prevent successful implementation of matrix structural arrangements. Besides the product/function matrix, other bases can be related in a matrix. Large multinational corporations that use a matrix structure most commonly combine product groups with geographic units. Product managers have global responsibility for the development, manufacturing, and distribution of their own product or service line, while managers of geographic regions have responsibility for the success of the business in their regions.

i) Members of project teams may have divided loyalties as they report to two line managers. Equally, this scenario can put project team members under a heavy pressure of work.

ii) There may not be a clear line of accountability for project teams given the complex nature of matrix structures.

iii) Difficult to co-ordinate.

iv) It takes time for matrix team members to get used to working in this kind of structure.

v) Team members may neglect their functional responsibilities.

Informal Organization

Informal organizations arise from the personal and social relations of the people not established by any formal authority. The people cut across formal channels and communicate amongst each others. It is influenced by the personal attitudes, whims likes and dislikes. An informal arises spontaneously even though they may not be required by the formal authority. A manager can establish or cancel any of the formal organizations. However he can neither create nor cancel an informal organization. The informal organizations are a powerful instrument in all organizations and exert a great influence on the work groups. In fact it must be reckoned with by management. An informal organization exists in every enterprise and all levels of managerial hierarchy. However there cannot be a completely formal or a completely informal organization.

Meaning of Informal Organisation

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.

Definition of Informal Organisation

According to **C. I. Barnad,** "Informal organization brings cohesiveness to a formal organization. It brings to the members of a formal organization a feeling of belonging of status, of self respect and of gregarious satisfaction".

Features of Informal Organisation

i) Formation of informal organizations is a natural process. It is not based on rules, regulations and procedures.

ii) Informal organization is not established by any formal authority. It is unplanned and arises spontaneously.

iii) Informal organizations reflect human relationships. It arises from the personal and social relations amongst the people working in the organization.

iv) The inter-relations amongst the people in an informal organization cannot be shown in an organization chart.

v) In the case of informal organization, the people cut across formal channels of communications and communicate amongst themselves.

vi) The membership of informal organizations is voluntary. It arises spontaneously and not by deliberate or conscious efforts.

vii) Membership of informal groups can be overlapping as a person may be member of a number of informal groups.

vii) 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.

Advantages Informal Organization

1. When an informal systems operating effectively, it encourages delegation, decentralization and greater support of the manager. This results in improvements in performance and overall productivity.

2. For example, if a manager is weak in planning his subordinates may assist him informally.

3. Informal system provides a means for relieving employees from frustration, tension and emotional problems with management and other employees.

4. There will be improved relations with the subordinates. A manager at times consults the informal leaders and seeks their cooperation in getting the things done from the workers.

5. Member of the informal group confining to certain norms of behaviour brings discipline and order among the employees of the organization.

6. Informal leaders will have high talents and skills can be picked up by the management and giving them required training can develop future executives.

Disadvantage Informal Organization

1. Informal groups may have tendency to resist changing because of perpetuation of values and life-styles.

2. Negative attitude of informal leaders may become a source of conflict between the management and worker. The leader may induce the group member to work against the policies and interests of the organization.

3. Social control promotes and encourages conformity among informal group members, thereby making them reluctant to act too aggressively or perform at a high a level. This can harm the formal organization by shifting initiative, creativity and diversity of performance.

4. Very often, ill informed employees communicate unverified and untrue information which may create conflict and misunderstanding and a devastating effect on employees.

8.18 DEPARTMENTATION

Departmentation is a process resulting out of choice to group tasks according to some criterion. The resultant process of departmentation includes decisions regarding segregating organizational work, allocation of work to persons, telling all involved who is in charge and provide for the support needed by those. Given the nature of these choices and decisions, departmentation and the criteria or bases used for creating departments can have serious impact on the organization's effectiveness.

8.19 MEANING OF DEPARTMENTATION

Departmentation is a process of dividing and sub-dividing each activity in small jobs and tasks and further combining and grouping them into administrative departments. By conducting the process of departmentation, the activity structure of organization is prepared. The activities so grouped up are places horizontally and around these groups, authority structure is also crated.

8.20 DEFINITION OF DEPARTMENTATION

The grouping of similar activities of business concern into small units for the purpose of facilitating administration is called departmentation.

According to **Koontz and O' Donnell,** "Departmentation is a process of dividing the large monolithic functional organization into small and flexible administrative units."

8.21 NEED AND IMPORTANCE OF DEPARTMENTATION

1. As Departmentation involves the grouping of activities and employees into various departments, it increases the operating skill and efficiency of organization.

2. Departmenation involves division of functions and fixation of responsibilities to different executives, which makes the executives alert and different.

3. The managers in charge of different departments are given certain powers and are allowed to take their own decisions, which increase their prestige and skill.

4. The activities of various departments can be evaluated by the management and pinpoint the departments which are not managed properly. This makes the departmental manager efficient.

5. As departmentation involves division of functions and responsibilities among different executives, there is scope for expanding the organization to an indefinite degree.

6. Departmentation also provides some other advantage such as facilitating budget preparation, effective control of expenditure, attaining specialization etc.

8.22 TYPES OF DEPARTMENTATION OR ORGANISATION STRUCTURE

Various types departmentation are as follows:

1. Departmentation by Product

2. Departmentation by Function

3. Departmentation by Regions or Territories/ Areas

4. Departmentation by Customers

5. Departmentation by Process

6. Matrix Departmentation

1. Departmentation by Product

Product departmentation is the process of grouping activities by product line. Tasks can also be grouped according to a specific product or service, thus placing all activities related to the product or the service under one manager. Each major product area in the corporation is under the authority of a senior manager who is specialist in, and is responsible for, everything related to the product line. Dabur India Limited is the India's largest Ayurvedic medicine manufacturer is an example of company that uses product departmentation. Its structure is based on its varied product lines which include Home care, Health care, Personal care and Foods.

Merits of Departmentation by Product

i) It ensures better customer service.

ii) Unprofitable products may be easily determined.

iii) It assists in development of all around managerial talent.

iv) Makes control effective.

v) It is flexible and new product line can be added easily.

Demerits of Departmentation by Product

i) It is expensive as duplication of service functions occurs in various product divisions.

ii) Customers and dealers have to deal with different persons for complaint and information of different products.

2. Departmentation by function

This method of departmentation refers to grouping of activities of the enterprise into major functional departments like production, sales, purchase, accounts, personnel etc. Functional departmentation is the process of grouping activities by functions performed. Activities can be grouped according to function (work being done) to pursue economies of scale by placing employees with shared skills and knowledge into departments for example human resources, finance, production, and marketing. Functional departmentation can be used in all types of organizations.

Merits of Departmentation by Function

i) Advantage of specialization.

ii) Easy control over functions.

iii) Pinpointing training needs of manager.

iv) It is very simple process of grouping activities.

Demerits of Departmentation by Function

i) Lack of responsibility for the end result.

ii) Overspecialization or lack of general management.

iii) It leads to increase conflicts and coordination problems among departments.

3. Departmentation by regions or territories/ Areas

Under this method, activities are grouped area wise and assigned to the concerned area managers. It is especially useful for large scale enterprises, which are geographically spread out.

They can divide their activities into zones, divisions and branches:

Merits of Departmentation by Areas

i) Exploitation of local control markets

ii) Effective control

iii) Effective co-ordination

iv) Opportunities for managers to improve their skills

v) Suitable for large scale operations

Demerits of Departmentation by Areas

i) Increase in overhead costs

ii) Duplication of activities

iii) Costly

iv) Lack of communication

4. Departmentation by Customers

An enterprise may be divided into a number of departments on the basis of the customers that it serves. Such an organization helps managers to satisfy the customers' requirements more conveniently and successfully.

Merits of Departmentation by Customer

i) Promotes specialization

ii) Better service to customers

iii) Helps service to customers

iv) Helps to earn goodwill

Demerits of Departmentation by Customer

i) Under utilization of resources

ii) Duplication of activities

iii) Lack of co-ordination

5. Departmentation by Process

In this method the enterprise is organized on the basis of process involved in the manufacturing of a product. The activities are grouped on the basis of various manufacturing processes.

Merits of Departmentation by Process

i) Facilities maintenance of equipment

ii) Effective performance control

iii) Economy in operation

iv) Specialization

v) Suitable for organization that involves a number of processes in manufacturing

Demerits of Departmentation by Process

i) Requires more space and investment

ii) Costly

iii) Inefficient operation in one process may adversely affect other process

6. Matrix Departmentation

In actual practice, no single pattern of grouping activities is applied in the organization structure with all its levels. Different bases are used in different segments of the enterprise. Composite or hybrid method forms the common basis for classifying activities rather than one particular method,. One of the mixed forms of organization is referred to as matrix or grid organization's According to the situations, the patterns of Organizing varies from case to case. The form of structure must reflect the tasks, goals and technology if the originations the type of people employed and the environmental conditions that it faces. It is not unusual to see firms that utilize the function and project organization combination. The same is true for process and project as well as other combinations. For instance, a large hospital could have an accounting department; surgery department, marketing department, and a satellite centre project team that make up its organizational structure.

Merits of Matrix Departmentation

i) Efficiently manage large, complex tasks

ii) Effectively carry out large, complex tasks

Demerits of Matrix Departmentation

i) Requires high levels of coordination

ii) Conflict between bosses

iii) Requires high levels of management skills

8.23 ORGANIZATION STRUCTURE FOR A PROJECT TEAM

Because project teams exist only from when the project starts until when it completes, the organizational structure typically reflects the temporary nature of the business. Team members might assemble from different organizations across the company. In addition to their regular boss, they must take direction from the project manager. Additionally, project stakeholders or even customers might dictate project tasks. Establishing an effective organizational structure depends on the project management strategy.

i) Size

Project teams should be as small as possible. Only employees who add value and complete tasks should be assigned to the project team. Small working teams can form and establish their own protocol for getting tasks done more quickly than larger groups.

ii) Sponsorship

Project work needs to be sponsored and funded by executive leadership in order to be effective. Without a stakeholder who represents the company's strategic goals, the project might not meet expectations. At the beginning of each project, the assigned project manager should meet with the stakeholders to analyze their input. Once that engagement has taken place, planning documents can be written, including a work breakdown structure that lists the resources that need to be assigned to the team.

iii) Types

Matrix organization models allow project teams to incorporate resources from across the company. In some project teams, the project manager and team member's functional managers have equal authority over the staff. In a strong matrix model, the project manager has more authority. In a weak matrix model, the functional manager has more power. If the project manager has complete control over the project, the project team members can concentrate exclusively on the project tasks and communication tends to be less complex because fewer people get involved.

iv) Project Manager Responsibilities

Project managers typically organize all resources and activities. The project manager identifies the tasks, assigns resources according to skills and knowledge of team members and monitors progress toward achieving stated goals. Often, the project manager must handle resistance to his authority. For example, over the course of a project, the manager might reference his experience with technology or other subject matter to reinforce his position. At other times, project managers provide incentives and rewards to encourage team members to perform well. If conflicts arise, the project manager can exercise his formal power that has been assigned to him by the stakeholders, coerce team members to act appropriately or discipline employees who refuse to complete project assignments.

v) Team Responsibilities

Project team members take direction from the project manager. Occasionally, sub-project teams might form to solve short-term problems. Team members should expect to develop and maintain constructive business relationships that facilitate project task completion. In team meetings, members should be able to prepare persuasive communication and demonstrate effective writing, presentation and listening skills. Working collaboratively, the team needs to accomplish project tasks according to the schedule established by the project manager.

8.24 DELEGATION

Delegation is the assignment of any responsibility or authority to another person (normally from a manager to a subordinate) to carry out specific activities, such as starting on proper tires during a wet race. It is one of the core concepts of management leadership.

8.25 ELEMENTS OF DELEGATION

Various Elements of Delegation are:

1. Authority - in context of a business organization, authority can be defined as the power and right of a person to use and allocate the resources efficiently, to take decisions and to give orders so as to achieve the organizational objectives. Authority must be well- defined. All people who have the authority should know what is the scope of their authority is and they shouldn't misutilize it. Authority is the right to give commands, orders and get the things done. The top level management has greatest authority.

Authority always flows from top to bottom. It explains how a superior gets work done from his subordinate by clearly explaining what is expected of him and

how he should go about it. Authority should be accompanied with an equal amount of responsibility. Delegating the authority to someone else doesn't imply escaping from accountability. Accountability still rest with the person having the utmost authority.

2. Responsibility - is the duty of the person to complete the task assigned to him. A person who is given the responsibility should ensure that he accomplishes the tasks assigned to him. If the tasks for which he was held responsible are not completed, then he should not give explanations or excuses. Responsibility without adequate authority leads to discontent and dissatisfaction among the person. Responsibility flows from bottom to top. The middle level and lower level management holds more responsibility. The person held responsible for a job is answerable for it. If he performs the tasks assigned as expected, he is bound for praises. While if he doesn't accomplish tasks assigned as expected, then also he is answerable for that.

3. Accountability - means giving explanations for any variance in the actual performance from the expectations set. Accountability cannot be delegated. For example, if 'A' is given a task with sufficient authority, and 'A' delegates this task to B and asks him to ensure that task is done well, responsibility rest with 'B', but accountability still rest with 'A'. The top level management is most accountable. Being accountable means being innovative as the person will think beyond his scope of job. Accountability, in short, means being answerable for the end result. Accountability can't be escaped. It arises from responsibility.

8.26 DECENTRALIZATION

Decentralization is the process of redistributing or dispersing functions, powers, people or things away from a central location or authority.

8.27 TYPES OF DECENTRALIZATION

Types of decentralization include political, administrative, fiscal, and market decentralization. Drawing distinctions between these various concepts is useful for highlighting the many dimensions to successful decentralization and the need for coordination among them. Nevertheless, there is clearly overlap in defining any of these terms and the precise definitions are not as important as the need for a comprehensive approach. Political, administrative, fiscal and market decentralization can also appear in different forms and combinations across countries, within countries and even within sectors.

1. Political Decentralization

Political decentralization aims to give citizens or their elected representatives more power in public decision-making. It is often associated with pluralistic politics and representative government, but it can also support democratization by giving citizens, or their representatives, more influence in the formulation and implementation of policies. Advocates of political decentralization assume that decisions made with greater participation will be better informed and more relevant to diverse interests in society than those made only by national political authorities. The concept implies that the selection of representatives from local electoral jurisdictions allows citizens to know better their political representatives and allows elected officials to know better the needs and desires of their constituents.

Political decentralization often requires constitutional or statutory reforms, the development of pluralistic political parties, the strengthening of legislatures, creation of local political units, and the encouragement of effective public interest groups.

2. Administrative Decentralization

Administrative decentralization seeks to redistribute authority, responsibility and financial resources for providing public services among different levels of government. It is the transfer of responsibility for the planning, financing and management of certain public functions from the central government and its agencies to field units of government agencies, subordinate units or levels of government, semi-autonomous public authorities or corporations, or area-wide, regional or functional authorities. The three major forms of administrative decentralization such as deconcentration, delegation, and devolution each have different characteristics.

i) Deconcentration: Deconcentration which is often considered to be the weakest form of decentralization and is used most frequently in unitary states-- redistributes decision making authority and financial and management responsibilities among different levels of the central government. It can merely shift responsibilities from central government officials in the capital city to those working in regions, provinces or districts, or it can create strong field administration or local administrative capacity under the supervision of central government ministries.

ii) Delegation: Delegation is a more extensive form of decentralization. Through delegation central governments transfer responsibility for decision-making and administration of public functions to semi-autonomous organizations not wholly controlled by the central government, but ultimately accountable to it. Governments delegate responsibilities when they create public enterprises or corporations, housing authorities, transportation authorities, special service districts, semi-autonomous school districts, regional development corporations, or special project

implementation units. Usually these organizations have a great deal of discretion in decision-making. They may be exempt from constraints on regular civil service personnel and may be able to charge users directly for services.

iii) Devolution: A third type of administrative decentralization is devolution. When governments devolve functions, they transfer authority for decision-making, finance, and management to quasi-autonomous units of local government with corporate status. Devolution usually transfers responsibilities for services to municipalities that elect their own mayors and councils, raise their own revenues, and have independent authority to make investment decisions. In a devolved system, local governments have clear and legally recognized geographical boundaries over which they exercise authority and within which they perform public functions. It is this type of administrative decentralization that underlies most political decentralization.

3. Fiscal Decentralization

Financial responsibility is a core component of decentralization. If local governments and private organizations are to carry out decentralized functions effectively, they must have an adequate level of revenues –either raised locally or transferred from the central government– as well as the authority to make decisions about expenditures. Fiscal decentralization can take many forms, including a) self-financing or cost recovery through user charges, b) co-financing or co-production arrangements through which the users participate in providing services and infrastructure through monetary or labor contributions; c) expansion of local revenues through property or sales taxes, or indirect charges; d) intergovernmental transfers that shift general revenues from taxes collected by the central government to local governments for general or specific uses; and e) authorization of municipal borrowing and the mobilization of either national or local government resources through loan guarantees. In many developing countries local governments or administrative units possess the legal authority to impose taxes, but the tax base is so weak and the dependence on central government subsidies so ingrained that no attempt is made to exercise that authority.

8.28 ORGANIZATIONAL ROLES & STATUS-POWER

Organizational development, the process of adjusting departmental functions, enables companies to perform more efficiently and increase productivity. To plan and implement organizational changes that benefit the company, effective leaders establish clear roles and responsibilities for all group members, including sponsors and stakeholders. Typical tasks include gathering data, defining issues and determining actions. Establishing functional roles for each member enables effective group collaboration, which typically results in improved morale and profitability.

Clearly defined functional roles, such as contributor, coordinator, evaluator and recorder, prevent communication problems, promote cooperation and allow the team to accomplish complex tasks. Establishing functional roles for all group members in organizational development typically contributes to improved quality, reduced product errors and faster service. This leads to improved customer satisfaction, lower operating costs and allows group members to adapt to change and respond quickly to opportunities.

1. Contributor Role

Group members playing the contributor role typically propose ideas, initiate discussions and explore options. They respond to requests for clarification by providing facts and relevant information related to the problem. They seek out missing information. Contributors express their own opinions, relate their personal experience and offer new perspectives on problems. For example, a contributor may suggest reorganizing the company into functional teams, eliminating redundant steps in processing order or instituting more environmentally friendly processes, such as purchasing only recycled paper for use at the company.

2. Coordinator Role

Coordinators or facilitators organize team meetings and establish the agendas. They review and clarify the statements made by contributors to summarize actions, such as the decision to hire more administrative assistants to handle travel arrangements required by sales personnel. They keep the group on track and help solve disputes or conflicts when necessary. Coordinators conduct team building exercises to help the group members function more effectively as a unit.

3. Evaluator Role

Evaluators function as critics. They evaluate proposals developed by group members to ensure the recommendations align with the company's strategic objectives. Evaluators help the group assess whether alternatives represent realistic options. Evaluators ask probing questions and help the group discover flaws in their plans before implementation. Evaluators enable quality by ensuring the other group members justify their plans.

4. Recorder Role

Recorders function as scribes and take notes on what happens during meetings and brainstorming sessions. They distribute the meeting notes through email or upload the documents to a public folder. Recorders typically use software tools, such as Microsoft Office's OneNote, Ever note or Mindjet's mind mapping software, to record decisions, concepts and ideas. They develop process flow

diagrams and other forms of documentation, such as policies and procedures. Recorders keep comprehensive notes on discussions and decisions so that group members can focus on participating in meetings instead of taking their own notes. Drawing elaborate pictures and diagrams helps the other group members troubleshoot problems, analyze data, identify root causes of issues and document process improvement recommendations.

8.29 RESPONSIBILITY AND AUTHORITY

Authority is the power to give orders and get it obeyed or in other words it is the power to take decisions.

Responsibility means state of being accountable or answerable for any obligation, trust, debt or something or in other words it means obligation to complete a job assigned on time and in best way.

Authority and responsibility are closely related and this principle states that these two must go hand in hand. It means that proper authority should be delegated to meet the responsibilities.

8.30 RELATIONSHIP BETWEEN AUTHORITY AND RESPONSIBILITY

Authority is the legal right of person or superior to command his subordinates while accountability is the obligation of individual to carry out his duties as per standards of performance Authority flows from the superiors to subordinates, in which orders and instructions are given to subordinates to complete the task. It is only through authority, a manager exercises control. In a way through exercising the control the superior is demanding accountability from subordinates. If the marketing manager directs the sales supervisor for 50 units of sale to be undertaken in a month. If the above standards are not accomplished, it is the marketing manager who will be accountable to the chief executive officer. Therefore, we can say that authority flows from top to bottom and responsibility flows from bottom to top. Accountability is a result of responsibility and responsibility is result of authority. Therefore, for every authority an equal accountability is attached.

8.31 DIFFERENCES BETWEEN AUTHORITY AND RESPONSIBILITY

Authority	Responsibility
It is the legal right of a person or a superior to command his subordinates.	It is the obligation of subordinate to perform the work assigned to him.

Authority is attached to the position of superior in concern.	Responsibility arises out of superior-a subordinate relationship in which subordinate agrees to carry out duty given to him.
Authority can be delegated by a superior a subordinate	Responsibility cannot be shifted and is to absolute
It flows from top to bottom.	It flows from bottom to top.

8.32 SUMMARY

An organization can be structured in many different ways, depending on their objectives. The structure of an organization will determine the modes in which it operates and performs. Organizational structure allows the expressed allocation of responsibilities for different functions and processes to different entities such as the branch, department, workgroup and individual.

Organizational structure affects organizational action in two big ways. First, it provides the foundation on which standard operating procedures and routines rest. Second, it determines which individuals get to participate in which decision-making processes, and thus to what extent their views shape the organization's actions.

Organising in management refers to the relationship between people, work and resources used to achieve the common objectives or goals.

Organisation are created because they perform tasks i.e. produce goods and/ or services on a scale which is not possible for individuals. We live in a society of organization, profit making as well as not for profit making. The standard living in modern society would not have been possible but for the efficient functioning of business corporations and public service organizations like universities, utilities, public, judiciary and other government departments.

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.

Social and cultural factors are important to consider while creating and implementing a marketing strategy of a company. These often-linked but somewhat different factors have diverse effects on the decisions of consumers and buyers. Basically, sociocultural factors are customs, lifestyles and values that characterize a society. More specifically, cultural aspects include aesthetics, education, language, law and politics, religion, social organizations, technology and material culture, values and attitudes. Social factors include reference groups, family, role and status

in the society. Small-business owners should be aware of and understand these factors' connection with buying habits.

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.

Line and staff organization is a modification of line organization and it is more complex than line organization. According to this administrative organization, specialized and supportive activities are attached to the line of command by appointing staff supervisors and staff specialists who are attached to the line authority. The power of command always remains with the line executives and staff supervisors guide, advice and counsel the line executives. Personal Secretary to the Managing Director is a staff official.

Functional organisation refers to the classic organizational structure where the employees are grouped hierarchically, managed through clear lines of authority, and report ultimately to one top person.

Matrix Organisation is an organizational structure that facilitates the horizontal flow of skills and information. It is used mainly in the management of large projects or product development processes, drawing employees from different functional disciplines for assignment to a team without removing them from their respective positions.

Departmentation is a process resulting out of choice to group tasks according to some criterion. The resultant process of departmentation includes decisions regarding segregating organizational work, allocation of work to persons, telling all involved who is in charge and provide for the support needed by those.

Delegation is the assignment of any responsibility or authority to another person (normally from a manager to a subordinate) to carry out specific activities, such as starting on proper tires during a wet race. It is one of the core concepts of management leadership.

Decentralization is the process of redistributing or dispersing functions, powers, people or things away from a central location or authority.

Responsibility means state of being accountable or answerable for any obligation, trust, debt or something or in other words it means obligation to complete a job assigned on time and in best way.

Authority and responsibility are closely related and this principle states that these two must go hand in hand. It means that proper authority should be delegated to meet the responsibilities.

8.33 GLOSSARY

a) Organizational Structure: Organizational structure allows the expressed allocation of responsibilities for different functions and processes to different entities such as the branch, department, workgroup and individual.

b) Organizing: Organizing in management refers to the relationship between people, work and resources used to achieve the common objectives or goals.

c) Organisation: 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.

d) Formal Organization: The formal organization is the pattern of activities, process, managerial role relationships which are deliberately planned and structured by the management of that organization to accomplish the organizational objectives. Formal organization is a form of organization where people work together because of their official placements and assigning of work.

e) Line and staff organization: Line and staff organization is a modification of line organization and it is more complex than line organization. According to this administrative organization, specialized and supportive activities are attached to the line of command by appointing staff supervisors and staff specialists who are attached to the line authority.

f) Matrix Organisation: Matrix Organisation is an organizational structure that facilitates the horizontal flow of skills and information. It is used mainly in the management of large projects or product development processes, drawing employees from different functional disciplines for assignment to a team without removing them from their respective positions.

g) Delegation: Delegation is the assignment of any responsibility or authority to another person (normally from a manager to a subordinate) to carry out specific activities, such as starting on proper tires during a wet race. It is one of the core concepts of management leadership.

h) Responsibility: Responsibility means state of being accountable or answerable for any obligation, trust, debt or something or in other words it means obligation to complete a job assigned on time and in best way.

8.34 ANSWER TO CHECK YOUR PROGRESS/ POSSIBLE ANSWERS TO SAQ

8.34.1 Short answer questions

1. What is organizing?

2. What is Organization?

3. What is Socio-Cultural Factors on Organization?

4. What is Line and Staff Organization?

5. What is Delegation?

6. What is Decentralization?

7. What is Responsibility?

8. What is Authority?

8.34.2 Extended answer questions

1. Discuss nature of Organizing.

2. Explain significance of Organizing.

3. Discuss process of Organizing.

4. Discuss influence of Socio-Cultural Factors on Organization.

5. Explain Line and Staff Relationship.

6. Discuss about delegation and decentralization.

7. Explain about organizational Roles & Status-Power.

8. Discuss in details about Responsibility and Authority.

8.34.3 True-false

1. Organizational structure allows the expressed allocation of responsibilities for different functions and processes to different entities such as the branch, department, workgroup and individual.

2. Planning in management refers to the relationship between people, work and resources used to achieve the common objectives or goals.

3. The formal organization is the pattern of activities, process, managerial role relationships which are deliberately planned and structured by the management of that organization to accomplish the organizational objectives.

4. Responsibility means state of being accountable or answerable for any obligation, trust, debt or something or in other words it means obligation to complete a job assigned on time and in best way.

8.34.4 Multiple-choice

1. What allows the expressed allocation of responsibilities for different functions and processes to different entities such as the branch, department, workgroup and individual?

    a) Organizational structure

    b) Planning

    c) Decision-making

    d) None of the above

2. What refers to the relationship between people, work and resources used to achieve the common objectives or goals?

    a) Planning

    b) Organizing

    c) Decision making

    d) All the above

8.34.5 Fill-in-the-blanks

1. ………………allows the expressed allocation of responsibilities for different functions and processes to different entities such as the branch, department, workgroup and individual.

2. …………….. is an organizational structure that facilitates the horizontal flow of skills and information. It is used mainly in the management of large projects or product development processes, drawing employees from different functional disciplines for assignment to a team without removing them from their respective positions.

3. …………… is the assignment of any responsibility or authority to another person (normally from a manager to a subordinate) to carry out specific activities, such as starting on proper tires during a wet race. It is one of the core concepts of management leadership.

8.35 POSSIBLE ANSWERS TO SELF ASSESSMENT QUESTIONS

8.34.3 1. True 2. False 3. True 4. True

8.34.4 1. (a) 2. (b)

8.34.5 1. Organizational structure 2. Matrix Organisation 3. Delegation

NOTES

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8.38 TERMINAL QUESTIONS

1. Discuss in details about Organizational Roles & Status-Power for systematic business operations.

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UNIT 9   STAFFING

STRUCTURE

9.1 INTRODUCTION

The managerial function of staffing involves manning the organization structure through proper and effective selection. Staffing pertains to recruitment, selection, development and compensation of subordinates.

9.2 OBJECTIVES

After studying this unit, you will be able to understand:

Meaning of Staffing

Nature of Staffing

Process Staffing

Recruitment

Selection

9.3 MEANING OF STAFFING

Staffing basically involves matching jobs and individuals. This may require functions like manpower planning, recruitment, selection, training, development, performance appraisal, transfers, promotions etc.

9.4 NATURE OF STAFFING

Staffing has the following important features:

1. Staffing is a basic function of management.

2. It is concerned with human resources management in the organization.

3. Staffing function is performed continuously. Every manager has to guide and train employees and also evaluate their performance on a continuous basis.

4. The main purpose of this function is to make optimum utilization of human resources and also to provide proper satisfaction to employees.

5. Staffing is performed by all managers. In big concerns there is a separate personnel department to deal with this function, but even here this department advises line managers regarding different aspect of human resources.

6. Since staffing deals with human beings who have their own needs, emotions and aspirations this function is different from other managerial functions.

9.5 PROCESS OF STAFFING

The purpose of staffing is to employ most suitable and competent persons as per the requirements of the organization. With this aim in view- the following staff process is followed:

1. Estimating Man power Need: The first thing in staffing process is to estimate manpower needs. These needs are influenced by the type and size of the organization. Total manpower requirements are properly assessed. It is also ascertained at what time different persons are needed.

2. Recruitment and Selection of Staff: Recruitment is the process of searching prospective employees and pursuading them to apply in the organization. Selection is the procedure of spotting most suitable candidates out of those who are interested to get employment in the enterprise. The purpose of recruitment and selection is to employing right man for the right job. There are internal as well as external sources of recruitment.

3. Training and Development: Training is meant to improve the skill and knowledge of employees. It is beneficial to both employer and employees. A well trained worker improves his efficiency and productivity. Suitable training methods should be devised for different categories of employees. A formal training will avoid the risk of trial and error and will also minimize the cost and wastage involved in training.

Development refers to the training of managerial staff. Development helps the growth of an individual in all respects through development managerial staff does not increase its capabilities to perform the present work but also enhances their ability to meet challenges in future.

4. Promotion and Transfer: Employees are promoted to higher rank on the basis of their merit and seniority .Staffing also involves transfer of persons form one job to another, from one place to another on the basis of their ability, competence and ability.

5. Remuneration: Remuneration is paid for the services of labour. Employee motivation mainly depends upon the wage and salary structure prevalent in an organization. Employees should be paid fair remuneration so that they feel encouraged to contribute maximum in their efforts. The wages are normally paid on the basis of time spent or piece rate.

6. Performances Appraisal: After selecting and training an employer for a particular job, management would like to see how he performs high work. Performance appraisal is a systematic evaluation of employees contribution to the organization in performance of their jobs. This evaluation is normally done by

immediate superior in the organization and it is reviewed in turn by his superior. Not only the qualities but deficiencies are also evaluated to improve the performance of employees.

9.6 NEED AND IMPORTANCE OF STAFFING

1) Employing Suitable Persons: The employment of suitable persons is essential for every enterprise. The procedure of recruitment, tests for selection and methods of training are decided by the staffing team. A properly laid down scheme will ensure the employment of right persons.

2) Keep Pace With New Development: New development are taking place everyday. A business will have to keep pace with new changes. This will be possible only if competent persons are employed who can adjust as per the new situation.

3) Manpower Development: Manpower planning will have to be done in advance. The future requirements of personnel will be estimated quite in advance. The new staff will be recruited people will be prepared for taking up higher responsibility jobs, all this will be possible only with a well planned staffing function.

4) Optimum Utilization of Manpower: The cost of recruiting, selecting and training the staff is very high. The remuneration is also paid at high rates. The manpower should be utilized to the maximum capacity. It will help in controlling cost also.

5) Ensuring Job Satisfaction: The staffing function will ensure job satisfaction to employees. The executive should be involved in decision-making process. They should also be suitably rewarded for their contribution to the organization a good staffing function will devise methods which will ensure job satisfaction to everyone.

9.7 MEANING OF RECRUITMENT

Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organization. When more persons apply for job then there will be a scope for recruiting better persons. The job-seekers too on the other hand, are in search of organizations offering them employment. Recruitment is a linkage activity bringing together those with jobs and those seeking jobs.

In the words of Yorder, "Recruitment is a process to discover the sources of manpower to meet the requirements of the staffing schedule and to employ effective measures for attracting that manpower in adequate numbers to facilitate effective

selection of an efficient working force." Recruitment is the process which promotes people to offer for selection in an organization. This involves locating sources of manpower to meet job requirements. In his words, "it is a process of searching for prospective employees and stimulating and encouraging them to apply for job in an organization. It is often termed positive in that it stimulates people to apply for jobs to increase the hiring ratio, i.e., the number of applicants for a job."

9.8 PROCESS OF RECRUITMENT

Recruitment process passes thought the following stages:

1) Finding out the sources where suitable person will be recruited. Ex.: colleges

2) Developing the techniques to attract the desired candidates. The goodwill of an organization in the market may be one technique. The publicity about the company being a good employer may also help in stimulating candidates to apply.

3) Employing of techniques to attract candidates. There may be offers of attractive salaries, proper facilities for development, etc.

4) The next stage in this process is to stimulate as many candidates as possible and ask them to apply for jobs. In order to increase the selection ratio, there is a need to attract more candidates.

9.9 FACTORS AFFECTING RECRUITMENT

1. Size of the Organization: The number of persons to be recruited will depend upon the size of the organization. A big enterprise needs more persons at regular intervals while a small undertaking employs sometimes only. A big business house will always be in touch with sources of supply and shall try to attract more and more persons for making a proper selection. It can afford to spend more amounts in locating prospective candidates. So the size of an enterprise will influence the process of recruitment.

2. Employment Conditions: The employment conditions in a country greatly influence recruitment process. In under-developed countries employment opportunities are limited and there is no dearth of prospective candidates.

3. Salary Structure and Working Conditions: The wages offered and working conditions prevailing in an enterprise greatly influence the supply of personnel. If higher wages are paid as compared to similar concerns, then the organization will not face any difficulty in making recruitments. A concern offering low wages will always face the problem of labour turnover.

4. Rate of Growth: The growth rate of an enterprise also influences recruitment process. An expanding concern will require regular employment of

new employees. There will also be promotions of existing employees to higher jobs necessitating the filling up of those vacancies: A stagnant enterprise will recruit persons only when present incumbent vacates his position on retirement, etc.

9.10 SOURCES OF RECRUITMENT

The finding out where suitable candidates are available and informing them about the openings in the organization is the most important aspect of recruitment process. The candidates may be available inside 1he organization as well outsider it. Recruitment sources can be described as: internal and external sources.

A. Internal Sources:

Internal source is one of the important sources of recruitment the employees already working in the organization may be more suitable for higher jobs than those recruited from outside. The present employees may help in the recruitment of new persons also internal sources are discussed as follows:

1. Transfers: Transfer involves shifting of persons from present jobs to other similar places. These don't involve any change in rank, responsibility and prestige. The numbers of persons don't increase with transfer but vacant posts may be attended to.

2. Promotions: Promotions refers to shifting of persons to positions carrying better prestige, higher responsibilities and more salaries. The higher positions falling vacant may be filled up from within the organization. A promotion doesn't increase the number of persons in the organization. A person going to get a higher position will vacate his present position. Promotion avenues motivate employees to improve their performance so that they get promotions to higher position.

3. Present Employees: The present employees of an enterprise may be informed about likely vacant position. The employees recommend their relations or persons intimately known to them. Management is relieved of botheration for looking out prospective candidates. The persons recommended by the employees will be suitable for the job because they know the needs & requirement of various positions. The existing employees take full responsibility for those recommended by them and try to ensure their proper behavior and performance.

This method of recruiting employees is suitable for lower position only. It may create nepotism and favoritism. The workers may be employees on the basis of their recommendations and not suitability.

Merits of Internal Sources:

Following are the merits of internal sources:

1. Improves Morale: The internal sources of recruitment will boost morale

of employees. They are assured of higher positions whenever vacancies arise. Existing employees are given preferences in promotions. Outsiders are employed only when suitable candidates are not available from within.

2. Proper Evaluation: The management is in a better position to evaluate the performance of existing employees before considering them for higher positions. An outside employed just on the basis of an interview may not prove suitable later on. The service records of existing employees will be a guide to study their suitability for ensuring vacancies.

3. Economical: The method of internal recruitment is economical also. The cost incurred in selecting a person is saved. Moreover, internal candidates do not required any training since they are well acquainted with various jobs in the organization.

4. Promotes Loyalty: Internal sources of recruitment promote loyalty among employees. They are preferred to consider at the time of filling up higher positions. They will feel a part and parcel of the organization and will always try to promote its interests.

Demerits of Internal Sources:

Following are the demerits of internal sources:

1) Limited Options: The recruitment of only internal candidates restricts the choice of management. The present employees may not be suitable to take up position of higher responsibility but there will be no option. A person will be selected only out of the available candidates. The outside candidates, even though they may be suitable, will not get a chance to show their talent.

Internal sources may dry up in the meantime and filling up of higher position will b-become a problem.

2) Lack of Originality: The present employees may not be able to bring new ideas. They will be accustomed to carry on things in the same old ways. New persons will bring fresh thinking and new methods may be tried.

B. External Sources:

Every enterprise has to use external sources for recruitment to higher positions when existing employees are not suitable. More person are needed when expansion are undertaken. External methods are discussed as follows.

1. Advertisement: Advertisement is the best method of recruiting persons for higher and experienced jobs. The advertisements are given in local or national press, trade or professional journals. The requirements of jobs are given in the advertisement. The prospective candidates evaluate themselves against the

requirement of jobs before sending their applications. Management gets a wider range of candidates for selection. The flood of applications may create difficulties in the process.

2. Employment Exchanges: Employment Exchanges run by the government are also a good source of recruitment. Unemployed persons get themselves registered with these exchanges. The vacancies may be notified with the exchanges, whenever there is a need. The exchange supplies a list of candidates fulfilling required qualification. Exchanges are a suitable source of recruitment for filling unskilled, semi-skilled, skilled and operative posts. The job seekers and job- givers are brought into contact by the employment exchanges.

Private agencies also help in recruiting qualified and experienced person. These agencies remain in contact with employees and persons seeking change in jobs for higher posts.

3) Education Institutions: The jobs in trade and industry are becoming technical and complex. These jobs require certain amount of educational and technical qualifications. The employers maintain a close liaison with universities and technical institutions. The students are spotted during the course of their studies. Junior level, executives or managerial may be recruited in this way.

4) Unsolicited Applicants: Persons in search of employment may contact employers through telephone, by post or in person. Generally, employers with good reputation get unsolicited applications. If an opening is there or is likely to be there then these persons are considered for such jobs. Personnel department may maintain a record of unsolicited applications. When jobs suitable for these persons are available these persons are available these are considered for employment.

5) Casual Callers: Management may appoint persons who casually call on them for meeting short-term demands. This will avoid following a regular procedure of selection. These persons are appointed for short periods only. They need not be paid retrenchment or layoff allowance. This method of recruitment is economical because management does not incur a liability in pensions, insurance and fringe benefits.

6) Labour Contractors: It is quite common to engage contractors for the supply of labour. When workers are required for short period and are hired without going through the full procedure of selection etc., contractors maintain regular contracts with works at their places and also bring them to the cities at their own expense. The persons hired under this system are generally unskilled workers.

7) Labour Unions: Labour unions are one of the sources of external recruitment. The job seekers are required to register with labour unions & the labour unions are require to supply the names of persons for filing the vacancies.

This method may encourage good co-operation between business firms and labour unions, active participation of persons in labour unions, the development of leadership qualities in workers, etc.,

8) Consulting Agencies: Consulting agencies are one of the important sources of recruitment, especially for big companies. Consulting agencies are speaclised agencies which recruit people on behalf of their clients. They invite application for jobs specified by their clients from job seekers through advertisements, screen the application, interview the candidates and select the suitable candidate. They do these services for their clients for some Fees.

9) Educational Institutions: Universities, Colleges & Management institute are also one of the sources of recruitment of personnel, particularly for the posts of Scientists, Engineers & Management specialist. They have there own employment bureaus to help business organizations in recruiting the students for various jobs.

10) Waiting List: Waiting list maintained by a business firm is one of the sources of recruitment. Many business firms prepare waiting list of candidates who have already been interviewed and considered suitable for employment, but could not be appointed for lack of vacancies. When vacancies arise, the candidates in the waiting list are appointed.

11) Present Employees: Present employees are also one of the sources of recruitment of personnel. The present employees of the concern are asked by the management to recommend suitable persons for employment in the concern.

12) Business Friends: Business friends are one of the sources of recruitment. Business Friends are, some times, requested by a concern to recommend suitable persons for employment.

13) Re-employment of former employees how have been laid of or how have resigned for personal reasons: These people require less induction training, as they know the policies and the activities of the concern.

14) Banks and Other Financial Institutions: Banks and other financial institutions are one of the sources of recruitment. These financial institutions are asked by there customers, namely, Business Houses, to recommend suitable personnel of employment.

15) Suppliers of Goods: Suppliers of goods are one of the important sources of recruitment. They are asked by their customers, namely business houses, to recommend suitable persons for employment.

16) Leasing: Leasing is one of the sources of recruitment, particularly for public sector undertakings. It is resorted to for securing managerial personnel at higher levels from civil services, accounts services and defense services, for specific periods.

9.11 MERITS AND DEMERITS OF EXTERNAL SOURCES

Merits of External Sources:

The merits of external sources are:

1) Availability of Suitable Persons: Internal sources, sometimes, may not be able to supply suitable persons from within. External sources will give a wide choice for selection to the management. A larger number of applicants may be willing to join the organization. They will also be suitable as per the requirements of skill, training and education.

2) Brings New Ideas: The selection of persons from outside sources will have the benefit of new ideas. The persons having experience in other concerns will be able to suggest new things and methods. This will keep the organization in a competitive position. The present employees may not be able to infuse new thinking because their ways of thinking will remain the same.

3) Economical: This method of recruitment may prove economical because new employees may not require much training for the jobs.

Demerits of External Sources:

The demerits of external sources are:

1) Demoralization: When new persons from outside join the organization then present employees feel demoralized because these positions should have gone to them. There will be a heart burning among old employees. Some employees may even leave the enterprise to find out better avenues in other concerns.

2) Lack of Co-operation: The old staff may not co-operate with the new employees because they feel that their right has been snatched away by them. This problem will be acute especially when persons for higher positions are recruited from outside.

3) Expensive: The process of recruiting from outside is very expensive. It starts with giving costly advertisements in the media and then arranging written tests and conducting interviews. In spite of all this if suitable persons are not available among the applicants then the whole process will have to be repeated.

4) Problem of Maladjustment: There may be a possibility that the new entrants have not been able to adjust in the new environment. They may not temperamentally adjust with the new persons. In such cases either the persons may leave themselves or management may have to replace them. These things have adverse effect on the working of the organization.

9.12 MEANING OF SELECTION

Selection is a process of choosing duly qualified persons according to the requirement of the job. In recruitment an effort is to attract more and more applicants while in selection the effort is to eliminate unsuitable persons. The number of applicants will be much more than the positions vacant. It becomes important to scruitinise applications properly and cal for interview only those persons who are suitable for jobs. The selection of a right person will improve will quantity and quality of performance.

Definition:

Dabyoder "Selection is the process in which candidates for employment are divided in two classes, those who are to be offered employment and those who are not."

9.13 SELECTION PROCESS

The selection procedure consists of a series of methods or steps or stages by which additional Information is secured about an applicant. At each stage facts may come to light which may lead to the rejection of an applicant. Selection procedure is required to cross before he is finally selected. The following steps are generally followed in a selection process:

1) Receipt and Scrutiny of Applications: The receipt and scruting of applications is the first step in the process of selection. A receptionist in the personnel department gives information about new opening to the visitors and receives their application.

The scrutiny of applications is essential to take out those applications which do not fulfill the requirements of posts. Some people send applications even when they do not possess the required experience and qualifications. These applicants, if called for preliminary interview, will waste their own time and that of the company. These applications should out rightly be rejected and information should be sent to the applicants in this regard.

2) Preliminary Interview: Preliminary interview is the first occasion when applicants come into contact with company officials. This interview is to see whether applicants are suitable for the company both mentally and physically. The candidates are asked questions regarding his education qualifications, experience, age, hobbies, etc.

Since rejection rate is high at preliminary interview should be courteous, kind, receptive and informal. He should give a good account of the company so that the

applicant takes a good view of it and hopes to apply again whenever new opening comes.

The applicants selected at preliminary interview are given blank application forms for supplying detailed information.

3) Blank Application Form: A blank application form is a widely accepted device for getting information from a prospective applicant. This is a way of getting written information about candidate's particulars in his own handwriting. It enables the personnel department to draw tentative inferences about the applicant's suitability for employment. The information collected in the application form may also be circulated to various members of selection committee for enabling them to make a view about different applicants.

The information collected in blank application relates to the following particulars;

i. Bio-data: Bio-data includes name of the applicant, father's name, date of birth, place of birth, permanent adders, height, weight, identification mark, marital status, physical disability, etc.

ii. Education qualifications: This part of educational qualifications relates to education acquired, institutions attended, percentage of marks, distinctions achieved, technical education acquired, subjects studied, areas of specialization.

iii. Work experience: Application blank also enquires about previous experience, similar or other jobs held, nature of duties, salaries received, name of previous employers, reasons for leaving the present job.

iv. Curricular activities: The information about participation in extracurricular activities like N.S.S., N.C.C., debates and declamations, sports" etc is also received in blank application form.

v. References: The applicant is also asked to give some references from where an enquiry may be made about his nature and work. The references are normally the persons with whom the applicant has worked but are hot related to him.

vi. Salary demanded: The salary demanded by the applicant is also given in the application blank.

An attempt is made to elicit maximum information in application blank. The information asked for should be relevant and specific. It should have relevance to the post he has applied for. The information collected should be brief and to the point. Questions requiring essay-type answer should be avoided.

4) Tests: The use of tests for making selection is the most controversial step. Some persons are of the view that tests do not serve any purpose and do not improve selection process. On the other; "hand, some persons are of the view that tests give a valid judgment about the traits of applicants. Within these views, the use of tests is becoming important these should not be used just for the sake of use. The selection of appropriate tests may give good results and help in appointing suitable persons. The worth of test will be judged from its ability to reject unsuitable persons and help in selecting appropriate persons.

Characteristics of Good Test:

A good test has the following characteristics:

1) Reliability: A test should be reliable. Reliability of test means that it gives same results when applied to a person at different time. A test will not be reliable if it gives varied results when applied to the same person. For example, an intelligence test is applied to a person on Sunday and he gets a score of 100. The test is applied again to the same person on Wednesday and it given a score of 120. This test will not be called reliable because it has given varied results.

2) Objectivity: The test should be similarly applicable to different persons. The results of the test should not have a bias in favour of persons with particular education or technical background. It should be so constructed that two or more persons can score the responses to items, questions or tasks in the same way.

3) Consistency: A good test should give consistent results when carried out on different persons at different times. For example, a test shows x superior to y when it is applied on a particular day. If the test is repeated on the same persons on a different day it should again show the superiority of X over Y. If this is so the test will be consistent.

4) Standardization: A good test must be standardized. It may be administered under standard conditions to a group of persons who are representatives of the individual for whom it is intended. The methods and procedures for conducting and measuring results should also be standardized.

Type of test:

A variety of tests may be used to get results at different times. Psychologists have devised a number of tests which are frequently used. Some of the psychological tests are as follows:

1. Proficiency Tests

2. Aptitude Tests

A. Proficiency Tests: These tests measure the skill or training which the applicant possesses at the time of testing. The claims of the applicants about his

ability to perform a particular job are tested on actual work conditions in the factory. If the applicant is a candidate for the post of a foreman, he may be asked to explain the working of different machines. An applicant for the post of a sales executive may be asked to explain a procedure he will follow for promoting the sales of a product. These tests may be conducted in writing, orally or on the job.

1. Dexterity Tests: These tests are designed to find out how efficiently and swiftly an applicant uses his hands, fingers, eyes or other parts of body. These tests are useful where work requires the swift movement of parts of body.

B. Aptitude tests: Such tests measure the skill and ability which a person may develop later on. These measure the talent / ability of a candidate to learn new job or skill. The aptitude for learning and bent of mind is assessed in these tests.

1) Intelligence Test: These tests measure the overall intellectual activity or intelligence quotient (I.Q.) of the applicants. We can know about the capability of a person in dealing with new problems. Applicant's word fluency, memory, reasoning are also determined with these tests.

Intelligence tests, generally, consist of a long list of questions, problem solving questions, reasoning, multiple-choice questions which are to be answered in a given time. The score of persons is judged against pre-decided scales. These tests are very useful for selecting persons for jobs requiring executive responsibilities.

2) Personality Tests: Personality tests are designed to know about the non-intellectual aspect of the candidate. His mixing with people, temperament, likings and disliking, capacity to get co-operation from others, behaviour, confidence, initiative are studied with the help of these tests. Personality tests are essential for selecting persons for middle and higher level positions.

Personality test also help to discover individual's value system, his emotional reaction and maturity , his reaction under certain conditions, his adjustability to new situation and his characteristic mood. These tests are widely used in industry because they provide a well-rounded personality of the applicant.

3) Movement Tests: These measure the speed and precision of movement in an applicant. The nature of job may require swift movements of the person working there. These tests are essential for person undertaking technical jobs.

4) Interest Tests: These tests are aimed to find out the type of work in which an applicant is interested. The liking and disliking of the persons are also judged. These tests are helpful in assigning different jobs to the persons. If a person is assigned the job of his liking he is likely to contribute more. He may also find out better ways of doing that job. The efficiency and job satisfaction will be more if the jobs are according to the tastes of the persons.

Advantages of Tests:

Tests can prove useful if used properly and under appropriate conditions. Some of these advantages are as follows:

1) Proper Assessment: Test provide a basis for finding out the suitability of candidates for various jobs. The mental capability , aptitude, linking and interests of the candidates enable the selectors to find out whether a particular person is suitable for the job for which he is a candidate or not.

2) Objective Assessment: Tests provide more objective criteria than any other method. Subjectivity of every type is almost eliminated.

3) Uniform Basis: Tests provide a uniform basis for comparing the performance of applicants. Same tests are given to the candidates and their score will enable selectors to see their performance.

4) Selection of Better Persons: The aptitude, temperament and adjustability of candidates are determined with the help of tests. This enables their placement on those jobs where they will be most suitable. This will improve their efficiency and job satisfaction.

5) Labour Turnover Reduced: Proper selection of person will greatly reduce labour turnover. If suitable persons are not selected then they will leave the job sooner or later. Tests are helpful in finding out the suitability of person for the jobs. Interest tests will help in knowing the liking of applicants for different jobs. When a person gets a job according to his temperament and interest he will not leave it.

Disadvantages of Tests:

The tests suffer from the following disadvantages:

1) Unreliable: The inference drawn in the tests may not be correct in some cases. The skill and ability of a candidate may not be correct in some cases. The skill and ability of a candidate may not be properly judged with the help of tests.

2) Wrong Use: The test may not be properly used by the employees. It is also possible that persons applying these tests may be biased towards certain persons. This will falsify the results of tests. Tests may also give unreliable results if used by incompetent persons.

3) Fear of Exposure: Some persons may not submit to the tests for fear of exposure. They may be competent but may not like to be assessed though the tests. The enterprise may be deprived of the services of such personnel who are not willing to appear for the tests but otherwise may be suitable for the concern.

5. Interviews

Types of interviews:

Interviews may be of many types but some of these are discussed here:

1) Patterned or Structured Interview: This is the most common method of 'interview is systematically planned in advance. The type of information to be asked, details to be enquired, information to be given, time allotted for, it are all planned properly. The interview is conducted in a pre-planned sequence. If the candidate makes some queries and the sequence is disturbed, the questions are started again from where these were left. These interviews are called standardized interviews.

2) Free Interview: This is unstructured interview and is not planned as to its format. The candidate is asked to express his views on general topics interview is not directed as to questions but the candidate expresses his views on his upbringing, interests, motivations, etc. the interviewers make judgement as to the strengths and weakness of the candidate. The interviewer should be an experienced person because it is very difficult to make judgement on such interviews.

3) Action Interview: This is semi-structured interview where questions are asked on the subjects studied by the candidate. He is also asked questions about his previous experience, aptitude, hobbies etc. the interview gives information about the nature of job the candidate will be expected to perform, salary offered, avenues for promotion etc. the replies of candidates are used to assess the potentiality of the candidate and his suitability for the job.

4) Group Interview: In group interview, a group of candidates is interviewed at a time. They are given some problems for discussion. The candidates express their views on the problems. Someone initiates the discussion and someone may wind it up. The interviews judge the views, initiative taken, way of expression of candidates. The candidates are judged by performance in the group discussion.

5) Panel or Board Interview: In his interview the candidates is interviewed by a panel of selectors. Different interviewers put questions on separate topics. For example, first interviewer may ask questions about the educational qualifications, second may put question on previous experience, third may ask general knowledge questions and so no. the candidate is selected or rejected on the basis of combined rating by the panel.

6) Stress Interview: The stress interview is to see how a candidate behaves in a difficult situation. The interviewer assumes a hostile attitude towards the candidate. The candidate may be asked questions in rapid succession, questions may be put on his answers, he may be criticized for some of his answers, his

arguments may be rejected outrightly and so on. The purpose of such an interview is to see whether a candidate keeps his cool under stress situations, what is his reaction to hostile situations etc. The interviewer must be an experienced person otherwise such interviews will not prove useful.

6. Checking References: The references may provide significant information about the candidate if they happened to be his former employers or with whom he might have been working earlier. The applicants are normally asked to name two or three persons who know about his experience, skill, ability etc., but should not be related to him.

7. Preliminary and Final Selection: Upto this stage selection is handled by personnel department or staff executives. Since the persons employed are to work under line officers, the candidates are referred to them. Line officers will finally decide about the work to be assigned to them. If line officer is a production manager or foreman he may assess on the job performance of the candidates. If the candidate is not suitable for one job then he is tried at some other. If candidate's performance is not upto the mark then he may be kept as apprentice for some time. Normally, a candidate is not rejected at this stage.

8. Physical Examination: The jobs may require certain physical standards as to height, eyesight, hearing etc. After the final selection, candidates are required to appear for medical examination. For civil services and military jobs, the candidates are appointed only when they clear medical test. Even for joining a government job, a medical fitness certificate from the Civil Surgeon or State Medical Board is essential. Private organisations too require a medical fitness certificate.

9. Placement and Orientation: Even after going through the rigorous procedure as explained in various steps, the selection procedure is not complete. The placement and orientation of the employee is also an important in this direction.

9.14 TRAINING AND DEVELOPMENT

Introduction

After suitable candidates are selected for various jobs, there is a need for the management to provide for training and development. Training and Development of the personnel is quite essential in these days when the process and techniques of the management have become highly complicated. Training and Development is essential for the improvement of the personnel and for making them fit into their jobs. The efficiency of an organization depends on the training and development of the personnel.

Meaning of Training and Development

Training is the act of imparting information and special skills to trainee for the purpose of increasing his knowledge and skills for doing the particular job. Training is mainly job oriented. It is given to both new and old personnel throughout their stay in the organization.

On the other hand, development includes the process by which the personnel acquire not only skills and competence in their present jobs, but also capacities for future tasks or positions. Development includes all those activities and programmes, when recognize and controlled, have substantial influence in changing the capacity of the individual to perform is assignment better, and in so doing, are likely to increase potential for future higher assignments. In short, development refers to the programmes which contribute to the growth of the personnel to all respects.

9.15 NEEDS AND IMPORTANCE AND BENEFITS OF TRAINING

Training and Development of the personnel is quite essential for the successful working of any concern. B. Flippo has highlighted the importance of training in the following words "No organization as a choice of whether to train or not, the only choice is that of methods".

Training offers several benefits. They are:

1. Training increases the knowledge and skill of the personnel, and there by helps them to increase the quantity and quality of the output.

2. Training helps the trainee to utilize and develop is full potential

3. When there is training, a person doesn't take much time to achieve the required level of the performance. This gives him job satisfaction.

4. When training is imparted to personnel, they feel that they are taken care of by the management. This will increase moral of the personnel.

5. Training enables the personnel to make the best and the most economical use of the resources of the organization. This result in reduction in cost of production.

6. Trained personnel needs less supervision. That means, training contributes to increase in the span of the management. That is, when personnel are trained, a superior can supervise more subordinates. This result is reduced cost of supervision.

7. Training helps in building a second in line of competent officers or managers. As a result, there will be competent replacement for more responsible positions.

8. The availability of trained personnel ensures the long –term stability and flexibility of the organization.

9. Buy exposing the personnel to the latest concept, information and techniques, trainings makes the personnel better qualified, and thereby , increases there employability {i.e., their market value and earning power.

10. Training gives an employee personnel confidence in handling the job assigned to him.

9.16 TYPES OF TRAINING PROGRAMMES

Training programmes are four types .There are:

1. Induction or Orientation Training

2. Job Training

3. Promotional Training

4. Refresher Training

Training and Development Methods:

There are a number of training and developed methods for different types of personnel at different levels. The various training and development methods can be broadly classified into two categories. They are (1) On – the –job methods and (2) off-the-job methods.

On-the-job methods:

Refers to the methods which required the trainee to undergo training, while he is actually engaged in work.

There are many on-the-jobs methods of training. There are:

1. Apprenticeship training

2. Internship training

3. Training on specific job

4. Job rotation

5. Special project or task force on special assignment

6. Visible training (i.e., giving training to a employee by the specialists of the concern by duplicating as nearly place as possible the actual working conditions of the work)

7. Committees and junior boards

Off-the-job methods:

Off-the-job methods refer to methods which require the trainee to leave his work place for undergoing training programmes. The training programmes may be conduct by the enterprise itself or by the external agencies.

Off-the-job methods include:

1. Special courses and lectures

2. Conferences and Seminars

3. Case studies

4. Simulation-role playing

5. Sensitivity training

Under simulation role playing, instead of taking of the trainees to the field, the real situation of the work environment in an organization is presented to the trainees in the training session itself, and the trainee and made to act on samples of real business situation in order to practice in decision-making. Role-playing is one of the common simulation method of training.

Sensitivity training or T-group training means the development of awareness and sensitivity to behavioural pattern of oneself and another. In other words, it is an experiences in inter-personnel relationship which result in a change in feeling an attitudes towards oneself and another. Under this method, the trainees are unable to see themselves as other see them, and develop an understanding and others views and behavior.

This method aims to influence an individual behaviour through group discussion. This method helps the participants to understand how groups actually work and gives them a chance to discuss how they are interpreted by others. It also aims to increasing tolerance for the points of individuals and his ability to understand others.

9.17 SUMMARY

Staffing basically involves matching jobs and individuals. This may require functions like manpower planning, recruitment, selection, training, development, performance appraisal, transfers, promotions etc.

Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organization. When more persons apply for job then there will be a scope for recruiting better persons. The job-seekers too on the other hand, are in search of organizations offering them employment. Recruitment is a linkage activity bringing together those with jobs and those seeking jobs.

The finding out where suitable candidates are available and informing them about the openings in the organization is the most important aspect of recruitment process. The candidates may be available inside the organization as well outsider it. Recruitment sources can be described as: internal and external sources.

Internal source is one of the important sources of recruitment the employees already working in the organization may be more suitable for higher jobs than those recruited from outside.

Training and development of the personnel is quite essential in these days when the process and techniques of the management have become highly complicated. Training and Development is essential for the improvement of the personnel and for making them fit into their jobs. The efficiency of an organization depends on the training and development of the personnel.

Training is the act of imparting information and special skills to trainee for the purpose of increasing his knowledge and skills for doing the particular job. Training is mainly job oriented. It is given to both new and old personnel throughout their stay in the organization.

9.18 GLOSSARY

a) Staffing: Staffing involves matching jobs and individuals. This may require functions like manpower planning, recruitment, selection, training, development, performance appraisal, transfers, promotions etc.

b) Recruitment: Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organization. When more persons apply for job then there will be a scope for recruiting better persons. The job-seekers too on the other hand, are in search of organizations offering them employment. Recruitment is a linkage activity bringing together those with jobs and those seeking jobs.

c) Internal Source: Internal source is one of the important sources of recruitment the employees already working in the organization may be more suitable for higher jobs than those recruited from outside.

d) Training and Development: Training and Development of the personnel is quite essential in these days when the process and techniques of the management have become highly complicated. Training and Development is essential for the improvement of the personnel and for making them fit into their jobs. The efficiency of an organization depends on the training and development of the personnel.

e) Training: Training is the act of imparting information and special skills to trainee for the purpose of increasing his knowledge and skills for doing the particular

job. Training is mainly job oriented. It is given to both new and old personnel throughout their stay in the organization.

9.19 ANSWER TO CHECK YOUR PROGRESS/ POSSIBLE ANSWERS TO SAQ

9.19.1 Short answer questions

1. Give the meaning of Staffing.

2. Define the term Staffing.

3. What is Recruitment?

4. What is Selection?

5. What is Interview?

9.19.2 Extended answer questions

1. Discuss nature of Staffing.

2. Explain about process of Staffing.

3. Discuss need and importance of Staffing.

4. Explain the process of Recruitment.

5. Explain various factors affecting Recruitment.

6. Explain various sources of Recruitment.

9.19.3 True-false

1. The managerial function of staffing involves manning the organization structure through proper and effective selection.

2. Staffing involves matching jobs and individuals. This may require functions like manpower planning, recruitment, selection, training, development, performance appraisal, transfers, promotions etc.

3. Recruitment is the process of searching for prospective employees and stimulating them to apply for jobs in the organization.

4. Internal source is one of the important sources of recruitment the employees already working in the organization may be more suitable for higher jobs than those recruited from outside.

5. Recruitment is the act of imparting information and special skills to trainee for the purpose of increasing his knowledge and skills for doing the particular job.

9.19.4 Multiple-choice

1. Staffing involves matching jobs and individuals. This may require functions like …………

a) Manpower planning

b) Recruitment and selection

c) Training and development

d) All the above

2. What is the process of searching for prospective employees and stimulating them to apply for jobs in the organization?

a) Manpower planning

b) Recruitment

c) Training and development

d) All the above

9.19.5 Fill-in-the-blanks

1. The managerial function of staffing involves manning the organization structure through proper and…………………………….

2. ……………..involves matching jobs and individuals. This may require functions like manpower planning, recruitment, selection, training, development, performance appraisal, transfers, promotions etc.

3. ……………………….is the process of searching for prospective employees and stimulating them to apply for jobs in the organization.

9.20 POSSIBLE ANSWERS TO SELF ASSESSMENT QUESTIONS

9.19.3 1. True 2. True 3. True 4. True 5. False

9.19.4 1. (d) 2. (b)

9.19.5 1. Effective selection 2. Staffing 3. Recruitment

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9.23 TERMINAL QUESTIONS

1. What are the important factors affecting Recruitment in your organization? Discuss.

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| UNIT 10 | DIRECTING |

STRUCTURE

10.1 INTRODUCTION

Directing initiates action and it is from here actual work starts. Direction is said to be consisting of human factors. In simple words, it can be described as providing guidance to workers is doing work. In field of management, direction is said to be all those activities which are designed to encourage the subordinates to work effectively and efficiently.

10.2 OBJECTIVES

After studying this unit, you will be able to understand:

Fundamentals of Directing

Communication

10.3 MEANING OF DIRECTING

Directing is said to be a process in which the managers instruct, guide and oversee the performance of the workers to achieve predetermined goals. Directing is said to be the heart of management process. Planning, organizing, staffing have got no importance if direction function does not take place.

According to **Human,** "Directing consists of process or technique by which instruction can be issued and operations can be carried out as originally planned" Therefore, Directing is the function of guiding, inspiring, overseeing and instructing people towards accomplishment of organizational goals.

10.4 CHARACTERISTICS OF DIRECTING

Following are the charateristics of directing:

1. Directing Initiates Action:

Other functions prepare a base or setting of action, i. e., how action has to be carried on the directing initiate or start action.

By giving directions or instructions the managers get the work started in the organisation.

2. Continuing Function:

Directing is a continuous process. A manager cannot just rest after issuing orders and instructions. He has to continuously guide, supervise and motivate his subordinates. He must continuously take steps to make sure that orders and instructions are carried out properly.

3. Directing Takes Place at Every Level:

Directing is a pervasive function as it is performed by managers at all levels and in all locations. Every manager has to supervise, guide, motivate and communicate with his subordinate to get things done. However, the time spent in directing is comparatively more at operational level of management. Directing takes place wherever superior subordinate relation exists.

4. Directing Flows From Top to Bottom:

Directions are given by managers to their subordinates. Every manager can direct his immediate subordinate and take directions from immediate boss. Directing starts from top level and flows to lower level.

5. Performance Oriented:

Directing is a performance oriented function. The main motive of directing is bringing efficiency in performance. Directing converts plans into performance. Performance is the essence of directing. Directing functions direct the performance of individuals towards achievement of organisational goal.

6. Human Element:

Directing function involves study and molding of human behaviour. It improves interpersonal and intergroup relationship. It motivates employees to work with their best ability.

10.5 MEANING OF DIRECTION

Direction is called management in action. In the words of Thco Haimann, "In order to make any managerial decision really meaningful, it is necessary to directing".

Definition:

In the words of Koontz and O'Donnel, "Directing is the interpersonal aspect of managing by which subordinates are led to understand and contribute effectively and efficiently to the attainment of enterprise's objectives".

10.6 NATURE OR CHARACTERISTICS OF DIRECTION

1) It is a Dynamic Function

2) It Initiates Action

3) It Provides Necessary Link Between Various Managerial Function

4) It is a Universal Function

5) It is Concerned With Human Relationships

10.7 PRINCIPLES OF EFFECTIVE DIRECTION

Effective direction leads to greater contribution of subordinates to organization goals. The directing function of management can be effective only when certain well accepted principles are followed. The following are the basic principles of effective direction:

I) Harmony of Objectives: It is an essential function of management to make the people realize the objectives of the group and direct their efforts towards the achievement of their objectives. The interest of the group must always prevail over individual interest. Effective direction fosters the sense of belongingness among all subordinates in such a way that they always identify themselves with the enterprise and tune their goals with those of the enterprise.

II) Unity of Command: This principle states that one person should receive orders from only one superior, in other words, one person should be accountable to only one boss. If one person is under more than one boss then there can be contradictory orders and the subordinate fails to understand whose order to be followed. In the absence of unity of command, the authority is undermined, discipline weakened, loyalty divided and confusion and delays are caused.

III) Unity of Direction: To have effective direction, there should be one head and one plan for a group of activities having the same objectives. In other words, each group of activities having the same objectives must have one plan of action and must be under the control of one supervisor.

IV) Direct Supervision: The directing function of management becomes more effective if the superior maintains direct personal contact with his subordinates. Direct supervision infuses a sense of participation among subordinates that encourages them to put in their best to achieve the organizational goals and develop all effective system of feed-back.

V) Participative or Democratic Management: The function of directing becomes more effective if participative or democratic style of management is followed. According to this principle, the superior must act .according to the mutual consent and the decisions reached after consulting the subordinates. It provides necessary motivation to the workers by ensuring their participation and acceptance of work methods.

VI) Effective Communication: To have effective direction, it is very essential to have an effective communication system which provides for free flow of ideas, information, suggestions, complaints and grievances.

VII) Follow-Up: In order to make direction effective, a manager has to continuously direct, guide, motivation and lead his subordinates. A manager has

not only to issue order and instructions but also to follow-up the performance so as to ensure that work is being performed as desired. He should intelligently oversee his subordinates at work and correct them whenever they go wrong.

10.8 IMPORTANCE OF DIRECTION

Directing various employees in an organization is an important managerial task. It is indispensable for achieving enterprise objectives. Effective direction provides the following advantages:

1) Initiates Action: Direction is required to initiate action. The function of planning, organizing, staffing etc., will be taken up only when direction is given to initiate them. Direction starts the actual work for achieving enterprise objectives.

2) Improves Efficiency: A manager tries to get maximum work from his subordinates. This will be possible only through motivation and leadership and these techniques are a part of direction.

3) Ensures Co-ordination: Direction helps in ensuring mutual understanding and team work. The individual efforts are directed in such a way that personal performances help in achieving enterprise objectives. The integration of various activities is possible through direction.

4) Helpful in Implementing Changes: A business operates in a changing environment. New situation develop every now and then. A proper system of motivation will help employees in taking up new challenges.

5) Provides Stability: Effective leadership, supervision and motivation will help in the smooth growth of an enterprise. A growing concern will provide stability to its activities.

6) Motivation: Motivation is an important element of direction. Motivation is a factor which encourages person to give their best performance and help in achieving enterprise goals. A strong positive motivation will enable the increased output of employees. A key element in direction is motivation. It helps in getting willing co-operation of employees. Every organization makes efforts that its employees contribute maximum for achieving goals.

7) Supervision: Direction involves giving instruction to employees for undertaking some work in order to see whether employees are doing the thing as per targets or not there is a need for supervision. In supervision all the activities of the employees are controlled and efforts are made to ensure proper achievement of targets. In case the performance is less than the targets then remedial steps are taken for improving the performance. So supervision is an integral part of direction.

8) Co-ordination: Direction will be effective only when there is a proper co-ordination. In direction, different persons are asked to perform specific task. In order to see that efforts of every employee are in the direction of achieving organizational goals there is a need to co-ordinate various activities. In the absence of co-ordination every person will go in his own direction without bothering for the enterprise target. When various activities are co-originated then overall enterprise objectives will be easily achieved.

10.9 MEANING OF COMMUNICATION

The word communication has been derived from the Latin word 'Communis' which means 'common'. Thus, communication means sharing of ideas in common. "When we communication," says Wibur Schramn, "We are trying to establish a 'commonness' with someone. That is we are trying to share information, an idea or an attitude. The essence of communication is getting the receiver and the sender 'turned' together for a particular massage."

Definition

Louis A, Allen defines communication as, "communication is the sum of all the things one person does when he wants to create understanding in the mind of another. It is a bridge of meaning. It involves a systematic and continuous process of telling, listening and understanding."

Koontz and O'Donnell are of the opinion "communication is a way that one organization member shares meaning and understanding with another."

10.10 CHARACTERISTICS AND NATURE OF COMMUNICATION

1. It Involves at Least Two Persons: Communication involves at least two persons, a sender and a receiver. The sender is called communicator and the receiver of the message is known as communicatee. A person who speaks, writes or issues some instruction is the sender and the person for whom the communication is meant or who receives the message is the receiver or communicatee.

2. Message is a Must: A message is the subject matter of communication. e.g., the contents of the letter or Speech, Order, Instructions or The suggestions. A communication must covey some message. If there is no message there is no communication.

3. Communication May be Written Oral or Gestural: Communication is generally understood as spoken or written words. But in reality, it is more than that. It includes everything that may be used to convey meanings from one person

to another, e.g., movement of lips, or the wink of an eye or the wave of hands may convey more meaning than even written or spoken word.

4. Communication is Two Way Process: It involves both information and understanding. Communication is not complete unless the receiver has understood the message properly and his reaction or response is known to the sender. Understanding is the end of communication but it does not imply agreement.

5. Its Primary Purpose is to Motivate a Response: The primary purpose of communication is to motivate response or influence human behaviour. There is no doubt that motivation comes from within but communicator can also motivate people by good drafting of message, proper timing of communication etc. to create understanding, communication should be relevant to the situation. It must always be remembered that communication is a means of motivating and not an end itself.

6. Communication May be Formal or Informal: Formal communication follows the formal channels provided in the organization structure. For example, the managing director communicates with the departmental heads, say finance manager, finance manager communicates to deputy finance manager, the deputy finance manager with accounts officer and so on.

Informal communication flows from informal channels of communication which are not provided in the organization structure.

7. It Flows Up and Down and Side to Side: Communication flows downward from a superior to subordinate and upward from subordinate to a superior. It also flows between two or more persons operating at the same level of authority.

8. It is an Integral Part or the Processor Exchange: It refers to the exchange of ideas, feeling, emotions and knowledge and information between two or more persons.

10.11 ELEMENTS OF COMMUNICATION

The basic elements of communication are:

1) Communication- The sender, speaker, issuer or writer- who intends to convey or transmit a message.

2) Communicatee- The receiver for whom the communication is meant. He receives the information, order or message.

3) Message- The subject matter of communication i.e., the content of the letter, speech, order, information, order or message.

4) Communication Channel - The media by which the information and understanding are passing from the sender to the receiver. It serves as a link between

the communicator and the communicatee, i.e., the levels of organization or relationships that exist between different individuals or departments of an organization.

5) Response or Feedback - The effect, reply or reaction, of the information transmitted, on the communicatee i.e., successful no communication or miscommunication.

10.12 THE PROCESS OF COMMUNICATION

1) The communicator first of all, formulates a clear idea about facts, opinions or information he wants to convey.

2) The idea then translated by him into words (spoken or written), symbols or some other form of message which he expects the receiver to understand. This process is known as encoding of the message.

3) The communicator selects a suitable media for transmission of the message e.g., telephone telegraph or television. The message is conveyed with the help of the media selected.

4) The message is then received by the communicatee. He tries to understand it by decoding the message.

5) The communicate acts upon the message as he has understood it.

6) Finally, the effectiveness of communication is measured through feedback. If the communication brings ill the desired changes in the actions or behaviour of the receiver, it is said to be successful communication. In case, there is no change in the actions or behaviour, there is no communication and if it leads to undesirable changes it is a case of miscommunication.

10.13 IMPORTANCE OF COMMUNICATION

1. Basis of Decision- Making and Planning: Communication is essential for decision-making and planning. It enables the management to secure information without which it may not be possible to take any decision. The quality of managerial decisions depends upon the quality of communication. Further, the decisions and plans of the management need to be communicated to the subordinates. Without effective communication, it may not be possible to issue instructions to others. Effective communication helps in proper implementation of plans and policies of the management.

2. Smooth and Efficient Working of an Organization: In the words of George R. Terry, "it serves as the lubricant, fostering for the smooth operations of

management process." Communication makes possible the smooth and efficient working of an enterprise. It is only through communication that the management changes and regulates the actions of the subordinates in the desired direction.

3. Facilitates Co-ordination: Management is the art of getting things done through others and this objective of management cannot be achieved unless there is unity of purpose and harmony of effort. Communication through exchange of ideas and information helps to bring about unity of action in the pursuit of common purpose. It binds the people together and facilitates co-ordination.

4. Increases Managerial Efficiency: Effective communication increases managerial efficiency. It is rightly said that nothing happens in management until communication takes place the efficiency of manager depends upon his ability to communicate effectively with the members of his organization. it is only through communication that management conveys its goals and desires, issues instructions and orders, allocates jobs and responsibility and evaluates performance of subordinates.

5. Promotes Co-operation and Industrial Peace: Effective communication creates mutual understanding and trust among the members of the organization. It promotes co-operation between the employer and the employees. Without communication, there cannot be sound industrial relations and industrial peace. It is only through communication that workers can put in their grievances, problems and suggestions to the management.

6. Helps in Establishing Effective Leadership: Communication is the basis of effective leadership. There cannot be any leadership action without the effective communication is absolutely necessary for maintaining man to man relationship in leadership. It brings the manager (leader) and the subordinates (led) in close contact with each other and helps in establishing effective leadership.

7. Motivation and Morale: Communication is the means by which the behaviour of the subordinates is modified and change is effected in their actions. Through communication workers are motivated to achieve the goals of the enterprise and their morale is boosted. Although motivation comes from within yet the manager can also motivate people by effective communication e.g., proper drafting of message, proper timing of communication and the way of communication, etc.

8. Increases Managerial Capacity: Effective communication increases managerial capacity too. A manager is a human being and has limitations as to time and energy that he can devote to his activities. He has to assign duties and responsibilities to his subordinates. Through communication, a manager can effectively delegate his authority and responsibility to others and thus increases his managerial capacity.

9. Effective Control: Managerial function of control implies the measurement of actual performance, comparing it with standards set by plans and taking corrective action on deviation, if any, to ensure attainment of enterprise objectives according to preconceived and planned acts communication acts as a tool of effective control. The plans have to be communicated to the subordinates, the actual performance has to be measured and communicated to the top management and a corrective action has to be taken or communicated so as to achieve the desired goals. All this may not be possible without an efficient system of communication.

10. Job Satisfaction: Effective communication creates job satisfaction among employees as it increases mutual trust and confidence between management and the employees. The gap between management and the employees is reduced through the efficient means of communication and a sense of belongingness is created among employees. They work with zeal and enthusiasm.

10.14 METHODS (CHANNELS) OR TYPES OF COMMUNICATION

Communication may be classified into several categories on the following basis:

1. On the Basis of Organizational Structure or Relationship:

    a. Formal Communication

    b. Informal Communication or Grapevine

2. On the Basis of Flow or Direction:

    a. Downward Communication

    b. Upward Communication

    c. Horizontal or Lateral or Sideward Communication

    d. Diagonal Communication

3. On the Basis of Methods or Media used or Expression:

    a. Written Communication

    b. Oral Communication

    c. Gestural or Non-Verbal Communication

A) On the Basis of Relationship or Organization Structure:

I) Formal Communication: Formal communication is that which takes place through the formal channel of the organization structure deliberately and consciously

established by the management. It implies the flow of the information along the lines of authority formally established in the enterprise. Members of the enterprise are expected to communicate with one another strictly as per channels laid down in the structure. Such communications are generally in writing and may take any of the following forms:

1. Policy Manuals; 2. Procedural and Rule Books;

3. Memoranda Papers and Orders; 4. Official Meeting; 5. Interviews, etc.

II) Informal Communication or Grapevine: Communication arising out of all those channels of communication that fall outside the formal channel is known as informal communication or the grapevine. It is built around the social relationship of members of the organization. Informal communication does not follow lines of authority as is the case of formal communication. It arises due to the personal needs of the members of an organization and exists in every organization. Such communication is usually oral and exists in even by simple glance, gesture, smile or silence.

B) On the Basis of Flow or Direction:

I) Downward Communication: Communication between a superior and subordinate is known as vertical communication. Vertical communication may be downward vertical communication or upward vertical communication. Downward communication means communication which flows from a superior to a subordinate.

The important examples of downward communication are: 1) Notices 2) Circulars 3) Instructions 4) Orders 5) Letters 6) Memos

II) Upward Communication: Upward communication means the flow of information from the lower levels of the organization to the higher levels of authority .It passes from subordinate to superior as that from worker to foreman, from foreman to manager, from manager to general manager and form general manager to the chief executive or the board of directors. It includes opinions, ideas, suggestions, complaints, grievances, appeals, reports, etc.

Upward Communication is Needed:

1) To create receptiveness of communication

2) To create a sense of belongingness through active participation

3) To evaluate the effectiveness of communication

4) To increase morale of employees

5) To make improvements in managerial decisions

6) To co-ordinate efforts; and

7) To know ideas of each individual in the organization.

The important examples of upward communication are:

1) Reports 2) Meeting 3) Interview 4) Conferences 5) Letters 6) Complaints.

III) Horizontal, Lateral or Sideward Communication: The transmission of information and understanding between people on the same level of organization hierarchy is called the horizontal communication. This type of communication is also known as lateral or sideward or crosswise communication. Usually, it pertains to inter-departmental communication, i.e., the communication between two departmental managers working at the same level of organization or among subordinates working under one boss.

IV) Diagonal Communication: The transfer of information between people who are neither in the same department nor on the same level of organization hierarchy is called diagonal communication. For example, when the assistant marketing manager communicates with the accounts clerk directly, it is the case of diagonal communication. This type of communication increases the organizational efficiency by speeding up information and cutting across departmental barriers.

C) On the Basis of Media or Expression:

The various media of communication have been studied as under:

1) Written Communication;

2) Oral Communication;

3) Gestural or Non-verbal Communication.

1) Written Communication: communication through words, may be in writing or oral. Written communication implies transmission of message in back and white it includes diagrams, pictures, graphs, etc. have to be transmitted in writing for efficient running of the organization. written communication ensures that everyone concerned has the same information. It may take the following forms:

1) Reports   2) Circulars   3) Magazines   4) Manuals
5) Memoranda 6) Newspapers 7) Pictures, diagrams, graphs, etc.

Merits or Advantages of Written Communication:

1) It ensures transmission of information in uniform manner, i.e. every one concerned has the same information.

2) It provides a permanent record of communication for future reference.

3) It is an ideal way of transmitting length messages.

4) It ensures little risk of unauthorized alteration in the messages.

5) It tends to be complete, clear precise and correct.

6) It is the only means of exchanging information at distant places even beyond telephonic range.

7) It can be quoted as a legal evidence in case of any disputes.

8) It is suited to convey message to a large number of persons at one and the same time.

Demerits or Disadvantages of Written Communication:

1) It is expensive

2) It is time consumption

3) It becomes difficult to maintain secrecy about a written communication.

4) It is rigid and does not provide any scope for making alteration for inaccuracies that might have crept in.

5) It is very formal and lacks personal touch.

6) It is encourages red-tapism and involves so many formalities.

7) It may be interpreted in different manner by different people.

8) It oftenly becomes lengthy, when messages are conveyed in writing.

2) Oral Communication: Oral or verbal communication implies the conveying of message through spoken words. It is face to face communication between individuals and includes communication through telephone, intercom and public speech, etc. in every organization, a great deal of information is exchanges orally and it is generally preferred to written communication.

Theo Haimann pointed out, "the human voice can impart the message with 'meaning and shading which even long pages of written words simply cannot convey."

It may take the following forms depending upon the need and situation,

1) Face to face talks   2) Telephonic conversation 3) Interviews
4) Meetings   5) Lectures   6) Conferences

Merits or Advantages of Oral Communication:

1) It is less expensive or economical as compared to written communication.

2) It is quicker and saves in time.

3) It is more effective than written communication.

4) It establishes a personal touch and leads to greater understanding.

5) Misunderstanding or doubts can be removed than and there.

6) Immediate reaction, motivation or response of the receiver can be taken.

7) It is more flexible and the messages can be changed to suit the needs and response of the receiver.

8) It provides as the only means of conveying messages in times of emergencies.

Demerits and Disadvantages of Oral Communication:

Oral communication has the following limitations or drawbacks:

1) It is less reliable.

2) It is influenced by self-interest and attitude of the people.

3) Oral communication has the tendency of being distorted.

4) It provides no record for future reference.

5) It is not suitable for lengthy message.

6) It does not provide sufficient time for thinking before conveying the message.

7) It has language problems, one may mean to convey something, but due to his way of speaking, it may convey something else.

8) It cannot be used to communicate with people scattered over distant places.

3) Gestural or Non verbal Communication: Communication does not mean merely written .or oral messages. It includes everything that may be used to convey meaning from one person to another, e.g., movement of lips or the wink of an eye or the wave of hands may convey more meaning than written or oral words. Expression through body parts is known as gestural or non-verbal communication. It includes facial expression, movement of lips, wink of an eye, nodding of heads, movement of hands, a sense of humour or a mere silence, etc.

10.15 BARRIERS TO COMMUNICATION AND MAKING COMMUNICATION EFFECTIVE

Communication is the nerve system of an enterprise. It is said to be no. 1 management problem today. "It serves as the lubricant, fostering for the smooth operations of management process.

Barriers to communication:

1) Physical Barriers: A communication is two-way process, distance between the sender and the receiver of the message is an important barrier to communication. Noise and environmental factors also block communication.

2) Personal Barriers: Personal factors like difference in judgement, social values, inferiority complex, bias, attitude, pressure of time, inability to communicate, etc. widen the psychological distance between the communicator and the

communicate. Credibility gap, i.e., inconsistency between what one says and what one does, also, acts as a barrier to communication.

3) Semantic or Language Barriers: Semantic is the science of meaning. The same work and symbols carry different meanings to different people. Difficulties in communication arise when the sender and the receiver of the message use words or symbols in different senses. The meaning intended by the sender may be quite different from the meaning followed by the receiver. People interpret the message in terms of their own behaviour and experience. Sometimes, the language used by the sender may not at all be followed by the receiver.

4) Status Barriers Superior-Subordinate Relationship: status or position in the hierarchy of an organization is one of the fundamental barriers that obstructs free flow of information. A superior may give only selected information to his subordinates so as to maintain status differences. Subordinates, usually, tend to convey only those things which the superiors would appreciate. This creates distortion in upwards communication. Such selective communication is also known as filtering sometimes, "the superior feels that he cannot fully admit to his subordinates those problems, conditions or results which may affect adversely on his ability judgement.

5) Organizational Structure Barriers: Effective communication largely depends upon sound organizational structure. If the structure is complex involving several layers of management, the breakdown or distortion in communication will arise it is an established fact that every layer cuts off a bit of information.

6) Barriers Due to Inadequate Attention: Inadequate attention to the message makes communication less effective and the message is likely to be misunderstood. Inattention may arise because of over business of the communicatee or because of the message being contrary to his expectations and beliefs. The simple failure to read notices, minutes and reports also a con1ffion feature.

7) Premature Evaluation: Some people have the tendency to form a judgement before listening to the entire message. This is known as premature evaluation. As discussed in the previous point, "half-listening is like racing your engine with the gears in neutral. You use gasoline but you get nowhere." Premature evaluation distorts understanding and acts as a barrier to effective communication.

8) Emotional Attitude: Barriers may also arise due to emotional attitude because when emotions are strong, it is difficult to know, the frame of mind "of other person or group. Emotional attitudes of both, the" communicator as well as the communicatee, obstruct free flow of transmission and understanding of messages.

9) Resistance to Change: It is general tendency of human beings to stick

to old and customary patterns of life. 1bey may resist change to maintain status quo. Thus, when new ideas are being communicated to introduce a change, it is likely to be overlooked or even opposed. This resistance to change creates an important obstacle to effective communication.

10) Barriers Due to Lack of Mutual Trust: Communication means sharing of ideas in common. "When we communicate, we are trying to establish a commonness." Thus, one will freely transfer information and understanding with another only when there is .mutual trust between the two. When there is a lack of mutual trust between the communicator and the communicatee, the message is not followed.

11) Other Barriers: There may be many other barriers, such as unclarified assumptions, lack of ability to communicate, mirage of too much knowledge of closed minds, communication overload, shortage of time, etc., which cause distortion or obstruction in the free flow of communication and thus make it ineffective. Failure to retain or store information for future use becomes a barrier to communication when the information is needed in future.

10.16 MAKING: COMMUNICATION EFFECTIVE OR OVERCOMING / GATE WAYS TO COMMUNICATION

1) Clarity and Completeness: In communication effectively, it is very essential to know the 'audience' for whom the message is meant. The message to be conveyed must be absolutely clear in the mind of the communicator because if you do not understand an idea, you can never express it to someone. The message should be adequate and appropriate to the purpose of communication. The purpose of communication, itself, should be clearly defined.

2) Proper Language: To avoid semantic barriers, the message should be express in simple, brief and clear language. The words or symbols selected for conveying the message must be appropriate to the reference and understanding of the receiver.

3) Sound Organization Structure: To make communication effective, the organization structure must be appropriate to the needs of the organization. Attempt must be made to shorten the distances to be travelled for conveying information.

4) Orientation of Employees: The employees should be oriented to understand the objectives, rules, authority relationships and operations of enterprise. It will help to understand each other, minimize conflicts and distortion of messages.

5) Emphatic Listening and Avoid Premature Evaluation: To communicate

effectively, one should be a good listener. Superior should develop the habit of patient listening and avoid premature evaluation of communication from their subordinates. This will encourage free flow of upward communication.

6) Motivation and Mutual Confidence: The message to be communication should be so designed as to motivate the receiver to influence his behaviour to take the desired action. A sense of mutual trust and confidence must be .generated to promote free flow of information.

7) Consistent Behaviour: To avoid credibility gap, management must ensure that their actions and deeds are in accordance with their communication.

8) Use of Grapevine: Grapevine or the informal channels of communication help to improve managerial decisions and make communication more effective. Thus formal channels of communication must be supplemented with the use of grapevine.

9) Feedback: Communication is not completes unless the response or reaction of the receiver of the message is obtained by the communicator the effectiveness of communication can be judged from the feedback. Therefore, feedback must be encouraged and analysed.

10) Gestures and Tone: The way you say something is also very important along with the message for gestures such as a twinkle of an eye, a smile or a handshake, etc., Convey sometimes tone meaning then ever words spoken or written. Thus, one should have appropriate facial expressions, tone, gestures and mood etc., to make communication effective.

10.17 SUMMARY

Directing initiates action and it is from here actual work starts. Direction is said to be consisting of human factors. In simple words, it can be described as providing guidance to workers is doing work. In field of management, direction is said to be all those activities which are designed to encourage the subordinates to work effectively and efficiently.

Directing is said to be a process in which the managers instruct, guide and oversee the performance of the workers to achieve predetermined goals. Directing is said to be the heart of management process. Planning, organizing, staffing have got no importance if direction function does not take place.

According to Human, "Directing consists of process or technique by which instruction can be issued and operations can be carried out as originally planned" Therefore, Directing is the function of guiding, inspiring, overseeing and instructing people towards accomplishment of organizational goals.

Direction is called management in action. In the words of Thco Haimann, "In order to make any managerial decision really meaningful, it is necessary to directing".

The word communication has been derived from the Latin word 'Communis' which means 'common'. Thus, communication means sharing of ideas in common. "When we communication," says Wibur Schramn, "We are trying to establish a 'commonness' with someone. That is we are trying to share information, an idea or an attitude. The essence of communication is getting the receiver and the sender 'turned' together for a particular massage."

Formal communication is that which takes place through the formal channel of the organization structure deliberately and consciously established by the management. It implies the flow of the information along the lines of authority formally established in the enterprise. Members of the enterprise are expected to communicate with one another strictly as per channels laid down in the structure.

Communication arising out of all those channels of communication that fall outside the formal channel is known as informal communication or the grapevine. It is built around the social relationship of members of the organization. Informal communication does not follow lines of authority as is the case of formal communication. It arises due to the personal needs of the members of an organization and exists in every organization. Such communication is usually oral and exists in even by simple glance ,gesture, smile or silence.

Communication between a superior and subordinate is known as vertical communication. Vertical communication may be downward vertical communication or upward vertical communication. Downward communication means communication which flows from a superior to a subordinate.

Upward communication means the flow of information from the lower levels of the organization to the higher levels of authority .It passes from subordinate to superior as that from worker to foreman, from foreman to manager, from manager to general manager and form general manager to the chief executive or the board of directors. It includes opinions, ideas, suggestions, complaints, grievances, appeals, reports, etc.

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Communication does not mean merely written .or oral messages. It includes everything that may be used to convey meaning from one person to another, e.g., movement of lips or the wink of an eye or the wave of hands may convey more

meaning than written or oral words. Expression through body parts is known as gestural or non-verbal communication. It includes facial expression, movement of lips, wink of an eye, nodding of heads, movement of hands, a sense of humour or a mere silence, etc.

10.18 GLOSSARY

a) Directing: Directing is said to be a process in which the managers instruct, guide and oversee the performance of the workers to achieve predetermined goals. Directing is said to be the heart of management process.

b) Direction: Direction is called management in action. In the words of Thco Haimann, "In order to make any managerial decision really meaningful, it is necessary to directing".

c) Communication: The word communication has been derived from the Latin word 'Communis' which means 'common'. Thus, communication means sharing of ideas in common. "When we communication," says Wibur Schramn, "We are trying to establish a 'commonness' with someone. That

d) Formal Communication: Formal communication is that which takes place through the formal channel of the organization structure deliberately and consciously established by the management.

e) Vertical communication: Vertical communication may be downward vertical communication or upward vertical communication. Downward communication means communication which flows from a superior to a subordinate.

10.19 ANSWER TO CHECK YOUR PROGRESS/ POSSIBLE ANSWERS TO SAQ

10.19.1 Short answer questions

    1. What is directing?

    2. Give the meaning of Direction.

    3. What is Communication?

    4. State any two characteristics of Communication.

10.19.2 Extended answer questions

    1. Discuss characteristics of Directing.

    2. Discuss nature or characteristics of direction.

    3. Explain principles of effective direction.

4. Discuss characteristics or nature of Communication.

5. Discuss elements of Communication.

6. Explain barriers to communication and making communication effective.

10.19.3 True-false

1. Organizing is said to be a process in which the managers instruct, guide and oversee the performance of the workers to achieve predetermined goals.

2. Direction is called management in action.

3. The word communication has been derived from the Latin word 'Communis' which means 'common'.

4. Formal communication is that which takes place through the formal channel of the organization structure deliberately and consciously established by the management.

5. Upward communication means the flow of information from the lower levels of the organization to the higher levels of authority.

10.19.4 Multiple-choice

1. What is said to be a process in which the managers instruct, guide and oversee the performance of the workers to achieve predetermined goals?

   a) Directing

   b) Organizing

   c) Planning

   d) All the above

2. The word communication has been derived from the Latin word …………..

   a) Communis

   b) Newmins

   c) Summary

   d) None of the above

3. What is that which takes place through the formal channel of the organization structure deliberately and consciously established by the management?

   a) Formal communication

b) Informal communication

c) Both a and b

d) None of the above

10.19.5 Fill-in-the-blanks

1. ……….is said to be a process in which the managers instruct, guide and oversee the performance of the workers to achieve predetermined goals.

2. Direction is called management in………..

3. The word communication has been derived from the Latin word 'Communis' which means………..

4. …………..is that which takes place through the formal channel of the organization structure deliberately and consciously established by the management.

5. …………means the flow of information from the lower levels of the organization to the higher levels of authority.

10.20 POSSIBLE ANSWERS TO SELF ASSESSMENT QUESTIONS

10.19.3 1. False 2. True 3. True 4. True 5. True

10.19.4 1. (a) 2. (a) 3. (a)

10.19.5 1. Directing 2. Action 3. 'common' 4. Formal communication 5. Upward communication

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10.23 TERMINAL QUESTIONS

1. Discuss characteristics of Directing.

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UNIT 11   CONTROLLING

STRUCTURE

11.1 INTRODUCTION

The concept of control visualizes a system that not only provides a historical record of what has happened to the business as a whole but also pinpoints the reasons why it has happened and provides data that enable the manager to take corrective steps, if he finds he is on the wrong track. Therefore, there is no intention to punish the person for wrongdoing, but to find out the deviations between the actual performance and the standard performance and to take steps to prevent such variances in future.

11.2 OBJECTIVES

After studying this unit, you will be able to understand:

Controlling

Basic Control Process

Pre-Requisites

Requirements of Adequate Control-Human response to control

Dimensions/ Types of Control

11.3 INTRODUCTION TO CONTROL

The concept of control is often confused with lack of freedom. The opposite of control is not freedom but chaos or anarchy. Control is fully consistent with freedom. In fact, they are inter-dependent. Without control, freedom cannot be sustained for long. Without freedom, control becomes ineffective. Both freedom and accountability are embedded in the concept of control.

Self control is the term we commonly use in our day to day life. The term indicates that we have a set of plans and strictly adhere to them. Controls are there to ensure that, the events turn up as they are intended to be. Plans without corresponding controls are apt to be hollow hopes. Controlling is also one of the basic functions of manger. To seek planned results from subordinates, the manger has to exercise an efficient control over their activities. The process of controlling also involves, verifying whether the activities performed are in conformity with the plans made, instructions given and results expected.

11.4 MEANING OF CONTROL

Control is one of the important functions of management. Managerial functions start with planning and end at controlling and other functions of management act as the connecting link between planning and controlling.

Control is the process to find out whether actions are being taken as planned and taking corrective actions to make them confirm to plans and then to take the necessary steps to prevent the occurrence of variations in future.

11.5 DEFINITIONS OF CONTROL

According to **Breach,** "Control is checking current performance against predetermined standards contained in the plans, with a view to ensuring adequate progress and satisfactory performance."

According to **Haynes and Massie,** "Fundamentally, control is any process that guides activity towards some predetermined goal. The essence of the concept is in determining whether the activity is achieving the desired results".

According to **Henry Fayol,** "Control consists in verifying whether everything occurs in conformity with the plan adopted, the instructions issued and the principles established.

11.6 MEANING OF CONTROLLING

Controlling refers to the process that measures current performance and guides it towards some predetermined objectives.

11.7 DEFINITIONS OF CONTROLLING

According to **George R Terry,** "Controlling is determining what is being accomplished i.e., evaluating the performance and if necessary, applying corrective measures so that the performance takes place according to plans."

11.8 MEANING OF MANAGEMENT CONTROL

Management control is an internal control performed by one or more manager's internal control. This is an accounting procedure or system designed to promote efficiency or assure the implementation of a policy or safeguard assets or avoids fraud and error etc.

11.9 DEFINITIONS OF MANAGEMENT CONTROL

According to **Billy E Goetz,** "Management control seeks to compel events to conform plans".

According to **Robert N Anthony,** "Management control is the process by which managers assure that resources are obtained and used effectively and efficiently."

According to **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."

11.10 NATURE FOR CONTROLLING

Controlling is the process of monitoring activities to ensure that they are being accomplished as planned and of correcting any significant deviations. The nature of controlling can be summarized as follows:

1. Efficient control is required to be exercised the process of management as to get better results and to achieve organizational objectives.

2. By setting standard of performance and behaviour for each employee and comparing their actual performance with it their efforts are made more meaningful and in the right direction as to achieve objectives of organization. It is not related only to planning but organizing, staffing and directing also require efficient control to get the desired results.

3. It is only by taking controlling measures the employees are forced to behave in desired manner, to maintain discipline and order and to comply with predetermined norms and rules and values. Similarly by watching, monitoring and steering continuously any situation may be brought under control. Not only has this, controlling also ensured that each action on the part of the employees is checked and made in conformity with pre-determined standards and procedures.

4. Every manager working in organization irrespective of his position has to control and command over the activities of subordinates as to produce desired results. Not only the mangers but every organization needs to exercise efficient control to secure optimum effective utilization of all resources for the accomplishment of objectives.

5. Like planning, controlling is also continuous process having no definable end. It involves constant and regular monitoring of event and performance, analysis of standard, procedures and policies and suggesting remedial measures as to control the situation or to improve the performance.

6. In controlling process actual performance is measured and compared with standard of performance as to discover deviations. Once the deviations are brought on the surface, suitable corrective actions are suggested by the manger as to check reoccurrence of deviations.

7. Without exercising an efficient control one can get the things done by others. The process of controlling helps the line manager in discharging his responsibilities.

8. It is very clear that the manger can do little about the past. But from the past he can learn a lesson and take necessary action for the future.

11.11 IMPORTANCE OF CONTROLLING

1. Helps in guiding the actual performance

Control helps the mangers in measuring the actual performance and in guiding it towards the achievement of pre-determined performance.

2. Contributes to overall improvement in the organizational efficiency

By covering all managerial activities, control contributes to the overall improvement in the organizational efficiency.

3. Smoothens the working

Proper control smoothens the working of the organization.

4. Helps to maintain order and discipline

An efficient control system creates an atmosphere of order and discipline in the organization, as there is a regular check on the activities of the subordinates.

5. Increase the morale of the employees

By strengthening the functioning of the organization, control increases the morale of the employees.

6. Ensure the success of plans

Control ensures the success of plans, as the essence of control is the adherence to plans.

7. Facilities decisions-making

Control is basic to decision making. The process of control is complete only when corrective actions are taken and taking of corrective actions involves making the right decision as to what type of follow-up action to be taken.

8. Provides the basis for future corrective action

Control provides the basis for future corrective action as it is future oriented. It helps to reduce future mistakes.

9. Facilitates effective supervision

Control simplifies supervision and makes it effective by pointing out the significant deviations or variations.

10. Facilitates decentralization

Control facilitates decentralization of authority, without adequate controls, decentralization of authority cannot succeed.

11. Facilitates co-ordination

Control facilitates co-ordination as every manger has to co-ordinate the activities of his subordinates towards the achievement of the organizational goals in the process of exercising his function of controlling. In fact, controlling and coordinating are inter-related and inter-independent becomes easy when activities are well coordinated.

11.12 FEATURES OF EFFECTIVE MANAGERIAL CONTROL SYSTEM

Managerial control has certain features are:

1. Control is the function of every manager. Managers at all levels have to perform this function to contribute to the achievement of organisational objectives.

2. Control leads to appraisal of past activities. The deviations in the past are revealed by the control process. Corrective actions can be initiated accordingly.

3. Control is linked with future, as past cannot be controlled. It should anticipate possible deviations and to think of corrective action for the control of such deviations in the future. It is usually preventive as presence of control system tends to minimise wastages, losses and deviations from standards.

4. Control is concerned with setting standards, measurement of actual performance, comparison of actual performance with predetermined standards and bringing to light the variations between the actual performance and the standard performance.

5. Control implies taking corrective measures. The object in checking the variations or deviations is to rectify them and prevent their recurrence. It is only action which adjusts performance to predetermined standards whenever deviations occur.

6. Control can be exercised only with reference to and or the basis of plans. To quote Mary Cushing Niles, "Whereas planning sets the course, control observes deviations from the course or to an appropriately changed one".

7. To some people, control is opposite of freedom. This is not true. Control is based on facts and figures. Its purpose is to achieve and maintain acceptable productivity from all resources of an enterprise. Therefore, control aims at results and not at persons. It is for correcting a situation, and not for reprimanding persons.

8. Information or feedback is the guide to control. The feedback is helpful to the manager to determine how far the operations are proceeding in conformity with plans and standards, and where remedial action is called for.

9. Control involves continuous review of standards of performance and results in corrective action which may lead to change in the performance of other functions of management. This makes control a dynamic and flexible process.

10. Control is a continuous activity. It involves constant analysis of validity of standards, policies, procedures etc.

11.13 LIMITATIONS OF CONTROLLING

Controlling has the following limitations:

1. Control is an expensive process, as it involves a lot of time, effort and money.

2. Control system losses its effectiveness unless standards of performance can be defined in quantitative terms. But it is very difficult to set standards of performance in quantitative terns for human behaviour and employee morale.

3. Control loses its significance when it is not possible to fix accountability of the subordinates.

4. The success of controls mainly depends on the acceptance by one subordinate. But the subordinates may not accept the controls, when they feel that the controls will curtail their freedom.

5. An enterprise can have control only the internal factors. It cannot have control over the external factors, such as government place technological changes, social changes etc.

11.14 STEPS IN BASIC CONTROLLING PROCESS

Control process has four steps. Even though controls are placed at different stages of operations three phases are always present in each control cycle. Regardless of what is being controlled these elements are always involved. The steps are explained below.

1. Establishing Standards

In order to evaluate the performance, standards have to be established. Standards are in way levels of activities established by the management. The standards should have certain characteristics.

i) They must be clearly specified

ii) They must be understood but all the organizational members

iii) They should be defined in measurable terms

iv) Vague wording of the standards should be avoided. Standards should be precisely stated

v) In situation where it is not possible to quantify standards, efforts should be made to understood the qualitative goals and design the control mechanisms accordingly.

Some quantitative standards against which the performance can be measured are given below:

i) Time Standards: Here the goals are set on the basis of time involved in performing a particular task. It could be units produced per hour, number of pages typed per hour etc. work flow and employee output is better by using time standards.

ii) Cost Standards: These are goals in terms of cost involved. These indicate financial expenditure involved per unit of product. These standards are like monetary check posts and enable the comparison of actual costs with budgeted cost.

iii) Income Standards: These standards set in terms of finical rewards received for a particular activity. Examples: Sales volume per month, sales generated by a sales person per year etc.

iv) Market Share Standards: This is based on the percentage of the total market that a company wants to retain or further acquire.

v) Quality Standards: Standards are based on quality. These standards are used in quality control. But adherence to norms may vary depending on the nature of product involved. Space shuttle and aircraft manufacture have zero defect production requirements while other products may have less stringent quality standards.

vi) Productivity: These are expressed in numerical terms. These are set on the basis of past performance, degree of mechanizations, employee's skills and training required and motivation of employees. Example items produced per man hour

vii) Return on Investment: It is the ratio of net income to invested capital. It is a useful standard and it involves all facts of the business such as turnover sales, working capital, invested capital, inventory levels at given times, production costs, marketing costs and so on.

viii) Quantitative Personnel Standards: Personnel matters like morale and dedication can be measured to some degree by some quantitative standards. These standards may be the extent of employee turnover, number of grievances, quality performance and so on.

2. Measuring Performance

This is the second step in controlling process. It involves monitoring and measuring the actual performance. This includes collection of data regarding actual performance of the activity. Then a comparison can be made between what is to be accomplished and what is intended to be accomplished. It is an ongoing and repetitive process. The frequency of measurement depends upon the type of activity being measured. Continuous monitoring may be required in some cases like that of levels of gas particles in the air in case of manufacturing plant. Long term expansion objectives might be reviewed but the top management only once to twice a year.

According to Schumann there are five types of evaluation which are given below:

i) Effort: This involves the extent of input. The idea is to measure whether the input is adequate in meeting the set objectives. For example, the number of patient beds in a hospital would be a measure of input for providing health care. A person's performance may be measured but the number of calls he makes per day.

ii) Effectiveness: Since measurement of input is a poor indicator of results, measurement of output is also required to convey the degree of effectiveness. In case of employment agency, the number of client's placed in jobs would be a better measure than the number of applicants interviewed and counselled.

iii) Efficiency: Efficiency measures are useful for comparing the same process at different points of time or different processes with the same output. Efficiency relates output to input.

iv) Process: Here, the focus is on evaluation of process that converts efforts into results.

v) Measuring devices: The performance measures used in controlling organizational and individual performances should be valid as well as reliable. The measure should reflect its quality and consistency in obtaining results.

vi) Mechanized measuring devices: The performance measures used in controlling organizational and individual performances should be valid as well as reliable. The measure should reflect its Quality and consistency in obtaining results.

Some measuring devices are given below:

i) Mechanizes measuring devices: Variety of technical instruments is used to measure machine operations, product quality for size and ingredients and for production processes. These instruments may be mechanical, electronic or chemical in nature. Computers as measuring devices are becoming important nowadays.

ii) Ratio analysis: Various aspects of business operations are measured with the help of this tool. Ratio relates the business variables with one another. There are various ratios like net sales to working capital, net sales ration, net profit to tangible net worth ration, net profit to net working capital ratio, collection period etc. these ratios provide measuring yardsticks for liquidity, profitability.

iii) Comparative statistical analysis: Measuring involves comparison also. Similar operations of different companies can be compared or operations of any company can be compared with the industry average. Thai is in fact is a practical performance measuring methodology. Data pertaining to the required aspect is used in such cases. Statistical models can be used for such measurements and comparisons.

iv) Personal observations: To measure the performances of the personnel usually personal observation is followed. Observation can be formal or informal. Observation is generally day to day routine type. Informal discussions with the concerned persons also contribute to effective control. It allows for watching the work closely.

v) Sampling: Measurement can be done by considering only a sample, which is presumably typical of the whole. For some operations sampling does the work of measuring the performance. In some other cases, a hundred percent check is desirable.

3. Determining whether Performance Matches the Standard

This step is considered to be the easiest one because the complexities of the process are already dealt in the first two steps. This involves comparing measured results with the standards. If performance matches with the standard set, it is an indication that everything I sunder control. If not, taking corrective action becomes necessary.

4. Taking Corrective Action

The last step is the process of control is to take remedial action or corrective action. After identifying the deviations of the actual performance from the standard fixed and determining the causes for the deviations, remedial action has to be taken immediately so as to bring the work back to the desired course and to prevent the recurrence of adverse deviations in future. The top management generally takes the remedial action. In this context, it noted that remedial action will vary depending upon the causes of deviations.

The control actions or remedial actions can take the form of change in the methods of work, change in the assignments of tasks, change in the techniques of

direction, change in the organization structure, appointment of additional staff better training of workers, effective leadership, change in the standards set or even change in the organizational objectives.

11.15 OBJECTIVES OF CONTROLLING

However effective the plan may be, it goes awry without proper control. Organization environment has undergone lots of changes in recent years. Consequently the importance of control too has steadily grown. The factors which stress the importance of control can be listed as below:

i) To create better quality

"Quality in the work place has gone beyond creating a better than average product at good price and now refers to achieving increasingly better products and services at progressively more competitive prices. This includes doing things right the first time rather than making and correcting mistakes"-as Stoner, Freemen and Gilbert stay. Total quality management is essential for improvements in control. Process flaws can be found out, mistakes can be set right. Quality is a key to success. Control is inevitable in the process of creating better quality.

ii) To cope with change

Nothing is permanent in any organizational environment, except change. There will shift in the markets. There may be new products and services flocking into the market, there may be new competitors trying their way. New technologies may enter the field. Government may make amendments to the existing law or enact a new one. Threats and opportunities go on changing. Business has to take these with strengths and through identifying and overcoming its weakness. Control enables the mangers to detect changes that are affecting the organizations product.

iii) To create faster cycles

Speed with which the orders are filled is the 'standard' to be achieved by a business. Yet this speed alone looks as an outdated standard. Today's consumers expect not only speed but customized product and services. But both the attitudes require effective control.

iv) To add value

To succeed in today's highly competitive world, creating faster cycles is essential. Equally essential is adding value. Just increasing the quality of goods will not provide a competitive edge to the firm. Adding value is equally important and it makes the customers buy the product or service in preference to the competitors offering. Quality is achieved through enacting control procedures.

v) To facilitate delegation and team work

The traditional autocratic system had the impact of hampering employee's creativity. Today's trend is towards participative management. Everyone in the organization should be given a chance to contribute and participate.

11.16 PRE-REQUISITES OF EFFECTIVE CONTROL SYSTEM

Following are the prerequisites or effective control system:

1. Reflecting organizational needs

The control system adopted should suit the needs of a concern. Control system used in the finance department will be different from that used in the sales department or the production department. Similarly the control system for a capital intensive or machine based method of production is different from the control system that is needed in the labor intensive methods of production. Hence, the manger should choose such control system, which is appropriate to the nature and needs of a concern.

2. Promptness in reporting deviations

The control system enables subordinates to inform their superiors in time about their performance. This would help the mangers in detecting the deviations and also in taking prompt corrective actions.

3. Forward-looking controls

A good control system is one that detects deviations early so as to enable the manger to take quick corrective action. For example, cash control forecasts cash needs will in advance and the manger is enabled to take corrective action immediately in case there is any deviations from the forecast.

4. Objective control

Controls should be objective. Objective clarifies the expected results in clear and definite term and they are provided the control standards by which actual performance can be measured.

5. Flexible control Economical control

Plans and other predetermined standards or criteria need to be altered from time to time. Hence the control system should be flexible so that it can be adjusted.

6. Economical control

The control system should be economical. The benefits derived by the business concern from a control system are more than the cost involved in its maintenance.

7. Simple controls

To be effective controls must be simple and easily understandable to the manger as well as to the subordinates. The manager practices a control system, which is complicated and not intelligible.

8. Correction action

The control system should not only detect deviations from predetermined standards but also should provide solution to the problems that are responsible for deviations. In fact this can be said to be an important factor on which the effectiveness of control system depends. In the words of Koontz and O' Donnell, "An adequate system should disclose where failures are occurring, who is responsible for them what should be done about them."

9. Acceptable to organization members

The system should be acceptable to organization members. When upper level managers set standards unilaterally, there is a danger that employees will regard those standards as unreasonable or unrealistic. They may then refuse to meet them. Status differences between individuals also have to be recognized. Individuals who have to report deviations to someone they perceive as lower level staff members may stop taking the control system seriously.

10. Reveal exceptions at strategic points

The control system should be such as reveal exceptions at strategic points. Small exceptions in certain areas have greater significance than larger deviations in other areas. Five percent deviations from the standards in office labour cost are more important than 20 percent deviations from the standards in cost of postage stamps. That we can quantify something is no reason for measuring it. The question is "Is this what a manger's attention should be focused on?"

11. Motivation people to high performance

A control system is most effective when it motivates people to high performance. Since most people respond to a challenge, successfully meeting a tough standard may well provide a grater sense of accomplishment than meeting as easy standard. However, if a target is so tough that it seems impossible to meet, it will be more likely to discourage than to motivate effort. Standards that are too difficult to attain, therefore, cause the performance of organization members to decline.

12. Other requirement

Control should be such which should be positive, constructive and must be

helpful and also provide guidance to the employees. Further the manager should recognize the importance of human beings in the control system.

11.17 DIMENSIONS/ TYPES OF CONTROL

Controls can be classified as follows:

A. On the basis of timing

Control can focus on events before, during, or after a process. For example, a local automobile dealer can focus on activities before, during, or after sales of new cars. Such controls may be respectively called as Preventive, Detective, and Corrective.

B. On this basis the control

    1. Feed Forward Control

    2. Concurrent Control

    3. Feedback Control

1. Feed forward Control

The objective of feed forward control or preliminary control is to anticipate the likely problems and to exercise control even before the activity has started or problem has occurred or been reported. It is future directed.

This kind of control is very popular in airlines. They go in for preventive maintenance activities to detect and prevent structural damage, which may result in disaster. These controls are evident in the selection and hiring of new employees. It helps in taking action beforehand.

In case of feedback control, one relies on historical data, which will come after the activity has been performed. This means information is late and the rectification is not possible. One can make correction only for future activities.

That means whatever wrong has been done is done, and it cannot be undone. Though, future-directed control is largely disregarded in practice, because managers have been excessively dependent on accounting and statistical data for the purpose of control. In the absence of any means of looking forward, reference to history is considered better than no reference at all.

However, the concept of feed forwarding has been applied now and then. One common way managers have practised it is through careful and repeated forecasts using the latest available information, comparing what is desired with the forecasts, and introducing program changes so that forecasts can be made more promising.

2. Concurrent Control

Concurrent control monitors ongoing employee activity to ensure consistency with quality standards takes place while an activity is on or in progress. It involves the regulation of ongoing activities that are part of transformation process to ensure that they conform to organizational standards. The technique of direct supervision is the best-known form of concurrent control. Concurrent control is designed to ensure that employees' activities produce the correct results and to correct the problems, if any, before they become costly.

In case of computer typing, if the spelling is wrong or construction is incorrect, the programme immediately alerts the user. Many manufacturing operations include devices that measure whether the items being produced meet quality standards.

Since concurrent control involves regulating ongoing tasks, it requires a complete understanding of the specific tasks involved and their relationship to the desired and product.

Concurrent control sometimes is called steering, screening or yes-no control, because it often involves checkpoints at which decisions are made about whether to continue progress, take corrective action, or stop work altogether on products or services.

3. Feedback Control

The control takes place after the job is over. Corrective action is taken after analysing variances with the planned standards at the end of the activity. It is also known as 'post action control', because feedback control is exercised after the event has taken place.

Such control is used when feed forward or concurrent is not possible or very costly; or when exact processes involved in performing a work is difficult to specify in advance.

The twin advantages of feedback control are that meaningful information is received with regard to planning efforts, and feedback control enhances employee motivation.

C. On the basis of designing Control Systems

Three approaches may be followed while designing control systems, viz., Market Control, Bureaucratic Control, and Clan Control. However, most organisations do not depend only on just one of them.

1. Market Control

Control is based upon market mechanisms of competitive activities in terms of price and market share. Different divisions are converted into profit centers and

their performance is evaluated by segmental top line (turnover), bottom line (profit) and the market share.

Using market control will mean that the managers in future will allocate resources or create departments or other activities in line with the market forces.

2. Bureaucratic Control

Bureaucratic control focuses on authority, rule and regulations, procedures and policies. Most of the public sector units in India go in for bureaucratic control.

If they do not go by the rulebook, the legislative committees and the ministries under whom they work will reprimand them. In a hospital no medicine can be used unless the prescription is there and it is recorded in the issue register, even if the patient may die in between.

3. Clan Control

The control systems are designed in a way that give way to shared vision, shared values, norms, traditions and beliefs, etc., part of the organisational culture.

It is not based upon hierarchical mechanisms, but work-related and performance measures. This kind of control is most suitable for the organisations which use team style of work groups and where technology changes very fast.

D. On the basis of Levels

People at different level have different planning responsibilities, so do they undertake controlling. On the basis of levels controls, can be categorised as Operational, Structural, Tactical, and Strategic.

1. Operational Control

Its focus remains upon the processes used by the organisation for transforming the inputs (resources) into outputs (products/services). Operational controls are used at the lower management. It is exercised almost every day. Quality control, financial controls are part of operational controls.

2. Structural Control

Are the different elements of organisation structure serving their intended aims? Is there overstaffing? Is the ratio of staff to line increasing? Necessary action is to be undertaken.

Two important forms of structural control can be bureaucratic control and clan control, about which we have already talked. Structural control is exercised by top and middle management.

3. Tactical Control

Since tactical control deals with the departmental objectives, the controls are largely exercised by middle management levels.

4. Strategic Control

Strategic controls are early warning systems. Strategic control is the process to determine whether the effectiveness of a corporate, business and functional strategies are successful in helping organisations to meet its goals. Strategic controls are exercised by top level management.

E. On the basis of Responsibility

Who has the responsibility of controlling? The responsibility may rest with the person executing the things or with the supervisor or manager. This way control may be internal and external.

Internal control permits highly motivated people to exercise self-discipline. External control means that the thread of control is in the hands of supervisor or manager and control is exercised through formal systems.

11.18 REQUIREMENTS OF ADEQUATE CONTROL- HUMAN RESPONSE TO CONTROL

A control system is not an automatic phenomenon but deliberately created. Though different organisations may design their control systems according to their unique and special characteristics or conditions, yet in designing a good and effective control system the following basic requirements must be kept in view:

1. Focus on Objectives and Needs

The effective control system should emphasise on attainment of organizational objectives. It should function in harmony with the needs of the enterprise. For example, the personnel department may use feed forward control for recruiting a new employee, and concurrent control for training.

At the shop level, control has to be easy, but more sophisticated and broad ranging controls may be developed for higher level managers. Thus, controls should be tailored to plans and positions.

2. Immediate Warning and Timely Action

Rapid reporting of variations is at the core of control. An ideal control system could detect, not create bottlenecks and report significant deviation as promptly as possible so that necessary corrective action may be taken well in time. This needs an efficient system of appraisal and timely flow of information.

3. Indicative, Suggestive as well as Corrective

Controls should not only be able to point to the deviations, but they should also suggest corrective action that is supposed to check the recurrence of variations or problems in future.

Control is justified only if indicated or experienced deviations from plans are corrected through appropriate planning, organizing, staffing and directing. Control should also lead to making valuable forecasts to the managers so that they become aware of the problems likely to confront them in the future.

4. Understandable, Objective and Economical

Controls should be simple and easy to understand, standards of performance are quantified to appear unbiased, and specific tools and techniques should be comprehensive, understandable, and economical for the managers.

They must know all the details and critical points in the control device as well as its usefulness. If developed and complex statistical and mathematical techniques are adopted, then proper training has to be imparted to managers.

Standards should be determined based on facts and participation. Effective control systems must answer questions such as, "How much does it cost?" "What will it save?" or "What are the returns on the investment?"

The benefits of controls should outweigh the costs. Expensive and elaborate control systems will not suit, for example to small enterprise.

5. Focus on Functions and Factors

Control should emphasis the functions, such as production, marketing, finance, human resources, etc and focus on four factors – quality, quantity, timely use and costs. Not one, but multiple controls should be adopted.

6. Strategic Points Control

Control should be selective and concentrate on key result areas of the company. Every detail or thing cannot and is not to be controlled in order to save time, cost and effort.

Certain strategic, critical or vital points must be identified along with the expectations at those points where failures cannot be tolerated and appropriate control devices should be designed and imposed at those stages.

Controls are applied where failure cannot be tolerated or where costs cannot exceed a certain amount. The critical points include all the areas of an organization's operations that directly affect the success of its key operations.

7. Flexibility

Control must not become ends in themselves. It must be environment friendly and be able to make modifications or revisions necessitated by the rapidly changing and complex business environment. Flexibility in control system is generally achieved by the use of alternative plans or flexible budgets.

8. Attention to Human Factor

Excess control causes corruption. It should not arouse negative reactions but positive feelings among people through focus on work, not on people. The aim of control should be to create self-control and creativity among members through enmeshing it in the organisational culture. Employee involvement in the design of controls can increase acceptance.

9. Suitability

Controls have to be consistent with the organization structure, where the responsibility for action lies, position, competence, and needs of the individuals who have to interpret the control measures and exercise control. The higher the quality of managers and their subordinates, the less will be the need for indirect controls.

11.19 METHODS OF ESTABLISHING CONTROL OR TECHNIQUES OF CONTROL

A number of techniques or tools are used for the purposes of managerial control. Some of the techniques are used for the control of the overall performance of the organization and some areas used for controlling specific areas or aspects like costs, sales etc.

The various techniques of control are as follows:

1. Budgetary Control Technique

Budgetary device two aspects, preparation of budget which is concerned more with planning and implementation of budget which seems to be more related to control. Budgets are useful tool of control because they facilitate measurement, comparison, monitoring and evaluation of organizational activities which have been expressed in monetary terms as against budgetary estimates. Budgetary control is considered as one of the most important traditional control device. However, to exercise control over day-to-day operations of organization by way of preparing various budgets and getting them executed is known as budgetary control. The institute of Cost and Management Accountants of England and Wales has defined budgetary control as "the establishment of objective relating to the responsibility

of execution to the requirement of a policy and the continuous comparison of actual and budgetary results either to secure by individual action, the objective of that policy or provide a basis its revision".

Characteristics of Effective Budgetary Control

Following are the features of an effective budgetary control system:

1. Budgets should be result oriented.

2. Goals should be realistically established.

3. There should be provision for periodic evaluation and assessment of performance.

4. Budgets allocated should be appropriate for the established goals.

5. Duties and responsibilities for all operations should be well defined and rightly assigned.

6. Budgets should be based on documental fair and objective.

7. Communication should be effective so that timely information on deviations should be available to the mangers. A quick and two-way communication is needed.

Advantages

1. It establish clear and unambiguous standard of performance from a set period of time, usually a year at a periodic interval within that period actual performance may be compared with budgeted figure, deviations can quickly be detected and acted upon for improvements.

2. It also establishes clear relationship and because balance between inputs such as material, labour, capital and time and the output such as production, profit and performance.

3. Budgeting is also used for co-coordinating activities of various departments of organization. Thus production should bear logical relation with sales and sales budget cannot be prepared without knowing production programmes and schedules. Not only has the act of preparing budget but integrating them into master budget facilitated co-ordination.

4. It is an effective device control for management. It enables the manger to compare and measure actual performance against predetermined budgetary standards and act accordingly to control the situation or performance.

5. Budgetary control facilities management by exception because, it helps in attracting attention and efforts of manager on those operations which deviates in significant way from budgeted standards.

6. Budgets provide allocation of resources for various operations and departments according to their requirements. They also indicate direction in which these resources have to be utilized to lead maximum effective use of the resources of organization.

7. Budgets are important instruments of managerial planning and control. They prescribe time bound targets or results and determine future course of action for achieving those targets and state of future uncertainty is tackled in effective way.

Types of Budgets

Budgets may be classified on the basis of purpose for which they are prepared. On this basis we have the following types of budgets.

i) Cash Budget

This budget gives the estimated receipts and payments from the budget period and indicates the position of cash arising from it. It shows that cash requirements at various times.

ii) Capital Budget

It gives the estimated receipts and payments for the budget period and indicates the position of cash arising from it. It shows the cash requirements at various times of the budget period and helps the management in planning and arraigning cash from the business concern.

iii) Sales Budget

It gives comprehensive sales programme and plans for a specific period. It states the sales potential in terms of quality, values, period, product etc.

iv) Selling and Distribution Cost Budget

It gives the cost of selling and distribution of the products during the budget period. It includes costs of selling and distribution such as cost of insurance packing, storing, and market research.

v) Production Budget

It is based on the production gives the estimated requirements of labour for carrying out the estimated production during the budget period. It may state both direct and indirect labour requirements. Generally the personnel department prepares the labour budget in coordination with other concerned departments.

vi) Production Cost Budget

It is based on the production budget; it lays down the estimated cost of carrying out plans relating to production.

vii) Labour Budget

It gives the estimated requirements of labour for carrying out the estimated production during the budget period. It may state both direct and indirect labour requirements. Generally the personnel department prepares the labour budget in coordination with other concerned departments.

viii) Raw Materials Budget

This budget which is prepared by the production department gives the estimated requirements of raw materials of different types for carrying out production during the budget period.

ix) Production Overhead Budget

This lays down the estimates of all production overhead to be incurred for carrying out the estimated production during the budget period. It breaks up the production overhead into fixed overhead, variable overhead and semi-variable overhead.

x) Master Budget

Master budget is summary of all functional budgets and indicates how they affect the business as a whole.

2. Inventory Control

Inventory control is a system which ensures the provision of the required quantity of inventories of the right quality and at the right time with a reasonable amount of capital investment. It aims at obtaining the maximum inventory turnover with sufficient stock to meet all requirements.

Benefits of Inventory Control

i) It ensures maintenance of better balance among the quantities of finished items on hand.

ii) It ensures better development of field warehouse inventories.

iii) Keeps down the manufacturing cost through better utilization of labour, supervision and elimination of idle time due to shortage of raw materials.

iv) It helps to reduce in investment in inventories, inventory carrying cost and obsolescence.

v) It eliminates duplication in ordering, reduction in purchase material costs through measurement.

vi) It ensures better utilization of available materials in arranging inter department transfer.

vii) Minimizing inventory losses that result from market value decline, spoilages, deterioration, product obsolescence etc.

viii) It provides a check against loss of materials through thefts, pilferage etc.

Techniques of Inventory Control

The various techniques of inventory control are:

a) Economic Order Quantity (EOQ)

Economic order quantity is the order quantity that minimizes total inventory holding costs and ordering costs. When the size of an order minimizes the total inventory cost it is known as the EOQ. The best lot size will result in adequate inventory to reduce some costs.

EOQ applies only when demand for a product is constant over the year and each new order is delivered in full when inventory reaches zero. There is a fixed cost for each order placed, regardless of the number of units ordered. There is also a cost for each unit held in storage, sometimes expressed as a percentage of the purchase cost of the item.

The required parameters to the solution are the total demand for the year, the purchase cost for each item, the fixed cost to place the order and the storage cost for each item per year. Note that the number of times an order is placed will also affect the total cost, though this number can be determined from the other parameters.

Assumptions of EOQ

i) The ordering cost is constant.

ii) The rate of demand is known, and spread evenly throughout the year.

iii) The lead time is fixed.

iv) The purchase price of the item is constant i.e. no discount is available

v) The replenishment is made instantaneously; the whole batch is delivered at once.

vi) Only one product is involved.

Economic order quantity (EOQ) is that size of the order which gives maximum economy in purchasing any material and ultimately contributes towards maintaining the materials at the optimum level and at the minimum cost. In other words, the economic order quantity (EOQ) is the amount of inventory to be ordered at one time for purposes of minimizing annual inventory cost.

The quantity to order at a given time must be determined by balancing two factors: (1) the cost of possessing or carrying materials and (2) the cost of acquiring or ordering materials. Purchasing larger quantities may decrease the unit cost of acquisition, but this saving may not be more than offset by the cost of carrying materials in stock for a longer period of time.

Formula of Economic Order Quantity (EOQ)

The different formulas have been developed for the calculation of economic order quantity (EOQ). The following formula is usually used for the calculation of EOQ.

$$EOQ = \sqrt{\frac{2 \times S \times O}{C}}$$

S = Annual Usage (sales) in units

O = Order cost per order

C = The carrying cost per unit per period

Q = The order quantity

Annual Usage

Expressed in units, this is generally is based on prior year unit sales, forecasted unit sales, a combination of both, or even last 6 months unit sales extrapolated based on current market conditions thing is you can pick and choose what is best in your situation.

Order Cost

This is the sum of the costs that are incurred each time an item is ordered. These costs are associated with physical activities required to process the order as well as the costs charged to ship and receive the stock. The typical costs are: typical ABC functions (cost to enter the purchase order, cost to communicate with the vendor, the cost to process the receipt, incoming inspection, invoice processing and vendor payment), inbound freight and insurance associated with shipment.

Carrying cost

Carrying costs are the variable costs PER UNIT of holding an item in inventory. Below are the primary components of carrying cost.

Interest

If you borrow money to pay for your inventory, the interest charged should be part of the carrying cost. If not - you should compute an opportunity cost at a rate that you could otherwise earn on the funds tied up in inventory.

Insurance

Since insurance costs are directly related to the total value of the inventory, you would include this as part of carrying cost.

Taxes

If you are required to pay any taxes on the value of your inventory they would also be included.

Storage Costs

Storage costs should only include costs that are variable based upon inventory levels.

b) ABC analysis

ABC analysis refers to the inventory control technique which attempts to relate how the inventory value is concentrated among the individual items. This is also called as Always Better Control. ABC analysis works on the basis of total annual usage value.

The ABC analysis is a business term used to define an inventory categorization technique often used in materials management. It is also known as Selective Inventory Control. Policies based on ABC analysis:

i) 'A' items: very tight control and accurate records.

ii) 'B' items: less tightly controlled and good records.

iii) 'C' items: simplest controls possible and minimal records.

The ABC analysis provides a mechanism for identifying items that will have a significant impact on overall inventory cost, while also providing a mechanism for identifying different categories of stock that will require different management and controls.

The ABC analysis suggests that inventories of an organization are not of equal value. Thus, the inventory is grouped into three categories (A, B, and C) in order of their estimated importance.

'A' items are very important for an organization. Because of the high value of these 'A' items, frequent value analysis is required. In addition to that, an organization needs to choose an appropriate order pattern (e.g. 'Just- in- time') to avoid excess capacity.

'B' items are important, but of course less important, than 'A' items and more important than 'C' items. Therefore 'B' items are intergroup items.

'C' items are marginally important.

c) VED analysis

VED stands for Vital Essential and Desirable. It is ideally suited for classification of maintenance spare parts. VED Analysis attempts to classify the items used into three broad categories, namely Vital, Essential, and Desirable. The analysis classifies items on the basis of their criticality for the industry or company.

i) Vital: Vital category items are those items without which the production activities or any other activity of the company, would come to a halt, or at least be drastically affected.

ii) Essential: Essential items are those items whose stock out cost is very high for the company.

iii) Desirable: Desirable items are those items whose stock-out or shortage causes only a minor disruption for a short duration in the production schedule. The cost incurred is very nominal.

VED Analysis is very useful to categorize items of spare parts and components. In fact, in the inventory control of spare parts and components it is advisable, for the organization to use a combination of ABC and VED Analysis. Such control system would be found to be more effective and meaningful.

d) SDE analysis

'S' means scarce (limited) items which are generally imported.

'D' means difficult to procure items for which reliable supply source is not available.

'E' means easily available items.

e) HML analysis (based on unit cost)

In HML analysis, unit cost in considered.

'H' means high unit cost items.

'M' means medium unit cost items.

'L' means low unit cost items.

f) FSN analysis (based on consumption rate)

This analysis helps in arrangement of the stock in stores and its distribution and handling methods.

'F' means fast moving items.

'S' means slow moving items.

'N' means non moving items.

FSN Analysis aims at classifying items on the basis of their movement from Inventory. Here the items are classified as Fast, Slow and Non-moving items taking into consideration both

1) Average stay of the item in Inventory and

2) Consumption rate of the item.

g) Minimum - Maximum technique

The minimum maximum system is used for manual inventory control system. The minimum quantity in established in the same way as at any re-order point. Maximum is worked out as the total of minimum quantity and the optimum lot size.

After a careful examination of your inventory needs, you set two lines – one at the top and one at the bottom of how much of each product you must keep on hand. When you reach the bottom line, you order enough of that product so you won't go above the top line. As long as you're somewhere in the middle, you're okay.

i) Pros: This method is simple and it makes the task of balancing inventory fairly straightforward.

ii) Cons: Its simplicity could lead to trouble because you might order too many products or run out before they arrive.

h) Two Bins Technique

Under this technique the stock of each item is put into two bins. One bin is just enough for the stock to last from the date of placement of a new order to the date of receipt of inventory. The next bin covers a quantity of stock large enough to satisfy probable demand during the period of replacement.

In this system, you have a main bin and a backup bin of products. You normally use the main bin, but once you run out and need to reorder, you use the backup bin to fill orders until the new products are received.

i) Pros: You've always got spare products for emergencies and sudden rises in demand.

ii) Cons: The products in the backup bin could spoil or become obsolete unless they are cycled into the main bin every now and then. Also, you need to keep an eye on your carrying costs.

Two bins system is used for the material control. It is that technique of material control in which we have two bins, one is used for in use minimum stock and second bin is used for reserve stock or to keep the remaining quantity of material. This system of inventory control is also called in USA kanban. First bin is utilized for issuing the material for production and then, second bin is used. Its record is done on bin cards and store ledger card.

i) Just-in-Time (JIT)

It is a philosophy of seeking excellency and eliminating waste in the manufacturing process. It includes: (i) People involvement (ii) Total quality control (iii) JIT production.

The principle of Just in time (JIT) is to eliminate sources of manufacturing waste by getting right quantity of raw materials and producing the right quantity of products in the right place at the right time. The main purpose of this project is to provide information to the people who are interesting in knowing JIT.

3. The Program Evaluation and Review Technique (PERT)

The Program Evaluation and Review Technique is called as PERT, which is a model for project management designed to analyze and represent the tasks involved in completing a given project.

Various activities in PERT

A PERT activity is the actual performance of a task. It consumes time, it requires resources such as labour, materials, space, machinery and it can be understood as representing the time, effort, and resources required to move from one event to another. A PERT activity cannot be completed until the event preceding it has occurred:

i) Optimistic time (O): the minimum possible time required to accomplish a task, assuming everything proceeds better than is normally expected

ii) Pessimistic time (P): the maximum possible time required to accomplish a task, assuming everything goes wrong (but excluding major catastrophes).

iii) Most likely time (M): the best estimate of the time required to accomplish a task, assuming everything proceeds as normal.

iv) Time Expected (TE): the best estimate of the time required to accomplish a task, assuming everything proceeds as normal (the implication being that the expected time is the average time the task would require if the task were repeated on a number of occasions over an extended period of time).

$$TE = (O + 4M + P) \div 6$$

Advantages of PERT

i) PERT chart explicitly defines and makes visible dependencies (precedence relationships) between the WBS elements

ii) It facilitates identification of the critical path and makes this visible

iii) PERT facilitates identification of early start, late start, and slack for each activity,

iv) It provides for potentially reduced project duration due to better understanding of dependencies leading to improved overlapping of activities and tasks where feasible.

Disadvantages of PERT

i) There can be potentially hundreds or thousands of activities and individual dependency relationships.

ii) The network charts tend to be large and unwieldy requiring several pages to print and requiring special size paper.

iii) The lack of a timeframe on most PERT/CPM charts makes it harder to show status although colours can help.

iv) When the PERT/CPM charts become unwieldy, they are no longer used to manage the project.

4. Critical Path Method (CPM)

The Critical Path Method (CPM) is a mathematically based algorithm for scheduling a set of project activities. It is an important tool for effective project management.

Basic Techniques of CPM

i) Expansion: The critical path method considered only logical dependencies between terminal elements. Since then, it has been expanded to allow for the inclusion of resources related to each activity, through processes called activity-based resource assignments and resource levelling.

ii) Flexibility: A schedule generated using critical path techniques often is not realised precisely, as estimations are used to calculate times: if one mistake is made, the results of the analysis may change. This could cause an upset in the implementation of a project if the estimates are blindly believed, and if changes are not addressed promptly.

5. Quality Control

Quality control is a process by which entities review the quality of all factors involved in production. Quality control emphasizes testing of products to uncover

defects and reporting to management who make the decision to allow or reject product release.

Functions of Quality Control

The quality control process identifies three basic functions which are as follows.

1. Acceptance function: This is nothing but inspection of products to ensure that they are up to expected specifications there by separating or rejecting those which are defective or of substandard.

2. Preventive function: It represents the identification of defects in materials, components, machine processes or employees to fix the responsibility of defectives with a view to avoid or minimize occurrence of defectives.

3. Assurance function: It stands for verification that every quality feature or a product is assured to meet a predetermined performance standard at each stage in the manufacturing cycle.

6. Statistical Quality Control (SQC)

Statistical Quality Control refers to the use of statistical methods in the monitoring and maintaining of the quality of products and services. This is the control over product quality using statistical tools. Samples can be either is taken by attributes or by variables.

11.20 SUMMARY

The concept of control visualizes a system that not only provides a historical record of what has happened to the business as a whole but also pinpoints the reasons why it has happened and provides data that enable the manager to take corrective steps, if he finds he is on the wrong track. Therefore, there is no intention to punish the person for wrongdoing, but to find out the deviations between the actual performance and the standard performance and to take steps to prevent such variances in future.

Control is one of the important functions of management. Managerial functions start with planning and end at controlling and other functions of management act as the connecting link between planning and controlling.

Control is the process to find out whether actions are being taken as planned and taking corrective actions to make them confirm to plans and then to take the necessary steps to prevent the occurrence of variations in future.

Controlling refers to the process that measures current performance and guides it towards some predetermined objectives.

Management control is an internal control performed by one or more manager's internal control. This is an accounting procedure or system designed to promote efficiency or assure the implementation of a policy or safeguard assets or avoids fraud and error etc.

Controlling is the process of monitoring activities to ensure that they are being accomplished as planned and of correcting any significant deviations.

The control system adopted should suit the needs of a concern. Control system used in the finance department will be different from that used in the sales department or the production department. Similarly the control system for a capital intensive or machine based method of production is different from the control system that is needed in the labor intensive methods of production. Hence, the manger should choose such control system, which is appropriate to the nature and needs of a concern.

The control system enables subordinates to inform their superiors in time about their performance. This would help the mangers in detecting the deviations and also in taking prompt corrective actions.

A good control system is one that detects deviations early so as to enable the manger to take quick corrective action. For example, cash control forecasts cash needs will in advance and the manger is enabled to take corrective action immediately in case there is any deviations from the forecast.

Controls should be objective. Objective clarifies the expected results in clear and definite term and they are provided the control standards by which actual performance can be measured.

Concurrent control monitors ongoing employee activity to ensure consistency with quality standards takes place while an activity is on or in progress. It involves the regulation of ongoing activities that are part of transformation process to ensure that they conform to organizational standards. The technique of direct supervision is the best-known form of concurrent control. Concurrent control is designed to ensure that employees' activities produce the correct results and to correct the problems, if any, before they become costly.

Bureaucratic control focuses on authority, rule and regulations, procedures and policies. Most of the public sector units in India go in for bureaucratic control.

If they do not go by the rulebook, the legislative committees and the ministries under whom they work will reprimand them. In a hospital no medicine can be used unless the prescription is there and it is recorded in the issue register, even if the patient may die in between.

Strategic controls are early warning systems. Strategic control is the process to determine whether the effectiveness of a corporate, business and functional

strategies are successful in helping organisations to meet its goals. Strategic controls are exercised by top level management.

Budgetary device two aspects, preparation of budget which is concerned more with planning and implementation of budget which seems to be more related to control. Budgets are useful tool of control because they facilitate measurement, comparison, monitoring and evaluation of organizational activities which have been expressed in monetary terms as against budgetary estimates. Budgetary control is considered as one of the most important traditional control device. Master budget is summary of all functional budgets and indicates how they affect the business as a whole. Inventory control is a system which ensures the provision of the required quantity of inventories of the right quality and at the right time with a reasonable amount of capital investment. It aims at obtaining the maximum inventory turnover with sufficient stock to meet all requirements.

ABC analysis refers to the inventory control technique which attempts to relate how the inventory value is concentrated among the individual items. This is also called as Always Better Control. ABC analysis works on the basis of total annual usage value.

The principle of Just in time (JIT) is to eliminate sources of manufacturing waste by getting right quantity of raw materials and producing the right quantity of products in the right place at the right time. The main purpose of this project is to provide information to the people who are interesting in knowing JIT.

11.21 GLOSSARY

a) Control: Control is the process to find out whether actions are being taken as planned and taking corrective actions to make them confirm to plans and then to take the necessary steps to prevent the occurrence of variations in future.

b) Controlling: Controlling refers to the process that measures current performance and guides it towards some predetermined objectives.

c) Management Control: Management control is an internal control performed by one or more manager's internal control. This is an accounting procedure or system designed to promote efficiency or assure the implementation of a policy or safeguard assets or avoids fraud and error etc.

d) Concurrent Control: Concurrent control is designed to ensure that employees' activities produce the correct results and to correct the problems, if any, before they become costly.

e) Bureaucratic Control: Bureaucratic control focuses on authority, rule and regulations, procedures and policies. Most of the public sector units in India go in for bureaucratic control.

11.22 ANSWER TO CHECK YOUR PROGRESS/ POSSIBLE ANSWERS TO SAQ

11.22.1 Short answer questions

1. Define the term Control.

2. What is controlling?

3. State any two pre-requisites for controlling.

4. What is EOQ?

5. What is Quality Control?

11.22.2 Extended answer questions

1. Discuss importance of controlling.

2. Explain objectives of controlling.

3. Discuss various steps in basic control process.

4. Explain pre-requisites of controlling.

5. Discuss about requirements of adequate control-human response to control.

6. Explain various dimensions/ types of control.

11.22.3 True-false

1. Control is the process to find out whether actions are being taken as planned and taking corrective actions.

2. Environmental control is an internal control performed by one or more manager's internal control.

3. Control system used in the finance department will be different from that used in the sales department or the production department.

4. Bureaucratic control focuses on authority, rule and regulations, procedures and policies. Most of the public sector units in India go in for bureaucratic control.

5. Inventory control is a system which ensures the provision of the required quantity of inventories of the right quality and at the right time with a reasonable amount of capital investment.

11.22.4 Multiple-choice

1. What is the process to find out whether actions are being taken as planned and taking corrective actions?

a) Control

b) Organizing

c) Directing

d) All the above

2. What is an internal control performed by one or more manager's internal control?

a) Environment

b) Management control

c) Operational Control

d) None of the above

3. Which of the following focuses on authority, rule and regulations, procedures and policies. Most of the public sector units in India go in for bureaucratic control?

a) Bureaucratic control

b) Management control

c) Operational Control

d) None of the above

11.22.5 Fill-in-the-blanks

1. Control is the process to find out whether actions are being taken as planned and taking…………………...

2. ………………is an internal control performed by one or more manager's internal control.

3. Control system used in the finance department will be different from that used in the sales department or the…………………..

4. ………………..is a system which ensures the provision of the required quantity of inventories of the right quality and at the right time with a reasonable amount of capital investment.

11.23 POSSIBLE ANSWERS TO SELF ASSESSMENT QUESTIONS

11.22.3 1. True 2. False 3. True 4.True 5. True

11.22.4 1. (a) 2. (b) 3. (a)

11.22.5 1. Corrective actions 2. Management control 3. Production department 4. Inventory control

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11.26 TERMINAL QUESTIONS

1. Discuss about requirements of effective control system for better management practices.

2. Why do people oppose control? Give all reasons.

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UNIT 12 INTRODUCTION TO INDIVIDUAL AND ORGANIZATIONAL BEHAVIOUR

12.1 INTRODUCTION

Organizational behavior (OB) is the study of the way people interact within groups. This is applied in an attempt to create more efficient business organizations. The central idea of the study of organizational behavior is that a scientific approach can be applied to the management of workers. Organizational behavior theories are used for human resource purposes to maximize the output from individual group members.

12.2 OBJECTIVES

After studying this unit you will be able to understand:

Organization Behaviour

Overview of Organization Behaviour

Meaning of Organization Behaviour

Importance of Organization Behaviour

Field of Organization Behaviour

Contributing Disciplines

Applications in Industry

12.3 OVERVIEW TO ORGANIZATION BEHAVIOUR

Organizational behaviour is the study and application of knowledge about how people as individuals and as groups act within organizations. It can be defined as the understanding, prediction and management of human behaviour in organizations. OB is related to other disciplines like Organizations Theory, Organization Development and Personnel/Human Resources Management.

Henry Mintzberg classified management roles depending on the extent of interpersonal relationships, the transfer of information and decision-making involved in the job. Managers need certain skills and competencies to successfully achieve their goals. The most significant management skills are the technical, human and conceptual skills. People develop generalizations by observing, sensing, asking and listening to various people around them. They use these generalizations to explain or predict the behaviour of others. A systematic approach to the study of behaviour will bring to light important facts and relationships that provide the basis for more accurate understanding, prediction and control of behaviour. It is important to know how a person perceives a situation to predict his behaviour. There are differences as well as consistencies that can be seen in people's behaviour.

The study of Organizational Behaviour (OB) is very interesting and challenging too. It is related to individuals, group of people working together in teams. The study becomes more challenging when situational factors interact. The study of organizational behaviour relates to the expected behaviour of an individual in the organization. No two individuals are likely to behave in the same manner in a particular work situation. It is the predictability of a manager about the expected behaviour of an individual. There are no absolutes in human behaviour. It is the human factor that is contributory to the productivity hence the study of human behaviour is important. Great importance therefore must be attached to the study. Researchers, management practitioners, psychologists, and social scientists must understand the very credentials of an individual, his background, social framework, educational update, impact of social groups and other situational factors on behaviour. Managers under whom an individual is working should be able to explain, predict, evaluate and modify human behaviour that will largely depend upon knowledge, skill and experience of the manager in handling large group of people in diverse situations. Pre-emptive actions need to be taken for human behaviour forecasting. The value system, emotional intelligence, organizational culture, job design and the work environment are important causal agents in determining human behaviour. Cause and effect relationship plays an important role in how an individual is likely to behave in a particular situation and its impact on productivity. An appropriate organizational culture can modify individual behaviour. Recent trends exist in laying greater stress on organizational development and imbibing a favourable organizational culture in each individual. It also involves fostering a team spirit and motivation so that the organizational objectives are achieved. There is a need for commitment on the part of the management that should be continuous and incremental in nature.

Human relations movement refers to the researchers of organizational development who study the behaviour of people in groups, in particular workplace groups. It originated in the 1930s' Hawthorne studies, which examined the effects of social relations, motivation and employee satisfaction on factory productivity. The movement viewed workers in terms of their psychology and fit with companies, rather than as interchangeable parts. The hallmark of human-relation theories is the primacy given to organizations as human cooperative systems rather than mechanical contraptions.

Human behaviour is a very complex, no matter how you try to discuss it or even attempt an explanation of how and why we function the way we do! According to a few well-known psychologists "Myers-Briggs" and "Kersey" there are about sixteen distinct personality types, which define our personality. And somewhere mixed into all of this information they can tell us if we are either an extroverted or introverted type of person.

Human may be physically alike but not behaviourally. In fact, the same person behaves differently in different situations. This is due to the influence of various factors. The important among them include: various models of man like Economic Man, Social Man, Organization Man, Self-actualizing Man, Complex Man, Impulsive Man and Compulsive Man. As such, human behaviour is complex and dynamic.

George Elton Mayo stressed the following:

i) Natural groups, in which social aspects take precedence over functional organizational structures.

ii) Upwards communication, by which communication is two way, from worker to chief executive, as well as vice versa.

iii) Cohesive and good leadership is needed to communicate goals and to ensure effective and coherent decision making.

It has become a concern of many companies to improve the job-oriented interpersonal skills of employees. The teaching of these skills to employees is referred to as "soft skills" training. Companies need their employees to be able to successfully communicate and convey information, to be able to interpret others' emotions, to be open to others' feelings, and to be able to solve conflicts and arrive at resolutions. By acquiring these skills, the employees, those in management positions and the customer can maintain more compatible relationships.

12.4 MEANING OF ORGANISATIONAL BEHAVIOUR

Organizational Behaviour is field of study that investigates the impact that individuals, groups and structure have on behaviour within organization. It is the study and application of knowledge about how people act within organizations.

12.5 DEFINITIONS OF ORGANIZATIONAL BEHAVIOUR

According to **Fred Luthans,** "Organizational behaviour is directly concerned with the understanding, prediction and control of human behaviour".

According to **Keith Davis and Newstrom,** "Organizational Behaviour is the study and application of knowledge of how people act or behave within organization".

Stephen P. Robbins defines organisational behaviour as "a field of study that investigates the impact that individuals, groups and structures have on behaviour within organisations for the purpose of applying such knowledge toward improving an organisation's effectiveness."

Steven L. McShane and Mary Ann Von Glinow defines organisational behaviour as "the study of what people think, feel and do in and around organisations." The authors view that organisational behaviour includes the study of the impact of individual, team and structural characteristics on behaviour in organisations and understanding and predicting the impact of these behaviours on organisational success.

12.6 SCOPE OF ORGANIZATIONAL BEHAVIOUR

Organizational behaviour is field of study that illustrates the impact that individual, groups and structure have on behaviour within organization for his purpose of applying such knowledge towards improving an organization effectiveness i.e. organizational behaviour is concussed with the study of what people do in an organization and how that behaviour affects the performance of the organization. Underlying this systematic approach is the belief that behaviour is not random. It stems from and is directed towards some and that individual believes, rightly or wrongly, is in his or her best interest. Organizational behaviour is an applied behavioural science that is built on contribution from a number of behavioural disciplines.

The predominant areas are:

• **Psychology:** The science that sets to explain and sometimes change the behavior of human being. The contribution includes study of topics like Motivation, personality, Emotions, Job Satisfaction etc.

• **Sociology:** The study people in relation to them human beings. The contribution includes study of topics like Group dynamics, work team, communication, power etc.

• **Anthropology:** The study of societies to learn about human being and their activities. The contribution includes study of topics like organizational culture, organizational environment, cross-cultural analysis etc.

• **Political science:** The study of individual and groups within a political environment. The contribution includes the study of topics like conflict, Intra-organizational politics, power etc.

One of the most important and broad based challenges currently facing organizations is adapting to people who are different. The term to describe this challenge is work force diversity. While globalization focuses on differences between people from different countries work force diversity addresses differences among people within given countries.

Work force means that organizations are becoming more heterogeneous in terms of gender, which varies from the so-called norm. It includes women, south Indians, Bengalines, Punjabis, physically disabled, elderly etc.

Work forces diversity has important implications for management practice. Managers have to shift their philosophy from treating everyone alike to recognizing differences and responding to those differences in ways that ensure employee retention and greater productivity while at the sometimes, not discriminating. This shift includes, for instead, providing diversity training and revamping benefits programs to accommodate the different employees. Work force diversity if positively managed, can increase creativity and innovation in organizations as well as improve decision making by providing different perspectives on problems. When work diversity is not managed properly, there is potential for higher turnover, more difficult communication and more interpersonal conflicts.

Organizational Behaviour studies encompass the study of organizations from multiple viewpoints, methods, and levels of analysis.

12.7 ELEMENTS OF ORGANISATIONAL BEHAVIOUR

The key elements in the organisational behaviour are people, structure, technology and the environment in which the organisation operates.

• **People:** People make up the internal and social system of the organisation. They consist of individuals and groups. The groups may be big or small; formal or informal; official or unofficial. Groups are dynamic and they work in the organisation to achieve their objectives.

• **Structure:** Structure defines the formal relationships of the people in organisations. Different people in the organisation are performing different type of jobs and they need to be (elated in some structural way so that their work can be effectively co-ordinated.

• **Technology:** Technology such as machines and work processes provide the resources with which people work and affects the tasks that they perform. The technology used has a significant influence on working relationships. It allows people to do more and work better but it also restricts' people in various ways.

• **Environment:** All organisations operate within an external environment. It is the part of a larger system that contains many other elements such as government, family and other organisations. All of these mutually influence each other in a complex system that creates a context for a group of people.

12.8 NATURE OF ORGANISATIONAL BEHAVIOUR

Each individual brings to an organisation a unique set of personal characteristics, experiences from other organisation, the environment surrounding the organisation and1 they also poses a personal background. In considering the people working in an organisation, organisational behaviour must look at the unique perspective that each individual brings to the work setting.

But individuals do not work in isolation. They come in contact with other individuals and the organisation in a variety of ways. Points of contact include managers, co-workers, formal policies and procedures of the organisation, and various changes implemented by the organisation. Over time, the individual, too, changes, as a function of both the personal experiences and the organisation. The organisation is also affected by the presence and eventual absence of the individual. Clearly, the study of organisational behaviour must consider the ways in which the individual and the organisation interact.

An organisation, characteristically, exists before a particular person joins it and continues to exist after he leaves it. Thus, the organisation itself represents a crucial third perspective from which to view organisational behaviour.

12.9 OBJECTIVES OF ORGANISATIONAL BEHAVIOUR

The co-operative relationships help the organisation in achieving its objectives. Organisational behaviour provides means to understand and achieve co-operative group relationships through interaction, rotation of members among groups, avoidance of win-lose situation and focusing on total group objectives.

i) Controlling and Directing Behaviour: After understanding the mechanism of human behaviour, managers are required to control and direct the behaviour so that it conforms to the standards required for achieving the organisational objectives. Thus, managers are required to control and direct the behaviour at all levels of individual interaction. Therefore, organisational behaviour helps managers in controlling and directing in different areas such as use of power and sanction, leadership, communication and building organisational climate favorable for better interaction.

ii) Use of Power and Sanction: The behaviours can be controlled and directed by the use of power and sanction, which are formally defined by the organisation. Power is referred to as the capacity of an individual to take certain action and may be utilized in many ways. Organisational behaviour explains how

various means of power and sanction can, be utilized so that both organisational and individual objectives are achieved simultaneously.

iii) Leadership: Organisational behaviour brings new insights and understanding to the practice and theory of leadership. It identifies various leadership styles available to a manager and analyses which style is more appropriate in a given situation. Thus, managers can adopt styles keeping in view the various dimensions of organisations, individuals and situations.

iv) Communication: Communication helps people to come in contact with each other. To achieve organisational objectives, the communication must be effective. The communication process and its work in inter-personal dynamics have been evaluated by organisational behaviour.

v) Organisational Climate: Organisational climate refers to the total organisational situations affecting human behaviour. Organisational climate takes a system perspective that affect human behaviour. Besides improving the satisfactory working conditions and adequate compensation, organisational climate includes creation of an atmosphere of effective supervision; the opportunity for the realisation of personal goals, congenial relations with others at the work place and a sense of accomplishment.

vi) Organisational Adaptation: Organisations, as dynamic entities are characterized by pervasive changes. Organisations have to adapt themselves to the environmental changes by making suitable, internal arrangements such as convincing employees who normally have the tendency of resisting any changes.

12.10 EMERGENCE OF ORGANISATIONAL BEHAVIOUR

Organizational behaviour is a growing field. Organizational studies departments generally form part of business schools, although many universities also have industrial psychology and industrial economics programs.

The field is highly influential in the business world with practitioners such as Peter Drucker and Peter Senge, who turned the academic research into business practices. Organizational behaviour is becoming more important in the global economy as people with diverse backgrounds and cultural values must work together effectively and efficiently. It is also under increasing criticism as a field for its ethnocentric and pro-capitalist assumptions (see Critical Management Studies).

During the last 20 years, organizational behaviour study and practice has developed and expanded through creating integrations with other domains:

i) **Anthropology** became an interesting prism to understanding firms as communities, by introducing concepts like Organizational culture, 'organizational rituals' and 'symbolic acts' enabling new ways to understand organizations as communities.

ii) **Leadership Understanding:** the crucial role of leadership at various levels of an organization in the process of change management.

iii) **Ethics** and their importance as pillars of any vision and one of the most important driving forces in an organization.

iv) **Aesthetics:** Within the last decades a field emerged that focuses on the aesthetic sphere of our existence in organizations, drawing on interdisciplinary theories and methods from the humanities and disciplines such as theatre studies, literature, music, visual studies and many more.

12.11 IMPORTANCE OF ORGANISATIONAL BEHAVIOUR

Organisational behaviour offers several ideas to management as to how human factor should be properly emphasised to achieve organisational objectives. Barnard has observed that an organisation is a conscious interaction of two or more people. This suggests that since an organisation is the interaction of persons, they should be given adequate importance in managing the organisation. Organisational behaviour provides opportunity to management to analyse human behaviour and prescribe means for shaping it to a particular direction.

Organisational behaviour provides under-standing the human behaviour in all directions in which the human beings interact. Thus, organisational behaviour can be understood at the individual level, interpersonal level, group level and inter-group level.

Organisational behaviour helps to analyse 'why' and 'how' an individual behaves in a particular way. Human behaviour is a complex phenomenon and is affected by a large number of factors including the psychological, social and cultural implications. Organisational behaviour integrates these factors to provide simplicity in understanding the human behaviour.

i) Human Behaviour and Human Resources

Human resources play a crucial role in the development process of modern economics. Arthur Lewis observed "there are great differences in development between countries which seem to have roughly equal resources, so it is necessary to enquire into the difference in human behaviour." It is often felt that, though the exploitation of natural resources, availability of physical and financial resources

and international aid play prominent roles in the growth of modern economies, none of these factors is more significant than efficient and committed human resource. It is in fact, said that all development comes from the human behaviour.

ii) Human Behaviour in the Nation's Well-being

A nation with abundance of physical resources will not benefit itself unless human resources make use of them. In fact human resources are solely responsible for making use of national resources and for the transformation of traditional economies into the modern and industrial economies. Lack of organisation of human resources is largely responsible for the backwardness of the nation. Countries are underdeveloped because their people's behaviours are inappropriate for economic development. In essence, "the difference in the level of economic development of the countries is largely a reflection of the differences in the types of their behaviour. The key element in this proposition is that the values, attitudes, commitment, aptitude, general orientation and quality of the people of a country determine its economic development. The shift from manufacturing to service and from service to knowledge and the increasing pace of technological up-gradation are making human behaviour the ingredient of the nation's well-being and growth.

iii) Human Behaviour and Organisational Performance

Organisational performance can be measured against organisational objectives like market share, rate of profit, product innovation, customer satisfaction and employee satisfaction. Appropriate human behaviour contributes to the employees' commitment towards organisational goals. In effect, employee values, attitude and other behavioural issues shape the employee behaviour that would be appropriate for achieving organisational performance. Thus, appropriate human behaviour contributes for the organisational performance.

Strategy is a unified, comprehensive and integrated course of plan/action. Crafting and implementing strategy depend on employee commitment to organisational strategies. Employee commitment in its turn depends on appropriate leadership style, human values, self-motivation, appropriate perception and learning. Thus, behavioural issues of employees determine the level of success in crafting and achieving organisational strategies.

Appropriate and adaptable human behaviour enables the organisation to develop employee commitment to the organisational strategies. In addition, appropriate behaviour encourages the employees to acquire and develop required hard skills like technical skills, knowledge and competency. Organisations do also invest in the development of technical skills and knowledge of those employees whose behaviour is quite appropriate for the achievement of organisational strategies.

Thus, appropriate behaviour provides an opportunity for the development of distinctive competence of employees that enable them to craft and achieve distinctive strategies.

iv) Human Behaviour and Strategic Advantages

Strategic advantages include achieving low cost advantage, high quality, superior customer service, innovations and superior speed in producing and delivering a product/ service. Committed employees with appropriate technical skills contribute to achieve highest human efficiency, which in turn makes the operations at the lowest cost. In addition, the committed minds contribute to innovation and other strategic advantages like superior customer service and superior speed. Thus, appropriate human behaviour contributes for building up of strategic advantages of the firms.

v) Human Behaviour and Efficient Human Resource Management

Appropriate human behaviour helps for positive and efficient human resource management in terms employee satisfaction, fair treatment of employees, training and continuous learning, performance management, employee counselling, mentoring, building teams, congenial superior-subordinate relations as well as human relations, sound salary and benefits. Thus, appropriate behaviour brings about efficient management of human resources.

Thus, appropriate human behaviour helps not only efficient human resource management but also envisages strategic management which ultimately leads to achieving high level of organisational performance.

12.12 NEW PARADIGM IN ORGANISATIONAL BEHAVIOUR

The organizational behaviour has a goal lo help the managers make a transition to the new paradigm. Some of the new paradigm characteristics include coverage of second-generation information technology and total quality management such as empowerment, reengineering and benchmarking, and learning organization for managing diversity of work. The new paradigm sets the stage for the study, understanding, and application of the time-tested micro-variables, dynamics and macro-variables. One must know why management needs a new perspective to meet the environmental challenges and to shift to a new paradigm.

A New Perspective for Management

Management is generally considered to have three major dimensions—technical, conceptual and human. The technical dimension consists of the manager's

expertise in particular functional areas. They know the requirements of the jobs and have the functional knowledge to get the job done. But the practicing managers ignore the conceptual and human dimensions of their jobs.

Most managers think that their employees are lazy, and are interested only in money, and that if you could make them happy in terms of money, they would be productive. If such assumptions are accepted, the human problems that the management is facing are relatively easy to solve. But human behavior at work is much more complicated and diverse. The new perspective assumes that employees are extremely complex and that there is a need for theoretical understanding given by empirical research before applications can be made for managing people effectively.

12.13 HISTORICAL BACKGROUND FOR MODERN ORGANIZATIONAL BEHAVIOUR

1. Scientific Management Approach

Scientific management approach was developed by F.W. Taylor at the beginning of the 20th century. This theory supported the use of certain steps in scientifically studying each element of a job, selecting and training the best workers for the job arid making sure that the workers follow the prescribed method of doing the job. It provided a scientific rationale for job specialization and mass production. His assumption was that employees are motivated largely by money. To increase the output, Taylor advised managers to pay monetary incentives to efficient workers.

Yet, his theory was criticized by many employers and workers. Workers objected to the pressure of work as being harder and faster. Critics worried that the methods took the humanity out of labour, reducing workers to machines responding to management incentives. Therefore, Taylor's view is now considered inadequate and narrow due to the points given by the critics.

2. Bureaucratic Approach

While scientific management was focusing on the interaction between workers and the task, me researchers were studying how to structure the organization more effectively. Instead of trying to make each worker more efficient, classical organization theory sought the most effective overall organizational structure for workers and managers.

The theory's most prominent advocate, Max Weber, proposed a 'bureaucratic form' of structure, which he thought would work for all organizations. Weber's

idea! bureaucracy was logical, rational and efficient. He made the naive assumption that one structure would work best for all organizations.

Henry Ford, Henry Fayol and Frederick W. Taylor, the early management pioneers, recognized the behavioral side of management. However, they did not emphasize the human dimensions. Although there were varied and complex reasons for the emerging importance of behavioral approach to management, it is generally recognized that the Hawthorne studies mark the historical roots for the field of organizational behaviour.

Hawthorne Studies

Even, as Taylor and Weber brought attention with their rational, logical approaches to more efficient productivity, their views were criticized on the ground that both approaches ignored worker's humanity.

The real beginning of applied research in the area of organizational behaviour started with Hawthorne Experiments. In 1924, a group of professors began an enquiry into the human aspects of work and working conditions at the Hawthorne plant of Western Electric Company, Chicago. The findings of these studies were given a new name 'human relations' the studies brought out a number of findings relevant to understanding human behaviour at work. The Human element in the workplace was considerably more important. The workers are influenced by social factors and the behaviour of the individual worker is determined by the group.

Hawthorne studies have been criticized for their research methods and conclusions drawn. But their impact on the emerging field of organizational behaviour was dramatic. They helped usher in a more humanity centred approach to work.

Other Approaches to Organizational Behaviour

There are mainly four approaches to organizational behaviour. They are:

1. Human resources approach

2. Contingency approach

3. Productivity approach

4. Systems approach

1. Human Resources Approach

The human resources approach is concerned with the growth and development of people towards higher levels of competency, creativity and fulfillment, because people are the central resource in any organization. This approach help employees become better in terms of work and responsibility and then it tries to create a climate in which they can contribute to the best of their improved abilities. This

approach is also known as 'supportive approach' because the manager's primary role changes from control of employees to providing an active support for their growth and performance.

2. A Contingency Approach

A contingency approach to organizational behaviour implies that different situations require different behavioural practices for effectiveness instead of following a traditional approach for all situations. Each situation must be analyzed carefully to determine the significant variables that exist in order to establish the more effective practices. The strength of this approach is that it encourages analysis of each situation prior to action. Thus, it helps to use all the current knowledge about people in the organization in the most appropriate manner.

3. Productivity Approach

Productivity is a ratio that compares units of output with units of input. It is often measured in terms of economic inputs and outputs. Productivity is considered to be improved, if more outputs can be produced from the same amount of inputs. But besides economic inputs and outputs, human and social inputs and outputs also arc important.

4. Systems Approach

A system is an interrelated part of an organization or a society that interacts with everyone related to that organization or society and functions as a whole. Within the organization 'people' employ 'technology' in performing the 'task' that they are responsible for, while the 'structure' of the organization serves as a basis for co-ordinating all their different activities. The systems view emphasizes the interdependence of each of these elements within the organization, if the organization as a whole is to function effectively. The other key aspect of the systems view of organization is its emphasis on the interaction between the organization and its broader environment, which consists of social, economic, cultural and political environment within which they operate.

Organizations arc dependent upon their surrounding environment in two main ways: First, the organization requires 'inputs' from the environment in the form of raw material, people, money, ideas and so on. The organization itself can be thought of as performing certain 'transformation' processes, on its inputs in order to create outputs in the form of products or services. Secondly, the organization depends on environment such as, public to accept its output. The systems view of organization thus emphasizes on the key interdependencies that organizations must manage. Within themselves the organizations must trade off the interdependencies among people, tasks, technology and structure in order to perform their transformation

processes effectively and efficiently. Organizations must also recognize their interdependence with the broader environments within which they exist.

12.14 CONTEMPORARY ORGANIZATIONAL BEHAVIOUR

i) A Separate Field of Study

Organizational behaviour can be treated as a distinct field of study. It is yet to become a science. Now efforts are being made to synthesize principles, concepts and processes in this field of study.

ii) Interdisciplinary Approach

Organizational behaviour is basically an interdisciplinary approach. It draws heavily from other disciplines like psychology, sociology and anthropology. Besides, it also takes relevant things from economics, political science, law and history. Organizational behaviour integrates the relevant contents of these disciplines to make them applicable for organizational analysis. e.g. it addresses issues, which may be relevant to the case, such as the following:

- What facilitates accurate perception and attribution?
- What influences individual, group and organizational learning and the development of individual attitudes toward .work?
- How do individual differences in personality, personal development, and career development affect individual's behaviours and attitudes?
- What motivates people to work, and how. does the organizational reward system influence worker's behaviour and attitudes?
- How do managers build effective teams?
- What contributes to effective decision-making?
- What are the constituents of effective communication?
- What are the characteristics of effective communication?
- How can power be secured and used productively?
- What factors contribute to effective negotiations?
- How can conflict (between groups or between a manager and subordinates) be resolved or managed?
- How can jobs and organizations be effectively designed?
- How can managers help workers deal effectively with change?

iii) An Applied Science

The basic objective of organizational behaviour is to make application of various researches to solve the organizational problems, particularly related to the human behavioural aspect.

iv) Normative and Value Centred

Organizational behaviour is a normative science. A normative science prescribes how the various findings of researches can be applied to get organizational results, which are acceptable to the society. Thus, what is acceptable by the society or individuals engaged in an organization is a matter of values of the society and people concerned.

v) Humanistic and Optimistic

Organizational behaviour focuses the attention on people from humanistic point of view. It is based on the belief that needs and motivation of people are of high' concern. Further, there is optimism about the innate potential of man to be independent, creative, predictive and capable of contributing positively to the objectives of the organization.

12.15 CHARACTERISTICS OF ORGANISATIONAL BEHAVIOUR

i) Organisational Behaviour is a Field of Inquiry

A field open to inquiry is open to anyone who wants to examine, explore and understand or even to evaluate and predict. That makes all of us Lay scientists, because all of us have our own theories that describe, explain and prescribe behaviour and some of us want to test them, share them and improvise upon them. A scientific theory explains a phenomenon on the basis of a plausible general principal.

If we understand a theory as an explanation of reality, even when restricted to formal organizations, then organizational behaviour faces the tough challenges of being systematic and free of biases, open–minded and enquiring, quantitative through measurements without losing sensitivity to the qualitative dimensions, tolerant to multiplicity of valid explanations and accepting of knowledge emerging from practice.

ii) Focus on Behaviour within the Organization

While behavioural sciences may focus on any behaviour in general, including animal behaviour organizational behaviour is concerned with human behaviour in work setting. Whenever is the type of an organization whenever work happens,

the basic OB position is that all of such organization s represents a dynamic interrelation between individuals, groups and the largest elements of the organization.

This means that a valid understanding of OB requires not just an individual or group focus and inquiring as to how they behave at work but also the characteristics pattern of organizational actions over time, which reflects that organizational knowledge.

iii) Humanistic and Positive

The basic value in the study of OB is that an individual is an autonomous entity, with an innate potential to be creative & productive. In contrast to driving human performance, the emphasis is on creativity and the joy of freedom of choice. This difference arises because of the basic assumption that a person, who values autonomy and choice, would also be aware of responsibility of making appropriate choices.

The view highlights the importance of knowledge that supports the autonomy and choice as well as the continued development and growth of the individual. If everyone has much a potential for development, learning and choice then collective human efforts should be organized in a democratize manner and through goodwill and fairness, so as to nurture ,support and facilitate the efforts to relies the human potential.

iv) Importance of Groups

Organizational Behaviour accepts groups as powerful social phenomenon within the organization that strongly affects and gets effected by individuals and organization. In an organization, no individual works in isolation, Just as one's family constitutes one's primary social system, the group of with whom one works family is one's secondary social system. A work group is generally understood as a collection of people who have individual as well as common work goals and who depend on each other for achieving those goals.

v) Ongoing Process

Organizational effectiveness as an objective for OB implies a continuous effort to change develops in the context of a dynamic environment. Thus OB assigned special importance to planned change, individual as well as organizational learning and the creation of an organizational culture that supports these. This thrust for change and development has to be organization-wide not in small patches or parts of it. It also has to be comprehensive, that is addressing both the structural as well as process changes. It cannot be a sporadic effort, but has to be maintained at a sustained level.

12.16 FIELD OF ORGANIZATION BEHAVIOUR OR CONTRIBUTING DISCIPLINES TO THE ORGANIZATIONAL BEHAVIOUR FIELD

Organizational behaviour is an interdisciplinary approach as it has borrowed concepts, theories, models and practices of physical sciences as well as social sciences. The main features of organizational behaviour are primarily based on behavioral sciences. The organizational behaviour is studied in relation to psychology, sociology, political science, anthropology, economics, science, technology and environmental sciences. OB is, in fact, called an applied behavioral science.

1. Psychology

The term 'psychology' is derived from the Greek World 'Psyche' which means 'soul' or 'spirit'. Organisational behaviour studies human behaviour which is concerned mainly with the psychology of the people. Psychology, especially, industrial or organisational psychology is the greatest contributor to the field of organisational behaviour. Psychologists study behaviour and industrial or organisational psychologists deal specifically with the behaviour of people in organisational settings.

Psychology as a science, measures, explains and suggests the appropriate human behaviour. Individual behaviour is governed by perception, learning and personality. Industrial psychology understands people's behaviour at work, particularly under different working conditions, stress, conflicts and other related behaviour of employees. Job satisfaction, performance appraisals and reward systems are measured and directed with the use of psychological theories and models.

Group behaviour in the organisations is studied, researched and molded with the use of theories of Social Psychology. The communication system in the organisation, attitudes of employees, their needs etc. as a subject of social psychology have a great influence on behaviour. Thus, many of the concepts which interest psychologists e.g. learning, motivation etc. are also central to the students of organisational behaviour. We can conclude that the contribution of psychology in the field of organisational behaviour is quite significant.

2. Sociology

Sociology also has a major impact on the study of organisational behaviour. Sociology makes use of scientific methods in accumulating knowledge about the social behaviour of the groups. Sociologists study social systems such as a family,

an occupational class, a mob or an organisation. It specifically studies, social groups, social behaviour, society, customs, institutions, social classes, status, social mobility, prestige etc.

It studies the behaviour of the people in the society in relation to their fellow human beings. Sociology contributes to organisational behaviour through its contribution to the study of interpersonal dynamics like leadership, group dynamics, communication etc. Socialisation is accepted for molding the behaviour of people where the capacities of individuals to learn and respond to social systems, values, norms and social roles are accelerated and appreciated. The attitudes and behavioural patterns of individuals and groups are greatly influenced by socialisation.

3. Anthropology

Anthropology is concerned with the interactions between people and their environment, especially their cultural environment. Culture is a major influence on the structure of organisations as well as on the behaviour of people within organisations. 'Anthropo' is a Greek word which means 'man' and 'logy' means 'Science'. Aristotle defined anthropology as a science of man's self understanding. It particularly studies civilization, forms of cultures and their impact on individuals and groups, biological features of man and evolutionary pattern, speech and relationship among languages.

Anthropology contributes in understanding the cultural effects on organisational behaviour, effects of value systems, norms, sentiments, cohesion and interaction. Socialization involves spreading of values and missions of organisation among employees. Anthropology influences the employees' behaviour through motivation, interaction, goal setting, decision making, coordinating and controlling.

4. Political Science

In recent times, political science has also started interesting the organisational behaviourists. Political Science is usually, thought of as the study of political systems. But political scientists are interested in how and why people acquire power, political behaviour, decision making, conflict, the behaviour of interest groups and coalition formation. These are also major areas of interest in organisational behaviour.

Political parties and Government directly intervene in many activities of the organisation. Specific principles of political science are observed in organisational behaviour for delegation of authority and responsibility, conflict resolution and stress management.

In organisations, people strive for power and leadership recognition. Political Science helps in the management of men in an effective and efficient manner. Political

perspectives and government policies are thoroughly analyzed for molding and modifying the behaviour of people, because they greatly influence the organisation. The law and order of the country influence the people at work.

5. Economics

Economists study the production, distribution and consumption of goods and services. Students of organisational behaviour share the economist's interest in such areas as labour market dynamics, productivity, human resource planning and forecasting, and cost benefit analysis.

The economic conditions of a country have long lasting impact on organizational behavior. If psychological and economic expectations of employee are met, they are satisfied and become high performers. Economic systems include financial, commercial and industrial activities which have greater influences on the behaviour of the people. The consumption pattern in society monitors the behaviour of employees. Consumption oriented society witnesses a different employee behaviour from that of a production oriented society.

6. Science

Science is systematized knowledge. The scientific methods attempt to produce information that is objective in the sense that it is certifiable and independent of a person's opinions or preferences. Scientific method is the backbone of organisational behaviour. Organisational behaviour is based on the systematized study of facts, behaviour, their relationships and predictions.

New scientific methods viz. observation of facts and behaviour, explanation of facts and relationships and coming to conclusion thereon have become important bases of the study of organisational behaviour. The cause and effect relationship is also established in organisational behaviour like that of science. The verification of the relationship and its quantification has added to the importance of organisational behaviour.

It becomes relatively easy to predict and mould the people at work. A researcher, in the field of OB investigates new facts, tests theories, hypothesis and models. Personal bias, superfluous conclusions and whimsical approaches are avoided in the study. A systematized form of inquiry is used for the study of various problems.

7. Technology

The level of technological development affects the behaviour of the employees. Modern age is the age of computerization. It has come within the framework of the model of organisational behaviour. The study of technological development is

becoming essential for understanding the organisational behaviour, because people are influenced by the technological development. Human behaviour relations and environments develop as a result of technological innovations.

Technology changes consumer behaviour, production activities, distribution and storage activities. To cope up with the technological development people have to become educated and/or technically skilled. They should have to be responsibility conscious and development oriented. Unskilled or irresponsible will have no place in the modern innovative age. Thus, technological development leads to effective work behaviour, improved organisational culture and helpful work environment.

8. Engineering

Engineering also influences the study of organisational behaviour. Some topics are common to engineering as well as organisational behaviour e.g. work measurement, productivity measurement, work flow analysis, work design, job design and labour relations. In fact, organisational behaviour is dependent on engineering for these technical jobs.

12.17 APPLICATIONS OF ORGANIZATIONAL BEHAVIOUR IN INDUSTRY

1. Performance Management

The management of individual employee or a group of employees through the application of behavioral principles is called Performance Management (PM). The PM process usually involves the analysis of antecedents and consequences supporting the behaviors of individuals or groups within the organization and manipulating these variables to either decrease unproductive or increase productive performance. Common interventions used in PM include goal setting, feedback, job aids, token systems, lottery systems, etc.

2. Behavioral Systems Analysis

The Behavioral Systems Analysis (BSA) method involves outlining how the components of the system interact, including how each individual contributes to the overall functioning of the system. The value of BSA is that it allows us to analyze the organization outside the basic three-term contingency of antecedents, behaviors, and consequences to identify variables that can significantly impact individual and organizational performance. By analyzing the entire organization as a system, one can identify areas of improvement that will produce the largest positive impact on the organization and focus on planning and managing the variables that support desired performance.

3. Behavior-Based Safety

Behavior-based safety focuses on the analysis and alteration of work environments to reduce injuries and promote safe behavior among leaders and employees. This family of evidence-based interventions, which have traditionally focused on safety communication, feedback, and reinforcement processes, can be applied to complement and enhance traditional safety controls. The first priority in safety is always to eliminate occupational hazards from the work environment. The next priorities are substitution and engineering controls. Behavioral processes would be best categorized as administrative controls that can be used to promote the safety priority and protective behaviors at all levels of an organization.

12.18 ORGANIZATIONAL CHALLENGES AND ORGANISATIONAL BEHAVIOUR

Understanding organizational behaviour within a corporation and particularly the factors influencing the organizational behaviour of a single entity has become the key to the success of any manager. There is no one single approach to organizational behaviour which is best for all organizations; instead, companies must evolve the system which works best for them with the help of effective planning and technological support which changes over time as their environment and the individuals within that environment change.

Challenges for Organisational Behaviour are:

i) Need to Improve Quality and Productivity

Quality is the extent to which the customers or users believe the product or service surpasses their needs and expectations. For example, a customer who purchases an automobile has certain expectation, one of which is that the automobile engine will start when it is turned on. If the engine fails to start, the customer's expectations will not have been met and the customer will perceive the quality of the car as poor. Deming defined quality as a predictable degree of uniformity and dependability, at low cost and suited to the market.

More and more managers are confronting to meet the challenges to fulfill the specific requirements of customers. In order to improve quality and productivity, they are implementing programs like total quality management and reengineering programs that require extensive employee involvement.

Total Quality Management (TQM) is a philosophy of management that is driven by the constant attainment of customer satisfaction through the continuous improvement of all organizational process. The component of TQM are (a) intense focus of the customer, (b) concern for continual improvement (c) improvement in

the quality of everything the organization does (d) accurate measurement and (e) empowerment of employees. Reengineering: This refers to discrete initiatives that are intended to achieve radically redesigned and improved work process in a bounded time frame. Business Process Reengineering employees a structural methodology that reduces work process to their essential composite activist and provides cost performance matrices to facilitate a business case for dramatic improvements. Both functional and cross-functional processes are evaluated through workflow analysis and activity based costing. In many cases, the application of new technology and industries best practices will enable quantum improvement in an organization's cost and performance.

Today's managers understand that any efforts to improve quality and productivity must influence their employees. These employees will not only be a major force in carrying out changes, but increasingly will participate actively in planning those changes. Managers will put maximum effort in meeting the customer's requirements by involving everyone from all the levels and across all functions. Regular communications (both formally and informally) with all the staff at all levels is must. Two way communications at all levels must be promoted. Identifying training needs and relating them with individual capabilities and requirements is must. Top management's participation and commitment and a culture of continuous improvement must be established.

ii) Need to Improving People Skills

Technological changes, structural changes, environmental changes are accelerated at a faster rate in business field. Unless employees and executives are equipped to possess the required skills to adapt those changes, the achievement of the targeted goals cannot be achieved in time. There two different categories of skills – managerial skills and technical skills. Some of the managerial skills include listening skills, motivating skills, planning and organizing skills, leading skills, problem solving skill, decision making skills etc. These skills can be enhanced by organizing a series of training and development programmes, career development programmes, induction and socialization etc.

Designing an effective performance appraisal system with built-in training facilities will help upgrade the skills of the employees to cope up the demands of the external environment. The lower level cadre in management is required to possess more of technical skills. As they move towards upward direction, their roles will be remarkably changed and expected to have more of human relations and conceptual skills.

iii) Managing Workforce Diversity

This refers to employing different categories of employees who are

heterogeneous in terms of gender, race, ethnicity, relation, community, physically disadvantaged, homosexuals, elderly people etc. The primary reason to employ heterogeneous category of employees is to tap the talents and potentialities, harnessing the innovativeness, obtaining synergetic effect among the divorce workforce. In general, employees wanted to retain their individual and cultural identity, values and life styles even though they are working in the same organization with common rules and regulations. The major challenge for organizations is to become more accommodating to diverse groups of people by addressing their different life styles, family needs and work styles.

Managers have to shift their philosophy from treating everyone alike to recognizing individual differences and responding to those differences in ways that will ensure employee retention and greater productivity while, at the same time not discriminating. If work force diversity is managed more effectively, the management is likely to acquire more benefits such as creativity and innovation as well as improving decision making skills by providing different perspectives on problems. If diversity is not managed properly and showed biases to favour only a few categories of employees, there is potential for higher turnover, more difficulty in communicating and more interpersonal conflicts.

iv) Responding to Globalization

Today's business is mostly market driven; wherever the demands exist irrespective of distance, locations, climatic conditions, the business operations are expanded to gain their market share and to remain in the top rank etc. Business operations are no longer restricted to a particular locality or region. Company's products or services are spreading across the nations using mass communication, internet, faster transportation etc. An Australian wine producer now sells more wine through the Internet than through outlets across the country. More than 95% of Nokia hand phones are being sold outside of their home country Finland. Japanese cars are being sold in different parts of globe. Sri Lankan tea is exported to many cities across the globe. Executives of Multinational Corporation are very mobile and move from one subsidiary to another more frequently.

Globalization affects managerial skills in at least two ways: i) an Expatriate manager have to manage a workforce that is likely to have very different needs, aspirations and attitudes from the ones that they are used to manage in their home countries. ii) Understanding the culture of local people and how it has shaped them and accordingly learn to adapt ones management style to these differences is very critical for the success of business operations. One of the main personality traits required for expatriate managers is to have sensitivity to understand the individual differences among people and exhibit tolerance to it.

v) To Empowering the Individuals

The main issue is delegating more power and responsibility to the lower level cadre of employees and assigning more freedom to make choices about their schedules, operations, procedures and the method of solving their work-related problems. Encouraging the employees to participate in work related decision will sizably enhance their commitment at work. Empowerment is defined as putting employees in charge of what they do by eliciting some sort of ownership in them. Managers are doing considerably further by allowing employees full control of their work. An increasing number of organizations are using self-managed teams, where workers operate largely without boss. Due to the implementation of empowerment concepts across all the levels, the relationship between managers and the employees is reshaped. Managers will act as coaches, advisors, sponsors, facilitators and help their subordinates to do their task with minimal guidance.

vi) Emergence of E-Organization

E- Commerce refers to the business operations involving electronic mode of transactions. It encompasses presenting products on websites and filling order. The vast majority of articles and media attention given to using the Internet in business are directed at on-line shopping. In this process, the marketing and selling of goods and services are being carried out over the Internet. In e-commerce, the following activities are being taken place quite often - the tremendous numbers of people who are shopping on the Internet, business houses are setting up websites where they can sell goods, conducting the following transactions such as getting paid and fulfilling orders. It is a dramatic change in the way a company relates to its customers. At present e-commerce is exploding.

E-business refers to the full breadth of activities included in a successful Internet based enterprise. As such, e-commerce is a subset of e-business. E-business includes developing strategies for running Internet-based companies, creating integrated supply chains, collaborating with partners to electronically coordinate design and production, identifying a different kind of leader to run a 'virtual' business, finding skilled people to build and operate intranets and websites, and running the back room or the administrative side. E-business includes the creation of new markets and customers, but it's also concerned with the optimum ways to combine Computers, the Web and Application Software. A sizable number of multinational corporations are selling goods and services via the Internet.

The application of Internet operations are initially covers a small part of the business. At this point, their e-commerce operations are secondary to their traditional business. An increasingly popular application of e-business is merely using the Internet to better manage an ongoing business. Later, there are millions of

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firms that are now selling anything over the Internet, but they are using e-business applications to improve communications with internal and external stakeholders and to better perform traditional business functions.

E-Organizations embrace e-commerce and e-business. State and central governments, municipal corporations are using the Internet for extending all the public utility services more efficiently through internet. The employees must acquire skills, knowledge, attitudes in learning new technology, overcoming any resistance.

vii) To Improve Ethical Behaviour

The complexity in business operations is forcing the workforce to face ethical dilemmas, where they are required to define right and wrong conduct in order to complete their assigned activities. Managers must evolve code of ethics to guide employees through ethical dilemmas. Organizing seminars, workshops, training programs will help improve ethical behaviour of employees. Retaining consultants, lawyers, voluntary service organizations to assist the company in dealing with ethical issues will ensure positive ethical behaviour. Managers need to create an ethically healthy climate for his employees where they can do their work productively and confront a minimal degree of ambiguity regarding what constitutes right and wrong behaviour.

12.19 SUMMARY

Organizational behaviour is the study and application of knowledge about how people as individuals and as groups act within organizations. It can be defined as the understanding, prediction and management of human behaviour in organizations. OB is related to other disciplines like Organizations Theory, Organization Development and Personnel/Human Resources Management.

Organisational behaviour offers several ideas to management as to how human factor should be properly emphasised to achieve organisational objectives. Barnard has observed that an organisation is a conscious interaction of two or more people. This suggests that since an organisation is the interaction of persons, they should be given adequate importance in managing the organisation. Organisational behaviour provides opportunity to management to analyze human behaviour and prescribe means for shaping it to a particular direction.

The co-operative relationships help the organisation in achieving its objectives. Organisational behaviour provides means to understand and achieve co-operative group relationships through interaction, rotation of members among groups, avoidance of win-lose situation and focusing on total group objectives.

Organisational behaviour brings new insights and understanding to the practice and theory of leadership. It identifies various leadership styles available to a manager

and analyses which style is more appropriate in a given situation. Thus, managers can adopt styles keeping in view the various dimensions of organisations, individuals and situations.

Communication helps people to come in contact with each other. To achieve organisational objectives, the communication must be effective. The communication process and its work in inter-personal dynamics have been evaluated by organisational behaviour.

Organisational climate refers to the total organisational situations affecting human behaviour.

Organisational climate takes a system perspective that affect human behaviour. Besides improving the satisfactory working conditions and adequate compensation, organisational climate includes creation of an atmosphere of effective supervision; the opportunity for the realisation of personal goals, congenial relations with others at the work place and a sense of accomplishment.

12.20 GLOSSARY

i) Organizational Behaviour: Organizational behaviour is the study and application of knowledge about how people as individuals and as groups act within organizations.

ii) Organisational Climate: Organisational climate refers to the total organisational situations affecting human behaviour.

iii) Total Quality Management: Total Quality Management (TQM) is a philosophy of management that is driven by the constant attainment of customer satisfaction through the continuous improvement of all organizational process.

12.21 ANSWER TO CHECK YOUR PROGRESS/ POSSIBLE ANSWERS TO SAQ

12.21.1 Short answer questions

1. What is Organization?

2. Define the term Organizational Behaviour.

3. State any two objectives of Organisational Behaviour.

12.21.2 Extended answer questions

1. Give an overview of Organisational Behaviour.

2. Explain various fields of Organization Behaviour.

3. Explain the scope of Organizational Behaviour.

4. Discus various elements of Organisational Behaviour.

5. Explain various objectives of Organisational Behaviour.

6. Discuss emergence of Organisational Behaviour.

7. Explain importance of Organisational Behaviour.

8. Discuss characteristics of Organisational Behaviour.

9. Explain organizational challenges and Organisational Behaviour.

10. Discuss challenges of Social Systems on Organisational Behaviour.

12.21.3 True-false

1. Human relations movement refers to the researchers of organizational development who study the behaviour of people in group.

2. To achieve organisational objectives, the communication must be effective.

3. Organisational climate takes a system perspective that affect human behaviour.

4. Organisational behaviour offers several ideas to management as to how human factor should be properly emphasised to achieve organisational objectives.

5. The classical school did not give importance to the human aspects of the workers.

12.21.4 Multiple-choice

1. When human relations movement originated?

 a) In the 1930s'

 b) In the 1940s'

 c) In the 1920s'

 d) In the 1950s'

2. Which has given the following definition?

    "Organizational behaviour is directly concerned with the understanding, prediction and control of human behaviour"

 a) Fred Luthans

 b) Keith Davis and Newstrom

 c) Stephen P. Robbins

 d) None of the above

3. The modern approach to organizational behaviour is the search for the.....................

a) Hard work

b) False

c) Truth

d) All the above

4.   Organization is the combination of ....

a) Man and machine

b) Man and structure

c) Both (a) and (b)

d) Science and people

5.   Social systems consist of ....

a) Religious aspects

b) Language

c) Customs

d) All the above

12.21.5 Fill-in-the-blanks

1.   Organizational behaviour is the study and application of knowledge about how people as individuals and as groups act within..............................

2.   ....provides opportunity to management to analyze human behaviour and prescribe means for shaping it to a particular direction.

3.   Organisational behaviour brings new insights and understanding to the practice and theory of.........................

12.22 POSSIBLE ANSWERS TO SELF ASSESSMENT QUESTIONS

12.21.3 1. True 2. True 3. True 4. True 5. True

12.21.4 1. (a) 2. (a) 3. (c) 4. (d) 5. (d)

12.21.51. Organizations 2. Organisational behaviour 3. Leadership

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12.25 TERMINAL QUESTIONS

1. Prepare a report on scope of Organizational Behaviour.

2. Students are required to analyze the different challenges of organisational behaviour.

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UNIT 13	ATTITUDES

STRUCTURE

13.1 INTRODUCTION

An attitude is an evaluation of an attitude object, ranging from extremely negative to extremely positive. Most contemporary perspectives on attitudes also permit that people can also be conflicted or ambivalent toward an object by simultaneously holding both positive and negative attitudes toward the same object. This has led to some discussion of whether individual can hold multiple attitudes toward the same object.

13.2 OBJECTIVES

After reading this unit you will be able to understand:

Attitudes and Job Satisfaction

Sources of Attitudes

Types of Attitudes

Attitudes and Consistency

Cognitive

Dissonance Theory & Attitude Surveys

13.3 ATTITUDE

Attitudes are individuals' general affective, cognitive and intentional responses toward objects, other people, themselves, or social issues. Attitudes are evaluative statements - either favourable or unfavourable - concerning objects, people or events. They reflect how one feels about something. As individuals, we respond favourably or unfavourably towards many things: co-workers, bosses, our own appearances etc. The importance of attitudes lies in their link to behaviour. When an employee says, "I like my job" he or she is expressing their attitude about work.

13.4 MEANING OF ATTITUDES AND JOB SATISFACTION

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

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

Job satisfaction or employee satisfaction has been defined in many different ways. Some believe it is simply how content an individual is with his or her job, in other words, whether or not they like the job or individual aspects or facets of jobs, such as nature of work or supervision.

Job satisfaction is the level of contentment a person feels regarding his or her job. This feeling is mainly based on an individual's perception of satisfaction. Job satisfaction can be influenced by a person's ability to complete required tasks, the level of communication in an organization, and the way management treats employees.

Job satisfaction falls into two levels: affective job satisfaction and cognitive job satisfaction. Affective job satisfaction is a person's emotional feeling about the job as a whole. Cognitive job satisfaction is how satisfied employees feel concerning some aspect of their job, such as pay, hours, or benefits.

13.5 CHARACTERISTICS OF ATTITUDES

1.0   An attitude is the predisposition of the individual to evaluate some objects in a favourable or an unfavourable manner.

1.1   The most pervasive phenomenon is "attitude". People at work place have attitudes about lots of topics that are related to them. These attitudes are firmly embedded in a complex psychological structure of beliefs.

1.2   Attitudes are different from values. Values are the ideals, whereas attitudes are narrow, they are our feelings, thoughts and behavioral tendencies toward a specific object or situation.

1.3   Attitude is a predisposition to respond to a certain set of facts.

1.4   Attitudes are evaluative statements - either favourable or unfavourable concerning the objects, people or events.

An attitude is "a mental state of readiness, organized through experience, exerting a specific influence upon a person's response to people, objects and situation with which it is related". Attitudes thus state one's predispositions towards given aspects of world. They also provide an emotional basis of one's interpersonal relations and identification with others. Managers in work organisations need to

know and understand employee's attitudes in order to manage effectively. Attitudes do influence behaviour of people and their performance in organisations.

13.6 FUNCTIONS OF ATTITUDE

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

i. Attitudes determine meaning: Much of what is seem in the environment and in other people's behaviour is determined by attitudes. If one has a overall favourable attitude towards a person, one tends to judge his activities as "good" or "superior". On the other hand, negative attitudes or prejudices generally prompt disagreement with the individual concerned or failure to appreciate the good work done by him.

ii. Attitudes reconcile contradictions: It is not uncommon to come across people who hold contradictory opinions. With the proper attitude as a background, intelligent people can reconcile or rationalize the same actions, which to others are obvious contradictions. For example when a worker takes a little rest a superior considers it "idling".

iii. Attitudes organize facts: As already seen, objective events can be differently perceived by different people because of different attitudes. Meanings can be concocted and falsely communicated to others by changing the attitudes of the recipients towards wider social issues.

iv. Attitudes select facts: From the plethora of environmental facts and stimuli, one tends to select those, which are in consonance with one's cherished beliefs and attitudes. Attitudes, thus, act as a screen or filter.

13.7 COMPONENTS OF ATTITUDES

The three components of attitudes are:

1. Cognitive component;

2. Affective component; and

3. Behavioural component.

13.7.1 Cognitive Component

This component includes the beliefs an individual has about a certain person, object, or situation. The belief that "discrimination is wrong" is a value statement. Such an opinion is the cognitive component of an attitude. Learned beliefs, such as "you need to work long hours to get ahead in this job", lead to attitudes that have an impact on behaviour in the workplace. The cognition component of an attitude,

reflects a persons perceptions or beliefs. Cognitive elements are evaluative beliefs and are measured by attitude scales or by asking about thoughts. The statement "I believe Japanese workers are industrious," reflect the cognitive component of an attitude. The cognitive component sets the stage for the more critical part of attitude - its affective component.

13.7.2 Affective Component

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

13.7.3 Behavioural Component

This component refers to the individual's behaviour that occurs as a result of his or her feeling about the focal person, object or situation. An individual may complain, request a transfer, or be less productive because he or she feels dissatisfied with work. The behavioural component of an attitude refers to an intention to behave in a certain way toward someone or something. For example, our attitudes towards women in management may be inferred from an observation of the way we behave toward a female supervisor. We may be supportive, passive or hostile depending on our attitude. The behavioural component of an attitude is measured by observing behaviour or by asking a person about behaviour or intentions.

Viewing attitudes as made up of three components - cognition, affect and behaviour - is helpful toward understanding their complexity and the potential relationship between attitude and behaviour. The object of an attitude is represented as a prototype in a person's memory. Then an individual uses an attitude as a schema for evaluating an object. The person may assess the object as good or bad, positive or negative, favoured or not; then the person determines the strategy to take toward it. The accessibility of an attitude, or ease with which it is activated, affects its implementation. Personal experience with the object and the repeated

expression of the attitude increases it accessibility. In this way, attitude-related information helps process complex information.

13.8 SOURCES OF ATTITUDES

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

13.9 TYPES OF ATTITUDES

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

(i) Job Satisfaction: Satisfaction results when a job fulfils or facilitates the attainment of individual values and standards and dissatisfaction occurs when the job is seen as blocking such attainment. This attitude has received extensive attention by researchers and practitioners because it was at one time believed to be the cause of improved job performance. The term "job satisfaction" refers to an individual's general attitude toward his or her job. A person with a high level of job satisfaction holds positive attitudes toward the job; a person who is dissatisfied with his or her job holds negative attitudes about the job. Now, because of managers' concern for creating both a humane and high performance workplace, researchers continue to search for definite answers about the causes and consequences of job satisfaction.

(ii) Job Involvement: Job involvement is the degree to which a person identifies with his or her job, actively participates in it and considers his or her performance important to self-worth. Employees with a high level of job involvement strongly identify with and really care about the kind of work they do. High levels of job involvement have been found to be related to fewer absences and lower resignation rates.

(iii) Organizational Commitment: Organizational commitment is the degree to which an employee identifies with a particular organisation and its goals, and wishes to maintain membership in the organisation. High organizational commitment means identifying with one's employing organisation.

13.10 ATTITUDE FORMATION

Attitudes are learned. Individuals acquire attitudes from several sources but the point to be stressed is that the attitudes are acquired but not inherited. Our responses to people and issues evolve over time. Two major influences on attitudes are direct experience and social learning.

1. Direct Experience: Attitudes can develop from a personally rewarding or punishing experience with an object. Direct experience with an object or person is a powerful influence on attitudes. Research has shown that attitudes that are derived from direct experience are stronger, are held more confidently and are more resistant to change than are attitudes formed through indirect experience. One reason that attitudes derived from direct experience are so powerful is because of their availability. This means that the attitudes are easily accessed and are active in our cognitive processes. When attitudes are available, we can call them quickly into consciousness. Attitudes that are not learned from direct experience are not as available, and therefore we do not recall them easily.

a. Classical Conditioning: One of the basic processes underlying attitude formation can be explained on the basis of learning principles. People develop associations between various objects and the emotional reactions that accompany them.

b. Operant Conditioning: Attitudes that are reinforced, either verbally or non-verbally, tends to be maintained. Conversely, a person who states an attitude that elicits ridicule from others may modify or abandon the attitude.

c. Vicarious Learning: In which a person learns something through the observance of others can also account for attitude development particularly when the individual has no direct experience with the object about which the attitude is held. It is through vicarious learning processes that children pick up the prejudices of their parents.

2. Social Learning: In social learning, the family, peer groups and culture shape an individual's attitudes in an indirect manner. Substantial social learning occurs through modeling, in which individuals acquire attitudes by merely observing others. For an individual to learn from observing a model, four processes must take place:

(i) The learner must focus attention on the model.

(ii) The learner must retain what was observed from the model.

(iii) Behavioural reproduction must occur; that is, the learner must practise the behaviour.

(iv) The learner must be motivated to learn from the model.

Social learning can take place through the following ways:

(a) The Family: A person may learn attitudes through imitation of parents. If parents have a positive attitude towards an object and the child admires his parents, he is likely to adopt a similar attitude, even without being told about the object, and even without having direct experience. Children also learn to adopt certain attitudes by the reinforcement they are given by their parents when they display behaviors that reflect an appropriate attitude.

(b) Peer Groups: Peer pressure moulds attitudes through group acceptance of individuals who express popular attitudes and through sanctions, such as exclusion from the group, placed on individuals who espouse (promote) unpopular attitudes.

(c) Modeling: Substantial social learning occurs through modeling, in which individuals acquire attitudes by merely observing others. The observer overhears other individuals expressing an opinion or watches them engaging in a behaviour that reflects an attitude, and the observer adopts this attitude.

Changing Attitudes

Can you change unfavorable employee attitudes? Sometimes! It depends on who you are, the strength of the employee attitude, the magnitude of the change, and the technique you choose to try to change the attitude.

Employees are most likely to respond to change efforts made by someone who is liked, credible, and convincing. If people like you, they're more apt to identify and adopt your message. Credibility implies trust, expertise, and objectivity. So you're more likely to change an employee's attitude if that employee sees you as believable, knowledgeable about what you're talking about, and unbiased in your presentation. Finally, successful attitude change is enhanced when you present your arguments clearly and persuasively.

It's easier to change an employee's attitude if he or she isn't strongly committed to it. Conversely, the stronger the belief about the attitude, the harder it is to change it. In addition, attitudes that have been expressed publicly are more difficult to change because it requires one to admit he or she has made a mistake.

It's easier to change attitudes when that change isn't very significant. To get an employee to accept a new attitude that varies greatly from his or her current position requires more effort. It may also threaten other deeply held attitudes and create increased dissonance.

All attitude change techniques are not equally effective across situations. Oral persuasion techniques are most effective when you use a positive, tactful tone; present strong evidence to support your position; tailor your argument to the listener;

use logic and support your evidence by Applying to the employee's fears, frustrations and other emotions. But people are more likely to embrace change when they can experience it. The use of training sessions where employees share and personalize experiences, and practice new behaviors, can be powerful stimulants for change. Consistent with self-perception theory, changes in behaviour can lead to changes in attitudes.

13.11 COGNITIVE DISSONANCE THEORY

Leon Festinger, in 1957, proposed the theory of cognitive dissonance. According to this theory, people want their belief to be consistent with one another and want their behaviours to be consistent with their beliefs. When people become aware of inconsistency among their beliefs or between their attitudes and their behaviour, they experience "cognitive dissonance", an unpleasant state of arousal that motivates them to reestablish consistency by changing one of their attitudes or by changing their behaviors. Thus, if a person behaves in a way that runs counter to his or her attitude, cognitive dissonance is created in that person. He or she then attempts to reduce the dissonance by changing either the attitude or the behaviour. Cognitive dissonance refers to any incompatibility that an individual might perceive between two or more of his or her attitudes or between his or her behaviour and attitudes. Festinger argues that any form of inconsistency is uncomfortable and that individuals will attempt to reduce the dissonance and hence, the discomfort. Therefore, individuals will seek a stable state where there is a minimum of dissonance.

Coping with Dissonance

No individual can completely avoid dissonance. So how do people cope with dissonance? According to Festinger, the desire to reduce dissonance would be determined by the importance of the elements creating the dissonance; the degree of influence the individual believes he or she has over the elements and the rewards that may be involved in dissonance.

(i) Importance of the Elements: If the elements creating the dissonance are relatively unimportant, the pressure to correct this imbalance will be low.

(ii) Degree of Influence: The degree of influence that individuals believe they have over the elements will have an impact on how they will react to the dissonance. If they perceive the dissonance to be an uncontrollable, they are less likely to be receptive to attitude change.

(iii) Rewards: Rewards also influence the degree to which individuals are motivated to reduce dissonance. High rewards accompanying high dissonance tend to reduce the tension inherent in the dissonance.

These moderating factors suggest that just because individuals experience dissonance they will not necessarily move directly toward consistency, that is, toward reduction of this dissonance. If the issues underlying the dissonance are of minimal importance, if an individual perceives that the dissonance is externally imposed and is substantially uncontrollable by him or her, or if rewards are significant enough to offset the dissonance, the individual will not be under great tension to reduce the dissonance.

13.12 VALUES

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

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

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

Provide standards of competence and morality.

Are fewer in number than attitudes.

Transcend specific objects, situations or persons.

Are relatively permanent and resistant to change.

Are more central to the core of a person.

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

13.13 IMPORTANCE OF VALUES

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

13.14 FORMATION OF VALUES

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

13.15 TYPES OF VALUES

Allport and his associates categorized values into six types:

1. Theoretical: Interested in the discovery of truth through reasoning and systematic thinking.

2. Economic: Interest in usefulness and practicality, including the accumulation of wealth.

3. Aesthetic: Interest in beauty, form and artistic harmony.

4. Social: Interest in people and love as a human relationship.

5. Political: Interest in gaining power and influencing people.

6. Religious: Interest in unity and understanding the cosmos as a whole.

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

Instrumental Value: Instrumental values reflect the means to achieve goals; that is, they represent the acceptable behaviour to be used in achieving some end

state. Instrumental values identified by Rokeach include ambition, honesty, self-sufficiency and courageousness.

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

Terminal Value: Terminal values, in contrast, represent the goals to be achieved, or the end states of existence. Rokeach identified happiness, love, pleasure, self-respect, and freedom among the terminal values.

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

Work Values

Work values are important because they affect how individuals behave on their jobs in terms of what is right and wrong. The work values most relevant to individuals are:

1. Achievement: Achievement is a concern for the advancement of one's career. This is shown in such behaviours as working hard and seeking opportunities to develop new skills.

2. Concern for Others: Concern for others reflects caring, compassionate behaviour such as encouraging other employees or helping others work on difficult tasks. These behaviours constitute organizational citizenship.

3. Honesty: Honesty is accurately providing information and refusing to mislead others for personal gain.

4. Fairness: Fairness emphasizes impartiality and recognizes different points of view.

Although individuals vary in their value systems, when they share similar values at work, the results are positive. This means that organizations recruiting job candidates should pay careful attention to individual's values.

13.16 MEANING OF ETHICS

Ethics is the study of moral values and moral behaviour. Ethical behaviour is acting in ways consistent with one's personal values and the commonly held values of the organization and society. Ethical issues are a major concern in organizations. There is evidence that paying attention to ethical issues pays off for companies. Doing the right thing can positively affect an organization's performance.

Managers must confront the ethical challenges that are encountered in organizations. Some organizations manage ethical issues well. Despite the positive way some organizations handle ethical issues, there is plenty of evidence that unethical conduct does occur in other organizations. How can people in organizations rationally think through ethical decisions so that they make the "right" choice? Ethical theories give us a basis for understanding, evaluating, and classifying moral arguments and then defending conclusions about what is right and wrong.

NOTES

13.17 ETHICAL THEORIES

Ethical theories can be classified into the following types:

1. Consequential Theories: Consequential theories of ethics emphasize the consequences or results of behaviour. John Stuart Mill's Utilitarianism, a well-known consequential theory suggests that right and wrong is determined by the consequences of the action. "Good" is the ultimate moral value, and we should maximize the most good for the greatest number of people. But do good ethics makes for good business? Right actions do not always produce good consequences, and good consequences do not always follow from right actions.

Using the "greatest number" criterion can we imply that minorities be excluded. Should an issue that may be important for a minority but unimportant for the majority is ignored? These are but a few of the dilemmas raided by utilitarianism.

2. Rule-based Theories: In contrast, rule-based theories of ethics emphasize the character of the act itself, not its effects, in arriving at universal moral rights and wrongs. Moral rights, the basis for legal rights, are associated with such theories.

Companies and business enterprises are more prone to subscribe to consequential ethics than rule-based ethics, in part due to the persuasive arguments of the Scottish political economist Adam Smith. He believed that the self-interest of human beings is God's providence, not the government's. Smith set forth a doctrine of natural liberty, presenting the classical argument for open market competition and free trade. Within this framework, people should be allowed to pursue what is in their economic self-interest, and the natural efficiency of the market place would serve the well being of society.

However, Immanuel, Kant argued that individuals should be treated with respect and dignity, and that they should not be used as a means to an end. He argued that we should put over selves in the other person's position and asks if we would make the same decision if we were in the other person's situation.

3. Cultural Theories: The theory emphasizes respect for different cultural values. Cultural relativism contends that there are no universal ethical principles and that people should not impose universal ethical principles and that people

should not impose their own ethical standards on others. Local standards should be the guides for ethical behaviour. This theory operates under the old adage "when in Rome do as the Romans do". Strict adherence to cultural relativism can lead individuals to deny their accountability for their own decisions and to avoid difficult ethical dilemmas.

13.18 CONTEMPORARY ETHICAL ISSUES IN ORGANIZATIONS

In contemporary organizations, people face ethical and moral dilemmas in many diverse areas. The key areas are:-

(i) White-Collar Crime: Corporate criminal behaviors have resulted in big financial scandals. White-collar crime may occur in more subtle forms as well. Using work hours for conducting personal business, sending out personal mail using the company resources. Inflating expenses etc., are all practices some individuals would consider unethical. Whether the impact is large or small, white-collar crimes are important issues in organizations.

(ii) Employee Rights: Managing the rights of employees at work creates many ethical dilemmas in organizations. Some of these dilemmas are privacy issues, drug testing etc. The use of employee data from computerized information systems presents many ethical concerns. Safeguarding employee's right to privacy and at the same time preserving access to the data for those who need it requires that the manager balance competing interests.

(iii) Sexual Harassment: Sexual harassment is unwelcome sexual attention, whether verbal or physical, that affects an employee's job conditions or created a hostile working environment. Sexual harassment costs the company in the form of absenteeism, turnover, and loss of productivity. Companies may be required to pay damages to victims of sexual harassment. Besides, the company may face negative publicity because of sexual harassment cases.

(iv) Organizational Justice: Another area in which moral and ethical dilemmas may arise for people at work concerns organizational justice, both distributive and procedural.

(a) Distributive Justice: Concerns the fairness of outcomes individuals receives.

(b) Procedural Justice: Concerns the fairness of the process by which outcomes is allocated. The ethical questions here do not concern the just or unjust distribution of organizational resources. Rather, the ethical questions in procedural justice concern the process. Has the organization used the correct procedures in

allocating resources? Have the right considerations such as competence and skill, been brought to bear in the decision process?

1. Whistle blowing: Whistle-blowers are employees who inform authorities of wrongdoings of their companies or co-workers. Whistle blowing is important because committed organizational members sometimes engage in unethical behaviour in an intense desire to succeed. Organizations can manage whistle blowing by communicating the conditions that are appropriate for the disclosure of wrongdoing. Clearly delineating wrongful behaviour and the appropriate ways to respond are important organizational actions.

2. Social Responsibility: Corporate social responsibility is the obligation of an organization to behave in ethical ways in the social environment in which it operates. Socially responsible actions are expected of organizations. Current concerns including protecting the environment, promoting worker safety, supporting social issues, investing in the community etc. Managers must encourage both individual ethical behaviour and organizational social responsibility.

13.19 TYPES OF MANAGEMENT ETHICS

Managerial ethics are standards of conduct or moral judgement used by managers of organizations in caring out their business. Archi B Carroll, notes that three major levels of moral or ethical, judgement characterize managers: immoral management, amoral management, and moral management.

13.19.1 Immoral Management

Immoral management not only lacks ethical principles but also is actively opposed to ethical behaviour. This perspective is characterized by principal or exclusive concern for company gains, emphasis on profits and company success at virtually any price, lack of concern about the desires of others to be treated fairly, views of laws as obstacles to be overcome, and a willingness to "cut corners".

13.19.2 Moral Management

In contrast to immoral management, moral management strives to follow ethical principles and percepts. While moral managers also desire to succeed, they seek to do so only within the parameters of ethical standards and the ideals of fairness, justice, and due process. As a result, moral managers pursue business objectives that involve simultaneously making a profit and engaging in legal and ethical behaviours.

13.19.3 Amoral Management

The amoral management approach is neither immoral nor moral but, rather, ignores or is oblivious to ethical considerations. There are two types of amoral management:

Intentional: A moral managers do not include ethical concerns in their decision-making, or behaviour, because they basically think that general ethical standards are more appropriate to other areas of life than to business.

Unintentional: Amoral managers also do not think about ethical issues in their business dealings, but the reason is different. These managers are basically inattentive or incentive to the moral implications of their decision-making, actions, and behaviour. Overall amoral managers pursue profitability as a goal and may be generally well meaning, but intentionally or unintentionally they pay little attention to the impacts of their behaviours on others.

13.20 IMPROVING ETHICAL BEHAVIOUR

Unethical behaviour by employees can affect individuals, work teams and even the organization. Organizations thus depend on individuals to act ethically. The ethical issues that individuals face at work are complex. The Figure below summarizes the ethical issues.

Stealing: Taking things that don't belong to you.

1. Lying: Saying things you know aren't true.

2. Fraud and deceit: Creating or perpetuating false impressions.

3. Conflict of interest and influence buying: Bribes, payoff and kickbacks.

4. Hiding versus divulging information: Concealing information that another party has a right to know, or failing to protect personal or proprietary information.

5. Cheating: Taking unfair advantage of a situation.

6. Personal decadence: Aiming below excellence in terms of work performance (e.g., careless or sloppy work).

7. Interpersonal abuse: Behaviors that are abusive of others (e.g., sexism, racism, emotional abuse).

8. Organizational abuse: Organizational practices that abuse members (e.g., inequitable compensation, misuses of power).

9. Rule violations: Breaking organizational rules.

10. Accessory to unethical acts: Knowing about unethical behavior and failing to report it.

11. Ethical dilemmas: Choosing between two equally desirable or undesirable options.

Members of organizations are increasingly finding themselves facing ethical dilemmas, situations where they are required to define right and wrong conduct. What constitutes good ethical behaviour has never been clearly defined. And in recent years the line differentiating right from wrong has become more blurred. Employees see people all around them engaging in unethical practices. When caught these people giving excuses like "everyone does it", or "I never thought I would get caught".

Managers and their organizations are responding to this problem from a number of directions. They are writing and distributing codes of ethics to guide employees through ethical dilemmas and they are creating protection mechanisms for employees who reveal internal unethical practices.

Today's manager needs to create an ethically healthy climate for his or her employees, where they can do their work productivity and confront a minimal degree of ambiguity regarding what constitutes right and wrong behaviours.

Making ethical decisions is part of each manager's job. It has been suggested by K.R. Andrews that ethical decision-making requires three qualities of individuals:

1. The competence to identify ethical issues and evaluate the consequences of alternative courses of action.

2. The self-confidence to seek out different opinions about the issue and decide what is right in terms of a particular situation.

3. Tough-mindedness - the willingness to make decisions when all that needs to be known cannot be known and when the ethical issue has no established unambiguous solution.

Values and Ethics: Sometimes some people consider values and ethics synonymous and use them interchangeably. However, the two have different meanings. The major distinction between the two is that values are beliefs that affect an individual's judgemental ideas about what is good or bad. The ethics is the way the values are acted out. Ethical behaviour is acting in ways consistent with one's personal values and the commonly held values of the organization and society.

Values and Attitudes: Both values and attitudes are tinged with morale. There are some similarities and some dissimilarity between the two:

Similarities: The similarities between values and attitudes are:

1. Both are learned or acquired from the same sources - experience with people, objects and events.

1   Both affect cognitive process and behaviour of people.

2   Both are endurable and difficult to change.

3   Both influence each other and more often than not, are used interchangeably.

Work Attitudes and Job Satisfaction: Attitudes at work are important because, directly or indirectly, they affect work behaviour. Although many work attitudes are important, two attitudes in particular have been emphasized. Job satisfaction and organizational commitment are key attitudes of interest to managers.

1. Job Satisfaction: Job satisfaction is a pleasurable or positive emotional state resulting from the appraisal of one's job or hob experiences. The most important factors conductive to job satisfaction are:

(i) Mentally Challenging Work: Employees tend to prefer job that give them opportunities to use their skills and abilities and offer a variety of tasks, freedom and feedback on how well they are doing. Under conditions of moderate challenge, most employees will experience pleasure and satisfaction.

(ii) Personality-Job Fit: People with personality types congruent with their chosen vocations should find they have the right talents and abilities to meet the demands of their jobs; and because of this success, have a greater probability of achieving high satisfaction from their work. It is important, therefore to fit personality factors with job profiles.

(iii) Equitable Rewards: Employees want pay systems and promotion policies that they perceive as being just, unambiguous, and in line with their expectations. When pay is seen as fair based on job demands, individual skill level, and industry pay standards, satisfaction is likely to result. Similarly, employees seek fair promotion policies and practices. Promotions provide opportunities for personal growth, more responsibilities and increased social status. Individuals who perceive that promotion decisions are made in a fair and just manner are likely to experience job satisfaction.

(iv Supportive working conditions: Employees prefer physical conditions that are comfortable and facilitating doing a good job. Temperature, light, noise and other environmental factors should not be extreme and provide personal comfort. Further, employees prefer working relatively close to home, in clean and relatively modern facilities and with adequate tools and equipment.

(v) Supportive Colleagues: Employees have need for social interaction. Therefore, having friendly and supportive co-workers and understanding supervisor's leads to increase job satisfaction. Most employees want their immediate supervisor to understand and friendly, offers praise for good performance, listens to employees' opinions and show a personal interest in them.

An individual may hold different attitudes toward various aspects of the job. For example, an employee may like his/her job responsibilities but be dissatisfied with the opportunities for promotion. Characteristics of individuals also affect job satisfaction. Those with high negative affectivity are more likely to be dissatisfied with their jobs.

Are satisfied workers more productive? Or, are more productive workers more satisfied? The link between satisfaction and performance has been widely explored. Research shows weak support for both views, but not simple, direct relationship between satisfaction and performance have been found. However, we can say that satisfied workers are more likely to want to give something back to the organization because they want to reciprocate their positive experiences.

1. Organizational Commitment: The strength of an individual's identification with an organization is known as organizational commitment. There are two kinds of organizational commitment.

1. Affective Commitment: Affective commitment is an employee's intention to remain in an organization because of a strong desire to do so. It consists of three factors:

A belief in the goals and values of the organization.

A willingness to put forth effort on behalf of the organization.

A desire to remain a member of the organization.

Affective commitment encompasses loyalty, but it is also a deep concern for the organization's welfare.

(ii) Continuance Commitment: Continuance commitment is an employee's tendency to remain in an organization because the person cannot afford to leave. Sometimes, employees believe that if they leave, they will lose a great deal of their investments in time, effort and benefits and that they cannot replace these investment.

Organizational commitment is related to lower rates of absenteeism, higher quality of work, and increased productivity. Managers should be concerned about affective commitment because committed individuals expend more task-related effort and are less likely than others to leave the organization.

Job satisfaction and organizational commitment are two important work attitudes that managers can strive to improve among their employees. And these two attitudes are strongly related; so increasing job satisfaction is likely to increase commitment as well.

13.21 ATTITUDE SURVEYS

Attitude survey is an assessment of the feelings of a population toward a particular brand, product, or company. Attitude surveys can be useful for identifying latent markets, determining what demographics a company should focus on to maintain or improve sales, and measuring the market effect of announcements or events. Attitude is a group of opinions, values and dispositions to act associated with a particular object or concept. Measuring attitude in your survey can be difficult because it requires a series of questions to evaluate it effectively. Here are some examples of subjects that an attitude survey might attempt to measure.

Organizations are increasingly interested in retaining right talents while targeting for new talents; measuring employees attitude provides an indication of how successful the organization is in fostering a conducive environment which nurtures great attitude among employee's towards their Job and company .

Because attitude is basically a psychological state, care should be taken in the effort of quantitative measurement, although a large quantity of research in this area has recently been developed.

The usual measures of employee attitude involve an employee attitude survey with a set of statements using a Likert Technique or scale. The employee is asked to evaluate each statement in term of their perception on the performance of the organization being measured

13.22 SUMMARY

An attitude is an evaluation of an attitude object, ranging from extremely negative to extremely positive. Most contemporary perspectives on attitudes also permit that people can also be conflicted or ambivalent toward an object by simultaneously holding both positive and negative attitudes toward the same object. This has led to some discussion of whether individual can hold multiple attitudes toward the same object.

Attitudes are individuals' general affective, cognitive and intentional responses toward objects, other people, themselves, or social issues. Attitudes are evaluative statements - either favourable or unfavourable - concerning objects, people or events. They reflect how one feels about something. As individuals, we respond favourably or unfavourably towards many things: co-workers, bosses, our own appearances etc. The importance of attitudes lies in their link to behaviour. When an employee says, "I like my job" he or she is expressing their attitude about work.

An attitude is also a cognitive element; it always remains inside a person. Everyone's psychological world is limited and thus everyone has a limited number

of attitudes. In business organisation, employees have attitudes relating to world environment, job security etc. The individual's attitudes towards these factors are indicative of his apathy or enthusiasm towards the activities and objectives of the organisation.

Job satisfaction or employee satisfaction has been defined in many different ways. Some believe it is simply how content an individual is with his or her job, in other words, whether or not they like the job or individual aspects or facets of jobs, such as nature of work or supervision.

Job satisfaction falls into two levels: affective job satisfaction and cognitive job satisfaction. Affective job satisfaction is a person's emotional feeling about the job as a whole. Cognitive job satisfaction is how satisfied employees feel concerning some aspect of their job, such as pay, hours, or benefits.

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

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

Direct Experience: Attitudes can develop from a personally rewarding or punishing experience with an object. Direct experience with an object or person is a powerful influence on attitudes. Research has shown that attitudes that are derived from direct experience are stronger, are held more confidently and are more resistant to change than are attitudes formed through indirect experience. One reason that attitudes derived from direct experience are so powerful is because of their availability. This means that the attitudes are easily accessed and are active in our cognitive processes. When attitudes are available, we can call them quickly into consciousness. Attitudes that are not learned from direct experience are not as available, and therefore we do not recall them easily.

Social Learning: In social learning, the family, peer groups and culture shape an individual's attitudes in an indirect manner. Substantial social learning occurs through modeling, in which individuals acquire attitudes by merely observing others.

Ethics is the study of moral values and moral behaviour. Ethical behaviour is acting in ways consistent with one's personal values and the commonly held values of the organization and society. Ethical issues are a major concern in organizations. There is evidence that paying attention to ethical issues pays off for companies. Doing the right thing can positively affect an organization's performance.

Immoral management not only lacks ethical principles but also is actively opposed to ethical behaviour. This perspective is characterized by principal or exclusive concern for company gains, emphasis on profits and company success at virtually any price, lack of concern about the desires of others to be treated fairly, views of laws as obstacles to be overcome, and a willingness to "cut corners".

Unintentional: Amoral managers also do not think about ethical issues in their business dealings, but the reason is different. These managers are basically inattentive or incentive to the moral implications of their decision-making, actions, and behaviour. Overall amoral managers pursue profitability as a goal and may be generally well meaning, but intentionally or unintentionally they pay little attention to the impacts of their behaviours on others.

13.23 GLOSSARY

a) Attitude: An attitude is an evaluation of an attitude object, ranging from extremely negative to extremely positive. Most contemporary perspectives on attitudes also permit that people can also be conflicted or ambivalent toward an object by simultaneously holding both positive and negative attitudes toward the same object. This has led to some discussion of whether individual can hold multiple attitudes toward the same object.

b) Job Satisfaction: Job satisfaction is the level of contentment a person feels regarding his or her job. Job satisfaction or employee satisfaction has been defined in many different ways. Some believe it is simply how content an individual is with his or her job, in other words, whether or not they like the job or individual aspects or facets of jobs, such as nature of work or supervision.

c) Direct Experience: Attitudes can develop from a personally rewarding or punishing experience with an object. Direct experience with an object or person is a powerful influence on attitudes. Research has shown that attitudes that are derived from direct experience are stronger, are held more confidently and are more resistant to change than are attitudes formed through indirect experience.

d) Social Learning: In social learning, the family, peer groups and culture shape an individual's attitudes in an indirect manner. Substantial social learning occurs through modeling, in which individuals acquire attitudes by merely observing others.

e) Ethics: Ethics is the study of moral values and moral behaviour. Ethical behaviour is acting in ways consistent with one's personal values and the commonly held values of the organization and society. Ethical issues are a major concern in organizations. There is evidence that paying attention to ethical issues pays off for companies. Doing the right thing can positively affect an organization's performance.

f) Unintentional: Amoral managers also do not think about ethical issues in their business dealings, but the reason is different. These managers are basically inattentive or incentive to the moral implications of their decision-making, actions, and behaviour. Overall amoral managers pursue profitability as a goal and may be generally well meaning, but intentionally or unintentionally they pay little attention to the impacts of their behaviours on others.

13.24 ANSWER TO CHECK YOUR PROGRESS/ POSSIBLE ANSWERS TO SAQ

13.24.1 Short answer questions

1. Define the term Attitude.

2. What is Job Satisfaction?

3. State various Sources of Attitudes.

4. What is Positive Attitude?

5. What is Negative Attitude?

6. What is Neutral Attitude?

7. What is Cognitive Attitude?

8. What is Attitude Survey?

13.24.2 Extended answer questions

1. Discuss various Sources of Attitudes.

2. Explain various types of Attitudes.

3. Discuss about Attitudes and Consistency.

4. Explain Cognitive Dissonance Theory.

5. Discuss in details about Attitude Surveys.

13.24.3 True-false

1. Learning is an evaluation of an attitude object, ranging from extremely negative to extremely positive.

2. Attitudes are individuals' general affective, cognitive and intentional responses toward objects, other people, themselves, or social issues.

3. Job satisfaction is the level of contentment a person feels regarding his or her job.

4. Attitudes can develop from a personally rewarding or punishing experience with an object.

5. Ethics is the study of moral values and moral behaviour.

13.24.4 Multiple-choice

1. What is an evaluation of an attitude object, ranging from extremely negative to extremely positive?

    a) Attitude

    b) Learning

    c) Job Satisfaction

    d) None of the above

2. What is the level of contentment a person feels regarding his or her job?

    a) Attitude

    b) Learning

    c) Job Satisfaction

    d) None of the above

13.24.5 Fill-in-the-blanks

1. An attitude is an evaluation of an attitude object, ranging from extremely negative to extremely…………….....

2. ………………are individuals' general affective, cognitive and intentional responses toward objects, other people, themselves, or social issues.

3. ……………is the level of contentment a person feels regarding his or her job.

4. Attitudes can develop from a personally rewarding or punishing experience with an ……………

5. Ethics is the study of moral values and…………….

13.25 POSSIBLE ANSWERS TO SELF ASSESSMENT QUESTIONS

13.24.3 1. False 2. True 3. True 4. True 5. True

13.24.4 1. (a) 2. (c)

13.24.5 1. Positive 2. Attitudes 3. Job satisfaction 4. Object 5. Moral behaviour

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13.28 TERMINAL QUESTIONS

1. How Work Attitudes and Job Satisfaction are interrelated? Discuss.

2. Discuss about contemporary ethical issues in organizations.

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UNIT 14   PERSONALITY

STRUCTURE

14.1 INTRODUCTION

Personality refers to individual differences in characteristic patterns of thinking, feeling and behaving. The study of personality focuses on two broad areas: One understands individual differences in particular personality characteristics, such as sociability or irritability. The other understands how the various parts of a person come together as a whole.

14.2 OBJECTIVES

After reading this unit you will be able to understand:

Determinants of Personality

Theories of Personality

Measurement of Personality

Development of Personality

14.3 INTRODUCTION TO PERSONALITY

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

1. Eternal appearances and behaviour

2. The inner awareness of self as a permanent organizing force, and

3. The particular organization of measurable traits, both inner and outer.

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

14.4 DEFINITION OF PERSONALITY

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

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

1. External appearance and behaviour or social stimulus value

2. Inner awareness of self as a permanent organizing force

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

Gordon Allport gave the most frequently used definition of personality nearly 70 years ago. He said personality is "the dynamic organization within the individual of those psychophysical systems that determine his unique adjustments to his environment".

J.B Kolasa defines personality as - "Personality is a broad, amorphous designation relating to fundamental approaches of persons to others and themselves. To most psychologists and students of behaviour, this term refers to the study of the characteristic traits of an individual, relationships between these traits and the way in which a person adjusts to other people and situations".

According to **Glucck -** "Personality is a pattern of stable states and characteristics of a person that influences his or her behaviour toward goal achievement. Each person has unique ways of protecting these states".

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

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

14.5 MAJOR DETERMINANTS OF PERSONALITY

What determines personality? Of all the complexities and unanswered questions in the study of human behaviour, this question may be the most difficult. People are enormously complex; their abilities and interests and attitudes are diverse. An early argument in personality research was whether an individual's personality was the result of heredity or environment. Was the personality predetermined at birth, or was it the result of the individual's interaction with his or her environment? Personality appears to be a result of both influences. Additionally, today we recognize another factor - the situation. The problem lies in the fact the cognitive and psychological processes, plus many other variables, all contribute to personality. The determinants of personality can perhaps best be grouped in five broad categories: biological, cultural, family, social and situational.

14.5.1 Biological Factors

The study of the biological contributions to personality may be studied under three heads:

1. Heredity: Heredity refers to those factors that were determined at conception. Physical stature, facial attractiveness, sex, temperament, muscle composition and reflexes, energy level, and biological rhythms are characteristics that are considered to be inherent from one's parents. The heredity approach argues that the ultimate explanation of an individual's personality is the molecular structure of the genes, located in the chromosomes.

Research on animals has showed that both physical and psychological characteristics can be transmitted through heredity. But research on human beings is inadequate to support this viewpoint. However, psychologists and geneticists have accepted the fact that heredity plays an important role in one's personality.

2. Brain: The second biological approach is to concentrate on the role that the brain plays in personality. Though researchers make some promising inroads, the psychologists are unable to prove empirically the contribution of human brain in influencing personality. The most recent and exciting possibilities come from the work done with electrical stimulation of the brain (ESB) and split-brain psychology. Preliminary results from the electrical stimulation of the brain (ESB) research give indication that better understanding of human personality and behaviour might come from the study of the brain. Work with ESB on human subjects is just beginning. There seem to be definite pleasurable and painful areas in the human brain. This being true, it may be possible physically to manipulate personality through ESB.

3. Biofeedback: Until recently, physiologists and psychologists felt that certain biological functions such as brainwave patterns, gastric secretions, and fluctuations

in blood pressure and skin temperature were beyond conscious control. Now some scientists believe that these involuntary functions can be consciously controlled through biofeedback. In BFT the individual learns the internal rhythm of a particular body process through electronic signals feedback from equipment that is wired to the body area. From this biofeedback the person can learn to control the body process in question. More research is needed on biofeedback before any definitive conclusions can be drawn. But its potential impact could be extremely interesting for the future.

4. Physical features: A vital ingredient of the personality, an individual's external appearance, is biologically determined. The fact that a person is tall or short, fat or skinny, black or white will influence the person's effect on others and this in turn, will affect the self-concept. Practically all would agree that physical characteristics have at least some influence on the personality. According to Paul H Mussen "a child's physical characteristics may be related to his approach to the social environment, to the expectancies of others, and to their reactions to him. These, in turn, may have impacts on personality development".

If personality characteristics were completely dictated by heredity, they would be fixed at birth and no amount of experience could alter them. But personality characteristics are not completely dictated by heredity. There are other factors, which also influence personality.

14.5.2 Cultural Factors

Among the factors that exert pressures on our personality formation are the culture in which we are raised, our early conditioning, the norms among our family, friends and social groups and other influences we experience. Traditionally, cultural factors are usually considered to make a more significant contribution to personality than biological factors. The culture largely determines attributes toward independence, aggression, competition, and cooperation. According to Paul H Mussen "each culture expects, and trains, its members to behave in the ways that are acceptable to the group. To a marked degree, the child's cultural group defines the range of experiences and situations he is likely to encounter and the values and personality characteristics that will be reinforced and hence learned". Culture requires both conformity and acceptance from its members. There are several ways of ensuring that members comply with the dictates of the culture. The personality of an individual to a marked extent is determined by the culture in which he or she is brought up. It follows that a person reared in a western culture has a different personality from a person reared in our Indian culture.

14.5.3 Family Factors

Whereas the culture generally prescribes and limits what a person can be taught, it is the family, and later the social group, which selects, interprets and dispenses the culture. Thus, the family probably has the most significant impact on early personality development. A substantial amount of empirical evidence indicates that the overall home environment created by the parents, in addition to their direct influence, is critical to personality development. For example, children reared in a cold, unstimulating home are much more likely to be socially and emotionally maladjusted than children rose by parents in a warm, loving and stimulating environment.

The parents play an especially important part in the identification process, which is important to the person's early development. According to Mischel, the process can be examined from three different perspectives. Identification can be viewed as the similarity of behaviour including feelings and attitudes between child and model. Identification can be looked at as the child's motives or desires to be like the model. It can be viewed as the process through which the child actually takes on the attributes of the model.

From all three perspectives, the identification process is fundamental to the understanding of personality development. The home environment also influences the personality of an individual. Siblings (brothers and sisters) also contribute to personality.

14.5.4 Social Factors

There is increasing recognition given to the role of other relevant persons, groups and especially organizations, which greatly influence an individual's personality. This is commonly called the socialization process. Socialization involves the process by which a person acquires, from the enormously wide range of behavioural potentialities that are open to him or her. Socialization starts with the initial contact between a mother and her new infant. After infancy, other members of the immediate family – father, brothers, sisters and close relatives or friends, then the social group – peers, school friends and members of the work group, play influential roles.

Socialization process is especially relevant to organizational behaviour because the process is not confined to early childhood, taking place rather throughout one's life. In particular, evidence is accumulating that socialization may be one of the best explanations for why employees behave the way they do in today's organizations.

14.5.5 Situational Factors

Human personality is also influenced by situational factors. The effect of

environment is quite strong. Knowledge, skill and language are obviously acquired and represent important modifications of behaviour. An individual's personality, while generally stable and consistent, does change in different situations. The different demands of different situations call forth different aspects of one's personality. According to Milgram "Situation exerts an important press on the individual. It exercises constraints and may provide push. In certain circumstances it is not so much the kind of person a man is, as the kind of situation in which he is placed that determines his actions". We should therefore not look at personality patterns in isolation.

14.6 PERSONALITY CHARACTERISTICS IN ORGANIZATIONS

Managers should learn as much as possible about personality in order to understand their employees. Hundreds of personality characteristics have been identified. We have selected eight characteristics because of their particular influences on individual behaviour in organizations. They are:

14.6.1 Locus of Control

Some people believe they are masters of their own fate. Other people see themselves as pawns of fate, believing that what happens to them in their lives is due to luck or chance. An individual's generalised belief about internal (self) versus external (situation or others) control is called locus of control.

(a) Internals: Those who believe they control their destinies have been labelled internals. Internals (those with an internal locus of control) have been found to have higher job satisfaction, to be more likely to assume managerial positions, and to prefer participative management styles. In addition, internal's have been shown to display higher work motivation, hold stronger beliefs that effort leads to performance, receive higher salaries and display less anxiety than externals (those with an external locus of control).

(b) Externals: Externals are those individuals who believe that what happens to them is controlled by outside forces such as luck or chance. Externals prefer a more structured work setting and they may be more reluctant to participate in decision-making. They are more compliant and willing to follow directions.

Research on locus of control has strong implications for organisations. A large amount of research comparing internals with externals has consistently shown that individuals who rate high in externality are less satisfied with their jobs, have higher absenteeism rates, are more alienated from the work setting, and are less involved on their jobs than internals. Why are externals more dissatisfied? The answer is

probably because they perceive themselves as having little control over those organisational outcomes that are important to them. Knowing about locus of control can prove valuable to managers. Because internals believe they control what happens to them, they will want to exercise control in their work environment. Allowing internals considerable voice is how work is performed is important. Internals will not react well to being closely supervised. Externals, in contrast, may prefer a more structured work setting, and they may be more reluctant to participate in decision-making.

Therefore, internals do well on sophisticated tasks – which includes most managerial and professional jobs – that require complex information processing and learning. Additionally, internals are more suited to jobs that require initiative and independence of action. In contrast, externals should do well on jobs that are well structured and routine and where success depends heavily on complying with the directions of others.

14.6.2 Machiavellianism

Niccolo Machiavelli was a sixteenth century Italian statesman. He wrote "The Prince", a guide for acquiring and using power. The primary method for achieving power that he suggested was manipulation of others. Machiavellianism then is a personality characteristic indicating one's willingness to do whatever it takes to get one's way. An individual high in Machiavellianism is pragmatic, maintains emotional distance and believes that ends can justify means. "If it works use it", is consistent with a high-Mach perspective.

High-Machs believe that any means justify the desired ends. They believe that manipulations of others are fine if it helps to achieve a goal. Thus, high-Machs are likely to justify their manipulative behaviour as ethical. They are emotionally detached from other people and are oriented toward objective aspects of situations.

R Christie and F.L Geis, have found that high-Mach's flourish -

(a) When they interact face to face with others rather than indirectly;

(b) When the situation has a minimum number of rules and regulations thus allowing latitude for improvisation; and

(c) When emotional involvement with details irrelevant to winning distracts low-Mach's.

A high-Mach individual behaves in accordance with Machiavelli's ideas, which include the notion that it is better to be feared than lived. High-Machs tend to use deceit in relationships have a cynical view of human nature and have little concern for conventional notions of right and wrong. They are skilled manipulators of other people, relying on their persuasive abilities. High-Machs are suitable in jobs that

require bargaining skills or where there are substantial rewards for winning (example commissioned sales).

14.6.3 Self-Esteem

Self-esteem is an individual's general feeling of self-worth. Individuals with high self-esteem have positive feelings about themselves, perceive themselves to have strength as well as weaknesses, and believe their strengths are more important than their weaknesses. Individuals with low self-esteem view themselves negatively. They are more strongly affected by what other people think of them, and they compliment individuals who give them positive feedback while cutting down people who give them negative feedback.

Research on self-esteem (SE) offers some interesting insights into organisational behaviour.

1. High-SEs: People with High SEs

believe they possess more of the ability they need in order to succeed at work,

will take more risks in job selection and are more likely to choose unconventional jobs,

are more satisfied with their jobs.

2. Low-SEs: - People with low SEs

are more susceptible to external influence,

depend on the receipt of positive evaluations from others,

tend to be concerned with pleasing others and therefore, are less likely to take unpopular stands, and

are less satisfied with their jobs.

Self-esteem may be strongly affected by situations. Success tends to raise self-esteem, whereas failure tends to lower it. Given that high self-esteem is generally a positive characteristic, managers should encourage employees to raise their self-esteem by giving them appropriate challenges and opportunities for success.

14.6.4 Self-Efficacy

Self-efficacy refers to an individual's belief that he or she is capable of performing a task. The higher your self-efficacy, the more confidence you have in your ability to succeed in a task. So, in difficult situations, we find that people with low self-efficacy are more likely to lessen their effort or give up altogether whereas those with high self- efficacy will try harder to master the challenge. In addition, individuals high in self- efficacy seem to respond to negative feedback with increased

effort and motivation; those low in self-efficacy are likely to lessen their effort when given negative feedback.

Individuals with high self-efficacy believes that they have the ability to get things done, that they are capable of putting forth the effort to accomplish the task, and that they can overcome any obstacles to their success. There are four sources of self-efficacy:

Prior experiences;

Behaviour models - witnessing the success of others;

Persuasion from other people; and

Assessment of current physical and emotional capabilities.

Believing in one's own capability to get something done is an important facilitator of success. There is strong evidence that self-efficacy leads to high performance on a wide variety of physical and mental tasks. Managers can help employees develop their self-efficacy. This can be done by providing performance, and rewarding employee's achievements.

14.6.5 Self-Monitoring

A characteristic with great potential for affecting behaviour in organisations is self-monitoring. Self-monitoring refers to an individual's ability to adjust his or her behaviour to external situational factors.

High self-monitors pay attention to what is appropriate in particular situations and to the behaviour of other people, and they behave accordingly. Low self-monitors, in contrast, are not as vigilant to situational cues and act from internal states rather than paying attention to the situation. As a result, the behaviour of low self-monitors, because their behaviour varies with the situation appear to be more unpredictable and less consistent. High self-monitors are capable of presenting striking contradictions between their public persona and their private self. Low self-monitors can't disguise themselves this way.

14.6.6 Positive/Negative Effect

Individuals who focus on the positive aspects of themselves, other people, and the world in general are said to have positive effect. In contrast, those who accentuate the negative in themselves, others, and the world are said to possess negative affect. Employees with positive effect are absent from work less often. Individuals with negative effect report more work stress. Negative individual effect produces negative group effect and this leads to less cooperative behaviour in the work group. Managers can do several things to promote positive effect, including allowing participative decision making and providing pleasant working conditions.

14.6.7 Risk-Taking

People differ in their willingness to take chances. High-risk-taking managers made more rapid decisions and used less information in making their choices than the low-risk-taking managers.

While it is generally correct to conclude that managers in organizations are risk aversive, there are still individual differences on this dimension. As a result, it makes sense to recognise these differences and even to consider aligning risk-taking propensity with specific job demands. For example, a high-risk-taking propensity may lead to more effective performance for a stockbroker but these personality characteristics might prove a major obstacle for an auditor.

14.6.8 Type A and Type B Personality

Type A behaviour pattern is a complex of personality and behavioural characteristics, including competitiveness, time urgency, social status insecurity, aggression, hostility and a quest for achievements. Type A personality individual is "aggressively involved in a chronic, struggle to achieve more and more in less and less time, and if required to do so, against the opposing efforts of other things or other persons".

Type A personality:

    i. Are always moving, walking, and eating rapidly:

    ii. Feel impatient with the rate at which most events take place;

    iii. Strive to think or do two or more things simultaneously;

    iv. Cannot cope with leisure time; and

    v. Are obsessed with numbers, measuring their success in terms of how much of everything they acquire.

The alternative to the Type A behaviour pattern is the Type B behaviour pattern. People with Type B personalities are relatively free of the Type A behaviours and characteristics. Type B personalities are "rarely harried by the desire to obtain a wildly increasing number of things or participate in an endless growing series of events in an ever decreasing amount of time".

Type B personality:

    1. Never suffer from a sense of time urgency with its accompanying impatience;

    2. Feel no need to display or discuss either their achievements or accomplishments unless such exposure is demanded by the situation;

    3. Play for fun and relaxation, rather than to exhibit their superiority at any cost; and

4. Can relax without guilt.

Organizations can also be characterised as Type A or Type B organizations. Type A individuals in Type B organisations and Type B individuals in Type A organizations experience stress related to a misfit between their personality type and the predominant type of the organization.

14.7 MEASUREMENT OF PERSONALITY

Several methods can be used to assess personality. These include projective tests, behavioural measures and self-report questionnaires. These measures of personality are explained below:

14.7.1 The Projective Tests

In these tests, individuals are shown a picture, abstract image, or photo and are asked to describe what they see or to tell a story about what they see. The rationale behind projective tests is that each individual responds to the stimulus in a way that reflects his or her unique personality. The Rorschach inkblot test, Thematic Apperception test (TAT), sentence completion method are projective tests commonly used to assess personality. Research evidence concerning the validity of projective techniques as a whole is very disappointing. Projective tests continue to suffer from a lack of objectivity in scoring and an absence of adequate norms. Nevertheless, in clinical practice, projective tests continue to be popular and valued diagnostic tool.

14.7.2 Behavioural Measures

There are behavioural measures of personality as well. Using an observational technique known as behavioural assessment, psychologist can count and record the frequency of particular behaviours. For example, we might assess a person's sociability; by counting the number of times he or she approaches strangers at a party. The behaviour is scored in some manner to produce an index of personality.

Although much can be learned from observation, it has the following shortcomings -

i. It is time-consuming and expensive.

ii. What is observed may be misinterpreted.

iii. Two observers can view the same event and interpret it differently.

iv. The presence of the observer can alter the behaviour being observed.

14.7.3 Self-Report Questionnaire

The most common method of assessing personality is the self-report

questionnaire. Individuals respond to a series of questions, usually in an agree/ disagree or true/false format. The widely recognized self-report questionnaire is -

Minnesota Multiphasic Personality Inventory (MMPI)

Myers-Briggs Type Indicator (MBTI):

(a) Minnesota Multiphasic Personality Inventory (MMPI): The MMPI is comprehensive and assesses a variety of traits, as well as various neurotic or psychotic disorders. Used extensively in psychological counselling to identify disorders, the MMPI is a long questionnaire. It is useful in the screening, diagnosis and clinical description of abnormal behaviour, but does not reveal differences among normal personalities very well.

(b) The Myers-Briggs Type Indicator (MBTI): Another popular self-report questionnaire is the Myers-Briggs Type Indicator (MBTI). It is essentially a 100 - question personality test that asks people how they usually feel or act in particular situations. Katharine Briggs and her daughter, Isabel Briggs Myers, developed the Myers-Briggs Type Indicator to put Jung's type theory into practical use. The MBTI is used extensively in organizations as a basis for understanding individual differences. The MBTI has been used in career counselling, team building, conflict management and understanding management styles.

Based on the answers individuals give to the test, they are classified as -

Extroverted or Introverted (E or I)

Sensing or Intuitive (S or N)

Thinking or Feeling (T or F) and

Perceiving or Judging (P or J)

There are four basic preferences in type theory and two possible choices for each of the four preferences. The combination of these preferences makes up an individual's psychological type.

14.8 MATCHING PERSONALITIES AND JOBS

Obviously, individual personalities differ. So, too do jobs. Following this logic, efforts have been made to match the proper personalities with the proper jobs. John Holland's "personality-job fit theory" is concerned with matching the job requirements with personality characteristics. The personality-job fit theory identifies 6 personality types and proposes that the fit between personality type and occupational environment determines satisfaction and turnover.

Holland has developed a Vocational Preference Inventory Questionnaire that contains 160 occupational titles. Respondents indicate which of these occupations

they like or dislike, and these answers are used to form personality profiles. Six major personality types have been identified. They are listed in the figure below along with their compatible occupations.

14.9 TRAIT THEORIES

14.9.1 Intrapsychic Theory

Based on the work of Sigmund Freud, Intrapsychic theory emphasises the unconscious determinants of behaviour.

The Components of Personality

Freud proposed a new conception of the personality, one that contains three systems - the id, the ego, and the superego. These systems do not exist physically; they are only concepts, or ways of looking at personality.

1. Id: The id is the only part of the personality that is present at birth. It is inherited, primitive, inaccessible and completely unconscious. The id contains

i. The life instincts, which are sexual instincts and the biological urges such as hunger and thirst, and

ii. The death instinct, which accounts for our aggressive and destructive impulses.

The id operates according to the pleasure principle; that is, to seek pleasure, avoid pain and gain immediate gratification of its wishes. The id is the source of the libido, the psychic energy that fuels the entire personality; yet the id cannot act on its own. It can only wish, image, fantasize, and demand.

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

3. Superego: when the child is age 5 or 6 the superego - the moral component of the personality - is formed. The superego has two parts -

i. The "conscience" consists of all the behaviours for which we have been punished and about which we feel guilty;

ii. The "ego ideal" contains the behaviours for which we have been praised and rewarded and about which we feel pride and satisfaction.

In its quest for moral perfection, the superego sets moral guide that define and limit the flexibility of ego.
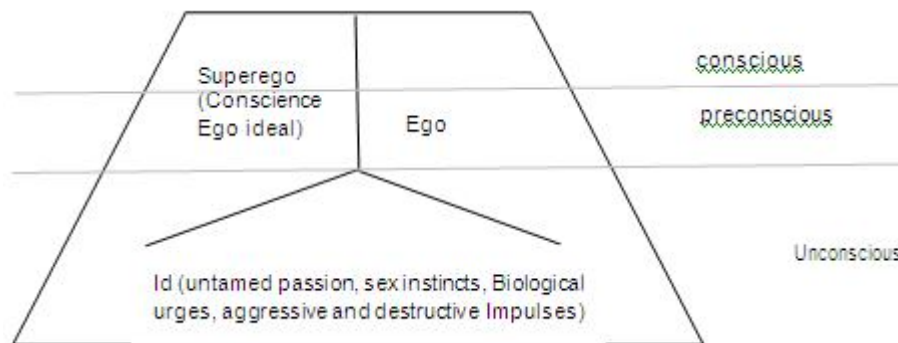
Their characteristics are diagrammed and described here

Fig: Freud's conception of the Personality

Defence Mechanisms: A defence mechanism is a technique used to defend against anxiety and to maintain self-esteem, but it involves self-deception and the distortion of reality. We use defence mechanisms to protect us from failure and from guilt arousing desires or actions. All of us use defence mechanisms to some degree; it is only their overuse that is considered abnormal.

1. Repression: According to Freud, repression is the most important and frequently used defence mechanism. Repression operates in two ways:

a. It can remove painful or threatening memories, thoughts, ideas or perceptions from consciousness and keep them in the unconscious.

A. It can prevent unconscious but disturbing sexual and aggressive impulses from breaking into consciousness.

2. Projection: We use projection when we attribute our own undesirable impulses, thoughts, personality traits or behaviour to others, or when we minimize the undesirable in ourselves and exaggerate it in others. Projection allows us to avoid acknowledge our unacceptable traits and thereby to maintain our self-esteem, but it seriously distorts our perception of the external world. For example, A dishonest man may think everyone is out to cheat him.

3. Denial: It is a refusal to acknowledge consciously or to believe that a danger or a threatening condition exists. For example (1) Smokers use denial when they refuse to admit that cigarettes are a danger to their health. (2) Many people who abuse alcohol and drugs deny that they have a problem.

Yet denial is sometimes useful as a temporary means of getting through a crisis until a more permanent adjustment can be made, such as when people initially deny the existence of a terminal illness.

4. Rationalization: It occurs when we unconsciously supply a logical, rational, or socially acceptable reason rather than the real reason for an action or

event. Rationalization can be used to justify past, present, or future behaviours or to soften the disappointment connected with not attaining a desired goal. When we rationalize, we make excuses for or justify, our failures and mistakes.

5. Regression: Sometimes, when frustrated or anxious, we may use regression and revert to behaviour that might have reduced anxiety at an earlier stage of development. For example, an adult may have a temper tantrum, rant and rave or through things.

6. Reaction Formation: is at work when people express exaggerated ideas and emotions that are the opposite of their disturbing, unconscious impulses and desires. In reaction formation the conscious thought or feeling masks the unconscious one. For example, a former chain smoker becomes irate and complains loudly at the faintest whiff of cigarette smoke.

(i) Displacement: Occurs when we substitute a less threatening object or person for the original object of a sexual or aggressive impulse. For example, if your boss makes you angry, you may take out your hostility on your wife.

(ii) Sublimation: With sublimation, we re-channel sexual or aggressive energy into pursuits or accomplishments that society considers acceptable or even praiseworthy. For example, an aggressive person may re-channel the aggression and become a football player. Freud viewed sublimation as the only completely healthy ego defence mechanism.

14.9.2 Psycho-analytical Social Learning

Evaluating Freud's Contribution: Freud's theory is so comprehensive that its elements must be evaluated separately. As we have seen, Freud believed that his concepts of the unconscious and the principles by which it operates were his most important work. In fact the primary aim of psychoanalysis is to bring unconscious thoughts, wishes and desires to consciousness. Leading scholars today do not dispute the existence of unconscious processes. However, they do not see the unconscious as envisioned by Freud and they disagree as to how sophisticated or simple it might be.

Freud is a towering figure in the world of psychology, but today he does not loom as large as in decades past. There are very strict Freudians left, and for most psychoanalysts, Freud's techniques constitute only a part of their therapeutic arsenal. Sigmund Freud has been both worshipped and ridiculed, but his standing as a pioneer in psychology cannot be denied.

(a) Social Learning Theory: The main focus of social learning approach is on the patterns of behaviour the individuals learn in coping with environment. Some behaviour patterns are learned or acquired through direct experience. Responses

can also be acquired or learned without direct reinforcement. Individuals can also learn by observing what happens to other people and just be being told about something, as well as direct experiences. So, for example much of what we have learned comes from watching models – parents, teachers, peers, bosses etc. This view that we can learn through both observation and direct experience has been called social-learning theory.

Social-learning theory acknowledges the existence of observational learning and the importance of perception in learning. People respond to how they perceive and define consequences, not to the objective consequences themselves. The influence of models is central to the social-learning process. Four processes have been found to determine the influence that a model will have on an individual. They are-

Attentional Processes: People tend to be most influenced by models that are attractive and important to us. As the model influences them they learn from the model by paying attention to them.

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

Motor Reproduction Processes: After a person has seen a new behaviour by observing the model, the watching must be converted to doing. This process then demonstrates that the individual can perform the modelled activities.

Reinforcement Processes: Individuals will be motivated to exhibit the modelled behaviour if positive incentives or rewards are provided. Behaviours that are reinforced will be given more attention, learned better, and performed more often. Reinforcement that controls the expression of learned behaviour may be:

1. Direct: It refers to the social approval or disapproval or alleviation of aversive conditions, and other tangible rewards.

2. Vicarious: It refers to observation of someone else receiving reward or punishment for similar behaviour.

3. Self-administered: It refers to evaluation of one's own performance with self-praise.

Of all these, self-administered reinforcement theory plays a vital role in social learning theory.

Evaluation of Social Learning Theory: Social learning theory has made a significant contribution to personality theory.

(1) It enables us to look more clearly at human actions as reactions to specific conditions or circumstances rather than merely symbolic manifestations of internal and unconscious forces.

(2) It emphasis on the environmental variables that elicit specific behaviours.

Social learning theory has been criticised on two grounds -

(1) It overemphasise the importance of situational factors in behaviour.

(2) The experimental methods used by social learning theorists are particularly sensitive to the impact of situational variables and are apt to emphasise change in behaviour.

14.10 JOB FIT THEORY

The Personality-Job Fit Theory assumes that examining a person's personality will give insight into their adaptability in an organisation. By matching the personality with the company we can achieve a better synergy and avoid problems like high turnover and low job satisfaction. The person-job fit theory is a study of personality attributes and the requirements of the job. The matching of the job requirements with personality characteristics is given in John Holland's Personality-job fit theory. This theory is based on the notion of fit between an individual's personality characteristics and his or her occupational environment. Holland presents six personality types and proposes that satisfaction and the propensity to leave a job depends on the degree to which individuals successfully match their personality to an occupational environment. Holland has developed a vocational reference inventory questionnaire that contains 160 occupational titles. Respondents indicate which of these occupations they like or dislike, and their answers are used to form personality profiles.

The person-job fit theory argues that satisfaction is highest and turnover lowest when personality and occupation are in agreement. Social individuals should be in social jobs, conventional people in conventional jobs and so forth. A realistic person in a realistic job is in a more congruent situation than is a realistic person in an investigative job.

14.11 DEVELOPMENT OF PERSONALITY

Personality development is the relatively enduring pattern of thoughts, feelings, and behaviors that distinguish individuals from one another. The dominant view in the field of personality psychology today holds that personality emerges early and continues to change in meaningful ways throughout the lifespan.

Personality development is defined as a process of developing and enhancing one's personality. Personality development helps an individual to gain confidence and high self esteem. Personality development also is said to have a positive impact on one's communication skills and the way he sees the world. Individuals tend to develop a positive attitude as a result of personality development.

14.12 IMPORTANCE OF PERSONALITY DEVELOPMENT

Personality development grooms an individual and helps him make a mark of his/her own. Individuals need to have a style of their own for others to follow them. Do not blindly copy others. You need to set an example for people around. Personality development not only makes you look good and presentable but also helps you face the world with a smile.

Personality development goes a long way in reducing stress and conflicts. It encourages individuals to look at the brighter sides of life. Face even the worst situations with a smile. Flashing your trillion dollar smile will not only melt half of your problems but also evaporate your stress and worries. There is no point cribbing over minor issues and problems.

Personality development helps you develop a positive attitude in life. An individual with a negative attitude finds a problem in every situation. Rather than cribbing and criticizing people around, analyze the whole situation and try to find an appropriate solution for the same. Remember, if there is a problem, there has to be a solution as well. Never lose your cool. It would make the situation worse.

It is essential for individuals to behave well with people around. Being polite with others will not only make you popular among other people but also earn you respect and pride. You can't demand respect by being rude with people around. Personality development plays an important role in developing not only your outer but also inner self. Human being is a social animal. One needs people around. An individual needs to have that magnetic power which attracts people towards him. You need to have that charisma of yours. Personality development helps you gain recognition and acceptance from the society as well as people around.

Personality development plays an essential role not only in an individual's professional but also personal lives. It makes an individual disciplined, punctual and an asset for his/her organization. An in-disciplined individual finds it difficult to survive in the long run. Personality development teaches you to respect not only your Boss and fellow workers but also family members, friends, neighbours, relatives and so on. Never make fun of anyone at the workplace. Avoid criticizing and making fun of your fellow workers.

One should never carry his/her attitude or personal grudges to work. Office is not a place where you can be rude to others just because you had a fight with your friend last night. Personality development sessions help you differentiate between your personal as well as professional life. It is really essential to keep a balance between both the lives to lead a peaceful and stress free life.

Personality development helps an individual to inculcate positive qualities like punctuality, flexible attitude, willingness to learn, friendly nature, eagerness to help others and so on. Never hesitate to share information with others. Always reach office on time. Some people have a tendency to work till late. Late sittings not only increase your stress levels but also spoil your personal life. Sitting till late at the office indicates that an individual is extremely poor in time management skills.

Personality development helps you develop an impressive personality and makes you stand apart from the rest. Personality development also plays an essential role in improving one's communication skills. Individuals ought to master the art of expressing their thoughts and feelings in the most desired way. Personality development makes you a confident individual who is appreciated and respected wherever he goes.

14.13 SUMMARY

Personality refers to individual differences in characteristic patterns of thinking, feeling and behaving. The study of personality focuses on two broad areas: One understands individual differences in particular personality characteristics, such as sociability or irritability. The other understands how the various parts of a person come together as a whole.

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

Though psychologists and social scientists unanimously agree to the importance of personality, they are unable to come out with a unanimous definition. Many authorities on the subject have defined personality in different ways.

J.B Kolasa defines personality as - "Personality is a broad, amorphous designation relating to fundamental approaches of persons to others and themselves. To most psychologists and students of behaviour, this term refers to the study of the characteristic traits of an individual, relationships between these traits and the way in which a person adjusts to other people and situations".

According to Gluck - "Personality is a pattern of stable states and characteristics of a person that influences his or her behaviour toward goal achievement. Each person has unique ways of protecting these states".

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

Research on animals has showed that both physical and psychological characteristics can be transmitted through heredity. But research on human beings is inadequate to support this viewpoint. However, psychologists and geneticists have accepted the fact that heredity plays an important role in one's personality.

The parents play an especially important part in the identification process, which is important to the person's early development. According to Mischel, the process can be examined from three different perspectives. Identification can be viewed as the similarity of behaviour including feelings and attitudes between child and model. Identification can be looked at as the child's motives or desires to be like the model. It can be viewed as the process through which the child actually takes on the attributes of the model.

There is increasing recognition given to the role of other relevant persons, groups and especially organizations, which greatly influence an individual's personality. This is commonly called the socialization process. Socialization involves the process by which a person acquires, from the enormously wide range of behavioural potentialities that are open to him or her. Socialization starts with the initial contact between a mother and her new infant. After infancy, other members of the immediate family – father, brothers, sisters and close relatives or friends, then the social group – peers, school friends and members of the work group, play influential roles.

Socialization process is especially relevant to organizational behaviour because the process is not confined to early childhood, taking place rather throughout one's life. In particular, evidence is accumulating that socialization may be one of the best explanations for why employees behave the way they do in today's organizations.

Human personality is also influenced by situational factors. The effect of environment is quite strong. Knowledge, skill and language are obviously acquired and represent important modifications of behaviour. An individual's personality, while generally stable and consistent, does change in different situations.

Managers should learn as much as possible about personality in order to understand their employees. Hundreds of personality characteristics have been

identified. We have selected eight characteristics because of their particular influences on individual behaviour in organizations.

Niccolo Machiavelli was a sixteenth century Italian statesman. He wrote "The Prince", a guide for acquiring and using power. The primary method for achieving power that he suggested was manipulation of others. Machiavellianism then is a personality characteristic indicating one's willingness to do whatever it takes to get one's way. An individual high in Machiavellianism is pragmatic, maintains emotional distance and believes that ends can justify means. "If it works use it", is consistent with a high-Mach perspective.

High-Machs believe that any means justify the desired ends. They believe that manipulations of others are fine if it helps to achieve a goal. Thus, high-Machs are likely to justify their manipulative behaviour as ethical. They are emotionally detached from other people and are oriented toward objective aspects of situations.

Self-esteem is an individual's general feeling of self-worth. Individuals with high self-esteem have positive feelings about themselves, perceive themselves to have strength as well as weaknesses, and believe their strengths are more important than their weaknesses. Individuals with low self-esteem view themselves negatively. They are more strongly affected by what other people think of them, and they compliment individuals who give them positive feedback while cutting down people who give them negative feedback.

Self-efficacy refers to an individual's belief that he or she is capable of performing a task. The higher your self-efficacy, the more confidence you have in your ability to succeed in a task. So, in difficult situations, we find that people with low self-efficacy are more likely to lessen their effort or give up altogether whereas those with high self- efficacy will try harder to master the challenge. In addition, individuals high in self- efficacy seem to respond to negative feedback with increased effort and motivation; those low in self-efficacy are likely to lessen their effort when given negative feedback.

Self-monitoring refers to an individual's ability to adjust his or her behaviour to external situational factors.

14.14 GLOSSARY

a) Personality: Personality refers to individual differences in characteristic patterns of thinking, feeling and behaving. The study of personality focuses on two broad areas: One understands individual differences in particular personality characteristics, such as sociability or irritability. The other understands how the various parts of a person come together as a whole.

b) Socialization process: Socialization process is especially relevant to organizational behaviour because the process is not confined to early childhood, taking place rather throughout one's life. In particular, evidence is accumulating that socialization may be one of the best explanations for why employees behave the way they do in today's organizations.

c) Human Personality: Human personality is also influenced by situational factors. The effect of environment is quite strong. Knowledge, skill and language are obviously acquired and represent important modifications of behaviour. An individual's personality, while generally stable and consistent, does change in different situations.

d) Self-esteem: Self-esteem is an individual's general feeling of self-worth. Individuals with high self-esteem have positive feelings about themselves, perceive themselves to have strength as well as weaknesses, and believe their strengths are more important than their weaknesses. Individuals with low self-esteem view themselves negatively.

e) Self-efficacy: Self-efficacy refers to an individual's belief that he or she is capable of performing a task. The higher your self-efficacy, the more confidence you have in your ability to succeed in a task. So, in difficult situations, we find that people with low self-efficacy are more likely to lessen their effort or give up altogether whereas those with high self- efficacy will try harder to master the challenge.

f) Self-monitoring: Self-monitoring refers to an individual's ability to adjust his or her behaviour to external situational factors.

14.15 ANSWER TO CHECK YOUR PROGRESS/ POSSIBLE ANSWERS TO SAQ

14.15.1 Short answer questions

1. What is Personality?

2. What is Socialization Process?

3. What is Human Personality?

4. What is Self-esteem?

5. What is Self-efficacy?

6. What is Self-monitoring?

14.15.2 Extended answer questions

1. Explain in details about Determinants of Personality.

2. Discuss various Theories of Personality.

3. Discuss the process of Measurement of Personality.

4. Explain about the Development of Personality.

14.15.3 True-false

1. Personality refers to individual differences in characteristic patterns of thinking, feeling and behaving.

2. Socialization process is especially relevant to organizational behaviour because the process is not confined to early childhood, taking place rather throughout one's life.

3. Business personality is also influenced by situational factors.

4. Self-esteem is an individual's general feeling of self-worth.

5. Self-efficacy refers to an individual's belief that he or she is capable of performing a task.

14.15.4 Multiple-choice

1. What refers to individual differences in characteristic patterns of thinking, feeling and behaving?

 a) Personality

 b) Attitude

 c) Learning

 d) None of the above

2. What is relevant to organizational behaviour because the process is not confined to early childhood, taking place rather throughout one's life?

 a) Socialization process

 b) Attitude

 c) Learning

 d) None of the above

3. What is an individual's general feeling of self-worth?

 a) Self-esteem

 b) Attitude

 c) Learning

 d) None of the above

14.15.5 Fill-in-the-blanks

1. ……………refers to individual differences in characteristic patterns of thinking, feeling and behaving.

2. ……………..is especially relevant to organizational behaviour because the process is not confined to early childhood, taking place rather throughout one's life.

3. …………..is also influenced by situational factors.

4. …………is an individual's general feeling of self-worth.

5. ………………refers to an individual's belief that he or she is capable of performing a task.

14.16 POSSIBLE ANSWERS TO SELF ASSESSMENT QUESTIONS

14.15.3 1. True 2. True 3. False 4. True 5. True

14.15.4 1. (a) 2. (b) 3. (c)

14.15.5 1. Personality 2. Socialization process 3. Human personality 4. Self-esteem 5. Self-efficacy

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6. Organisational Behaviour, Volume 1 by N.K. Jain

6. Organisational Behaviour by G. A. Cole, Gerald A. Cole.

14.19 TERMINAL QUESTIONS

1. Discuss in details about Type A and Type B Personality and the implementation.
2. Explain about personality characteristics in organizations.

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UNIT 15   PERCEPTION

15.1 INTRODUCTION

Perception is the organization, identification, and interpretation of sensory information in order to represent and understand the environment. All perception involves signals in the nervous system, which in turn result from physical or chemical stimulation of the sense organs. For example, vision involves light striking the retina of the eye, smell is mediated by odor molecules, and hearing involves pressure waves. Perception is not the passive receipt of these signals, but is shaped by learning, memory, expectation, and attention.

15.2 OBJECTIVES

After reading this unit you will be able to understand:

    The Process of Perception

    Process and Principles

    Nature and Importance

    Factors Influencing Perception

    Perceptual Selectivity

    Making Judgements

    Social Perception

15.3 INTRODUCTION TO PERCEPTION

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

Simply because people's behaviour is based on their perception of what reality is, not on reality itself. Virtually all management activities rely on perception. In appraising performance, managers use their perceptions of an employee's behaviour as a basis for the evaluation. One work situation that highlights the importance of perception is the selection interview. Perception is also culturally determined. Based on our cultural backgrounds, we tend to perceive things in certain ways.

Thus, perception is the primary vehicle through which we come to understand our surroundings and ourselves. Social perception is the process of interpreting information about another person. Social perception is directly concerned with

how one individual perceives other individuals. Formal organization participants constantly perceive one another. Managers are perceiving workers, workers are perceiving managers, line personnel perceive staff personnel, staff personnel perceive line personnel, superiors perceive subordinates, and subordinates are perceiving superiors and so on. There are numerous complex factors that enter into such social perception, but the primary factors are found in the psychological process and personality.

15.4 FACTORS INFLUENCING PERCEPTION

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

15.4.1 Characteristics of the Perceiver

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

(i) Attitudes: The perceiver's attitudes affect perception. For example, suppose Mr. X is interviewing candidates for a very important position in his organization - a position that requires negotiating contracts with suppliers, most of whom are male. Mr X may feel that women are not capable of holding their own in tough negotiations. This attitude will doubtless affect his perceptions of the female candidates he interviews.

(ii) Moods: Moods can have a strong influence on the way we perceive someone. We think differently when we are happy than we do when we are depressed. In addition, we remember information that is consistent with our mood state better than information that is inconsistent with our mood state. When in a positive mood, we form more positive impression of others. When in a negative mood, we tend to evaluate others unfavourably.

(iii) Motives: Unsatisfied needs or motives stimulate individuals and may exert a strong influence on their perceptions. For example, in an organizational context, a boss who is insecure perceives a subordinate's efforts to do an outstanding job as a threat to his or her own position. Personal insecurity can be transferred into the perception that others are out to "get my job", regardless of the intention of the subordinates.

(iv) Self-Concept: Another factor that can affect social perception is the perceivers' self-concept. An individual with a positive self-concept tends to notice positive attributes in another person. In contrast, a negative self-concept can lead

a perceiver to pick out negative traits in another person. Greater understanding of self allows us to have more accurate perceptions of others.

(v) Interest: The focus of our attention appears to be influenced by our interests. Because our individual interests differ considerably, what one person notices in a situation can differ from what others perceive. For example, the supervisor who has just been reprimanded by his boss for coming late is more likely to notice his colleagues coming late tomorrow than he did last week. If you are preoccupied with a personal problem, you may find it hard to be attentive in class.

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

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

Knowing oneself makes it easier to see others accurately.

One's own characteristics affect the characteristics one is likely to see in others.

People who accept themselves are more likely to be able to see favourable aspects of other people.

Accuracy in perceiving others is not a single skill.

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

15.4.2 Characteristics of the Target

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

Physical appearance plays a big role in our perception of others. The perceiver will notice the target's physical features like height, weight, estimated age, race and gender. Perceivers tend to notice physical appearance characteristics that contrast with the norm, that are intense, or that are new or unusual. Physical attractiveness

often colour our entire impression of another person. Interviewers rate attractive candidates more favourably and attractive candidates are awarded higher starting salaries.

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

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

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

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

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

15.4.3 Characteristics of the Situation

The situation in which the interaction between the perceiver and the target takes place has an influence on the perceiver's impression of the target. For example, In the same way, meeting a manager in his or her office affects your impression in a certain way that may contrast with the impression you would form had you met the manager in a restaurant.

The strength of the situational cues also affects social perception. Some situations provide strong cues as to appropriate behaviour. In these situations, we assume that the individual's behaviour can be accounted for by the situation, and that it may not reflect the individual's disposition. This is the discounting principle in social perception.

For example, you may encounter an automobile salesperson who has a warm and personable manner, asks you about your work and hobbies, and seems genuinely interested in your taste in cars. Can you assume that this behaviour reflects the salesperson's personality? You probably cannot, because of the influence of the situation. This person is trying to sell you a car, and in this particular situation he probably treats all customers in this manner.

Frequently Used Shortcuts in judging others: Perceiving and interpreting what others do is burdensome. As a result, individuals develop techniques for making the task more manageable. These techniques are not foolproof. Several factors lead us to form inaccurate impressions of others. These barriers to perception are inaccurate impressions of others. These barriers to perception are

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

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

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

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

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

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

3. Halo Effect: The halo error in perception is very similar to stereotyping. Whereas in stereotyping the person is perceived according to a single category, under the halo effect the person is perceived on the basis of one trait.

When we draw a general impression about an individual based on a single characteristic, such as intelligence, sociability or appearance, a halo effect is operating. The propensity for the halo effect to operate is not random. Research suggests it is likely to be most extreme when the traits to be perceived are ambiguous in behavioural terms, when the traits have moral overtones, and when the perceiver is judging traits with which he or she has limited experience.

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

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

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

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

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

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

Seasickness as Self-Fulfilling Prophecy

Virtually no one is immune to seasickness, especially those in the Navy who must perform their jobs on rough seas. While there are drugs for the problem, some of the side effects are the very symptoms that the drugs are intended to prevent: drowsiness, blurred vision, and dryness of the mouth. Naval and aviation medicine continue to try to solve the challenge of motion sickness.

The authors of one study devised an experiment to see whether self-fulfilling prophecy could help. They assigned twenty-five naval cadets in the Israeli Defense Forces to experimental and control conditions. Before their first cruise, the cadets in the experimental group were told that they were unlikely to experience seasickness and that, if they did, it was unlikely to affect their performance at sea. Cadets in the control group were told about research on seasickness and its prevention. At the end of the five-day cruise, cadets in the experimental group reported less seasickness and were rated as better performers by their training officers. These cadets also had higher self-efficacy; that is, they believe they could perform well at sea despite seasickness.

The pills and patches that physicians often prescribe for seasickness are unpleasant to the point of deterring their use, are of short-term effectiveness, and have undesirable side effects. Self-fulfilling prophecy has none of these problems, and it appears to work in combating seasickness.

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

15.5 MANAGERIAL IMPLICATIONS OF PERCEPTION

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

1. Employment Interview: A major input into who is hired and who is rejected in any organization is the employment interview. Evidence indicated that interviewers often make inaccurate perceptual judgements. Interviews generally draw early impressions that become very quickly entrenched. If negative information is exposed early in the interview, it tends to be more heavily weighted than if that same information comes out later. As a result, information elicited early in the interview carries greater weight than does information elicited later. A "good applicant" is probably characterised more by the absence of unfavourable characteristics than by the presence of favourable characteristics.

The employment interview is an important input into the hiring decision and a manager must recognize that perceptual factors influence who is hired. Therefore, eventually the quality of an organization's labour force depends on the perception of the interviewers.

2. Performance Evaluation: An employee's performance appraisal very much depends on the perceptual process. The performance appraisal represents an assessment of an employee's work. While this can be objective, many jobs are evaluated in subjective terms. Subjective measures are, by definition, judgemental. The evaluator forms a general impression of an employee's work. What the evaluator perceives to be "good" or "bad" employee characteristics will, significantly influences the appraisal outcome. An employee's future is closely tied to his or her appraisal

- promotions, pay raises and continuation of employment are among the most obvious outcomes.

3. Performance Expectations: A manager's expectations of an individual affect both the manager's behaviour towards the individual and the individual's response. An impressive amount of evidence demonstrates that people will attempt to validate their perceptions of reality, even when these perceptions are faulty. This is particularly relevant when we consider performance expectations on the job.

The term self-fulfilling prophecy or Pygmalion effects have evolved to characterize the fact that people's expectations determine their behaviour. Managers can harness the power of the Pygmalion effect to improve productivity in the organization. It appears that high expectations of individuals come true. Managers can extend these high expectations of individuals to an entire group. When a manager expects positive things from a group, the group delivers. Similarly, if a manager expects people to perform minimally, they will tend to behave so as to meet these low expectations. Thus, the expectations become reality.

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

Impression Management: Most people want to make favourable impression on others. Impression management is the process by which individuals try to control the impression others have of them. This is particularly true in organizations, where individuals compete for jobs, favourable performance evaluations and salary increases. Some impression management techniques used in organizations are given below:

1. Name-dropping: is a technique, which involves mentioning an association with important people in the hopes of improving one's image.

2. Flattery: is a common technique whereby compliments are given to an individual in order to win his or her approval. Favours are also used to gain the approval of others. Agreement with someone's opinion is a technique often used to gain a positive impression.

Managing one's Appearance: is another technique for impression management. Individuals dress carefully for interviews because they want to "look the part" in

order to get the job. Self-descriptions, or statements about one's characteristics, are used to manage impressions as well.

Impression management seems to have an impact on other's impressions. As long as the impressions conveyed are accurate, this process can be beneficial one in organizations. If the impressions are found to be false, however, a strongly negative overall impression may result. Furthermore, excessive impression management can lead to the perception that the user is manipulative or insincere.

15.6 THE PROCESS OF PERCEPTION

Perception is a process of receiving, selecting, organizing, interpreting, checking and reacting to stimuli. This is like an input-through put-output process in which the stimuli can be considered as 'inputs' transformation of 'input' through selection, organization and interpretation as 'through puts' and the ultimate behaviour/action as 'output'. The whole perceptional process can be presented as follows: These are explained one by one:

1. Receiving Stimuli: The first process in the perception is the presence of stimuli. The stimuli are received from the various sources. Through the five organs. It is a physiological aspect of perception process. Stimuli may be external to us (such as sound waves) and inside us (such as energy generation by muscles).

2. Selection of Stimuli: After receiving the stimuli or data, some are selected. Others are screened out. Two types of factors affect selection of stimuli for processing: external and internal factors. External factors relate to stimuli such as intensity of stimuli, its size, movement, repetition, etc. Internal factors, relate to the perceiver such as his/her age, learning, interest, etc. Normally, he will select the objects which interest him and will avoid that for which he is indifferent. This is also called 'selective perception'.

3. Organization of Stimuli: Organising the bits of information into a meaningful whole is called "organization". There are three ways by which the selected data, i.e., inputs are organised. These are :

(i) Grouping,

(ii) Closure and

(iii) Simplification

(i) Grouping: In grouping, the perceiver groups the various stimuli on the basis of their similarity or proximity. For example, all the workers coming from the same place may be perceived as similar on the basis of proximity.

(ii) Closure: When faced with incomplete information, people fill up the gaps themselves to make the information meaningful. This may be done on the

basis of past experience, past data, or hunches. For example, in much advertisement, alphabets are written by putting electric bulbs indicating the shape of the concerned alphabets but broken lines. In such cases, people tend to fill up the gap among different bulbs to get meaning out of these.

(iii) Simplification: People identify main stimulus features and assess how they are organized. He interprets a stimulus situation, the perceiver simples the information.

15.7 NATURE OF PERCEPTION

"Perception refers to the interpretation of sensory data. In other words, sensation involves detecting the presence of a stimulus whereas perception involves understanding what the stimulus means. For example, when we see something, the visual stimulus is the light energy reflected from the external world and the eye becomes the sensor. This visual image of the external thing becomes perception when it is interpreted in the visual cortex of the brain.

Thus, visual perception refers to interpreting the image of the external world projected on the retina of the eye and constructing a model of the three dimensional world."

From the above explanation it becomes clear that perception is something more than sensation. It correlates, integrates and comprehends diverse sensations and information from many organs of the body by means of which a person identifies things and objects, the sensations refer to.

Perception is determined by both physiological and psychological characteristics of the human being whereas sensation is conceived with only the physiological features. Thus, perception is not just what one sees with the 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 is going on in one's environment.

Perception is a subjective process, therefore, different people may perceive the same environment differently based on what particular aspects of the situation they choose to selectively absorb, how they organize this information and the manner in which they interpret it to obtain a grasp of the situation.

15.8 IMPORTANCE OF PERCEPTION

(i) Perception is very important in understanding the human behaviour, because every person perceives the world and approaches the life problems differently-

Whatever we see or feel is not necessarily the same as it really is. It is because what we hear is not what is really said, but what we perceive as being said. When we buy something, it is not because it is the best, but because we take it to be the best. Thus, it is because of perception, we can find out why one individual finds a job satisfying while another one may not be satisfied with it.

(ii) If people behave on the basis of their perception, we can predict their behaviour in the changed circumstances by understanding their present perception of the environment. One person may be viewing the facts in one way which may be different from the facts as seen by another viewer.

(iii) With the help of perception, the needs of various people can be determined, because people's perception is influenced by their needs. Like the mirrors at an amusement park, they distort the world in relation to their tensions.

(iv) Perception is very important for the manager who wants to avoid making errors when dealing with people and events in the work setting. This problem is made more complicated by the fact that different people perceive the same situation differently. In order to deal with the subordinates effectively, the managers must understand their perceptions properly.

Thus, for understanding the human behaviour, it is very important to understand their perception, that is, how they perceive the different situations. People's behaviour is based on their perceptions of what reality is, not on reality itself. The world as it is perceived is the world that is important for understanding the human behaviour.

15.9 PERCEPTUAL SELECTIVITY AND MAKING JUDGEMENTS

Perceptual Selectivity is the process by which individuals perceive what they want to in media messages while ignoring opposing viewpoints. It is a broad term to identify the behavior all people exhibit to tend to "see things" based on their particular frame of reference.

There are two types of selective perception: perceptual vigilance and perceptual defense. The low level of selective perception, perceptual vigilance refers to the process in which the individual notices and recognizes the stimuli that may be significant to him at some degree. On the other hand, perceptual defense occurs in an attempt of a person to create a barrier between him and the stimuli so that he could protect himself from having awareness of it. More often than not, these stimuli are perceived to be threatening or unpleasant, such as obscene words and violent actions. This is the high level of selective perception wherein violent actions are not accurately seen or foul words are not precisely heard. Researchers

say that people with high level perceptual defense have a strong "perceptual wall" which serves as the filtering mechanism, making them unable to perceive unwanted stimuli.

15.10 SOCIAL PERCEPTION

Social perception allows individuals to make judgments and form impressions about other people. These judgments are primarily based on observation, although pre-existing knowledge influences how observed information is interpreted. "Social perception" refers to the first stages in which people process information in order to determine another individual's or group's mind-set and intentions. These early stages help us interpret each other's actions so that additional information can be quickly inferred in order to predict behavior. Social perceptions can influence an individual's behaviors and attitudes.

Social psychologists research the factors that lead people to behave in a given way in the presence of others, and look at the conditions under which certain behaviors and feelings occur. This field is specifically concerned with the way feelings, thoughts, beliefs, intentions, and goals are constructed, and how such psychological factors, in turn, influence interactions with others.

Social psychology attempts to understand the complex relationship between minds, groups, and behaviors in three general ways. First, it aims to describe how the thoughts, feelings, and behaviors of individuals are influenced by the actual, imagined, or implied presence of others. This includes areas like social perception, social interaction, and social influence (including trust, power, and persuasion). There is a strong interest in how perceptions and thoughts, as well as social cues, affect individual behavior in this area. Second, social psychology attempts to describe the influence that individual perceptions and behaviors have on the behavior of groups. This includes research on areas such as group productivity and decision making. Third, social psychology explains the dynamics of groups as behavioral entities. Research in this area investigates the relationships that one group has with another group, and/or the influence one group has on another group.

15.11 SUMMARY

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waves. Perception is not the passive receipt of these signals, but is shaped by learning, memory, expectation, and attention.

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

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

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

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

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15.12 GLOSSARY

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b) Physical appearance: Physical appearance plays a big role in our perception of others. The perceiver will notice the target's physical features like height, weight, estimated age, race and gender.

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

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15.13 ANSWER TO CHECK YOUR PROGRESS/ POSSIBLE ANSWERS TO SAQ

15.13.1 Short answer questions

1. Define the term Perception.

2. State any two factors influencing Perception.

3. What is Perceptual Selectivity?

4. What is Making Judgement?

5. What is Social Perception?

15.13.2 Extended answer questions

1. Discuss the Process of Perception.

2. Discuss nature of perception.

3. Discuss importance of perception.

4. Discuss various factors Influencing Perception.

5. Write note on: Perceptual Selectivity.

6. Discuss about Social Perception.

15.13.3 True-false

1. Perception is the organization, identification, and interpretation of sensory information in order to represent and understand the environment.

2. Physical appearances notice the target's physical features like height, weight, estimated age, race and gender.

3. Non-verbal communication conveys a great deal of information about the target.

4. Selective perception is out tendency to choose information that supports the viewpoints.

5. Perceptual Selectivity is the process by which individuals perceive what they want to in media messages while ignoring opposing viewpoints.

15.13.4 Multiple-choice

1. Which of the following are the organization, identification, and interpretation of sensory information in order to represent and understand the environment?

    a) Perception

    b) Attitude

    c) Learning

    d) All the above

2. Which of the following notice the target's physical features like height, weight, estimated age, race and gender?

    a) Physical appearances

    b) Attitude

    c) Learning

    d) All the above

3.   What is the process by which individuals perceive what they want to in media messages while ignoring opposing viewpoints?

a) Perceptual Selectivity

b) Attitude

c) Learning

d) All the above

15.13.5 Fill-in-the-blanks

1.   ……………is the organization, identification, and interpretation of sensory information in order to represent and understand the environment.

2.   ………………notice the target's physical features like height, weight, estimated age, race and gender.

3.   ………………..is the process by which individuals perceive what they want to in media messages while ignoring opposing viewpoints.

15.14 POSSIBLE ANSWERS TO SELF ASSESSMENT QUESTIONS

15.13.3 1. True 2. True 3. True 4. True 5. True

15.13.4 1. (a) 2. (a) 3. (a)

15.13.5 1. Perception 2. Physical appearances 3. Perceptual Selectivity

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15.17 TERMINAL QUESTIONS

1. Discuss about Perceptual Selectivity and Making Judgements.

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UNIT 16   LEARNING

16.1 INTRODUCTION

Learning is the act of acquiring new, or modifying and reinforcing, existing knowledge, behaviors, skills, values, or preferences and may involve synthesizing different types of information. The ability to learn is possessed by humans, animals, plants and some machines. Progress over time tends to follow a learning curve. It does not happen all at once, but builds upon and is shaped by previous knowledge. To that end, learning may be viewed as a process, rather than a collection of factual and procedural knowledge. Learning produces changes in the organism and the changes produced are relatively permanent.

16.2 OBJECTIVES

After reading this unit you will be able to understand:

Learning

Nature of Learning

Importance of Learning

Theories of Learning

16.3 ORGANIZATIONAL LEARNING

Organizational learning is the process of creating, retaining, and transferring knowledge within an organization. An organization improves over time as it gains experience. From this experience, it is able to create knowledge. This knowledge is broad, covering any topic that could better an organization. Examples may include ways to increase production efficiency or to develop beneficial investor relations. Knowledge is created at four different units: individual, group, organizational, and inter organizational.

The most common way to measure organizational learning is a learning curve. Learning curves are a relationship showing how as an organization produces more of a product or service, it increases its productivity, efficiency, reliability and/or quality of production with diminishing returns. Learning curves vary due to organizational learning rates. Organizational learning rates are affected by individual proficiency, improvements in an organization's technology, and improvements in the structures, routines and methods of coordination.

16.4 MEANING OF LEARNING

Learning is a term frequently used by a great number of people in a wide variety of contexts. Learning can be defined as a relatively permanent change in

behaviour or potential behaviour as a result of direct or indirect experience. There are two primary elements in this definition:

The change must be relatively permanent. This means that after "learning" our behaviour must be different, either better or worse as compared to our behaviour prior to this learning experience. For example you "learn" to drive a car or have learned how to use a computer.

This change must occur due to some kind of experience or practice. This learning is not caused by biological maturation. For example a child does not learn to walk, it is a natural biological phenomenon. We do not learn to eat or drink.

Learning is thus a change in behaviour as a result of experience. Different psychologists and behavioural scientists have defined learning differently. Given below are a few important definitions of learning:

Stephen P Robbins - "Learning is any relatively permanent change in behaviour that occurs as a result of experience".

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

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

It must be understood that the learning itself is not observable, but only change in behaviour is observable which is the result of the process of learning. This change in behaviour must be differentiated from changes in behaviour from other causes. The causes of such changes including aging, such as being stronger or improvement in memory in the early formative years, instinctive response tendencies such as a timid person being brave at the time of a crisis. Accordingly, as a unique determinant of behaviour, learning cannot take place unless the learner actually experiences what has to be learned.

16.5 COMPONENTS OF LEARNING

1. Learning involves change, be it good or bad.

2. The change in behaviour must be relatively permanent. For that matter, a temporary change in behaviour as a result of fatigue or temporary adaptations are not considered learning.

1. Only change in behaviour acquired through experience is considered learning. Therefore, a change in individual's thought process or attitudes, if accompanied by no change in behaviour, would not be learning. For example the ability to walk that is based on maturation disease or physical damages would not be considered learning.

1. Some form of experience is necessary for learning. Experience may be acquired directly through practice or observation or indirectly as through reading.

2. Learning is not confined to our schooling only. As a matter of fact, learning is a life long process.

16.6 DETERMINANTS OF LEARNING

The important factors that determine learning are:

1. Motive: Motives also called drives, prompt people to action. They are primary energisers of behaviour. They are the ways of behaviour and mainspring of action. They are largely subjective and represent the mental feelings of human beings. They are cognitive variables. They arise continuously and determine the general direction of an individual's behaviour without motive learning cannot occur.

2. Stimuli: Stimuli are objects that exist in the environment in which a person lives. Stimuli increase the probability of eliciting a specific response from a person.

3. Generalization: The principle of generalization has important implications for human learning. Generalization takes place when the similar new stimuli repeat in the environment. When two stimuli are exactly alike, they will have probability of eliciting specific response. It makes possible for a manager to predict human behaviour when stimuli are exactly alike.

4. Discrimination: What is not generalisation is discrimination. In case of discrimination, responses vary to different stimuli. For example an MBA student may learn to respond to video teaching but not to the oral lecturing by his professor.

5. Responses: The stimulus results in responses - be these in the physical form or in terms of attitudes or perception or in other phenomena. However, the responses need to be operationally defined and preferably physically observable.

6. Reinforcement: Reinforcement is a fundamental conditioning of learning. Reinforcement can be defined as anything that both increases the strength of response and tends to induce repetitions of behaviour that preceded the reinforcement. No measurable modification of behaviour can take place without reinforcement.

7. Retention: Retention means remembrance of learned behaviour overtime. Converse is forgetting. Learning which is forgotten over time is called "extinction". When the response strength returns after extinction without only intervening reinforcement it is called "spontaneous recovery".

16.7 THEORIES OF LEARNING

The most basic purpose of learning theory like any other is to better explain

how learning occurs. Attempts have been made by the psychologists and behavioural scientists to develop theories of learning.

How do we learn? Four theories have been offered to explain the process by which we acquire patterns of behaviour:

1. Classical conditioning theory;

2. Operant conditioning theory;

3. Cognitive learning theory; and

4. Social learning theory.

16.7.1 Classical Conditioning

Classical conditioning is one of the simplest forms of learning yet it has a powerful effect on our attitudes, likes and dislikes, and emotional responses. We have all learned to respond in specific ways to a variety of words and symbols. Our lives are profoundly influenced by associations we learn through classical conditioning. Ivan Pavlov whose research on the conditioned reflex in dogs revealed much of what we know about the principles of classical conditioning.

Classical Conditioning of Pavlov: Ivan Pavlov (1849 - 1936) organized and directed research in physiology at the Institute of Experimental Medicine in St. Petersburg, Russia from 1891 until his death in 1936. His book "Conditioned Reflexes" is one of the classic works in psychology.
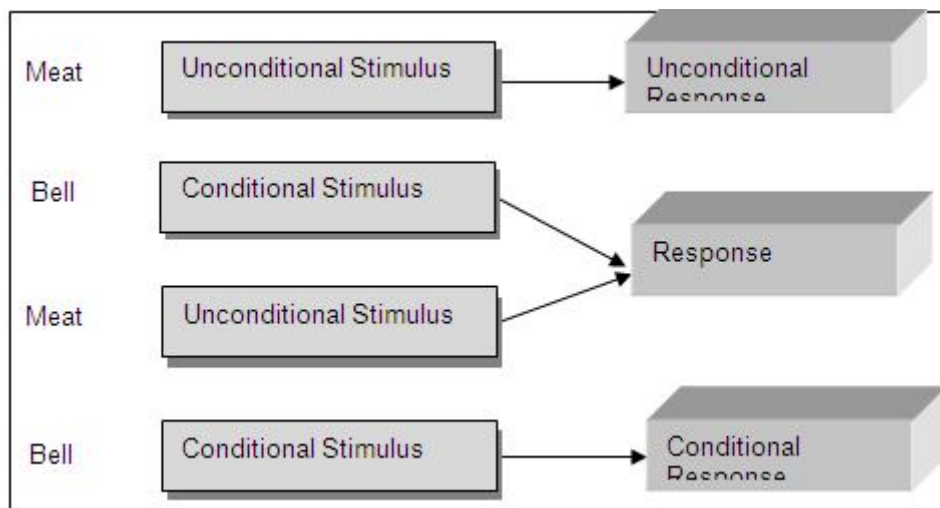
Fig: Classical Conditioning Theory

Classical conditioning is modifying behaviour so that a conditioned stimulus is paired with an unconditioned stimulus and elicits an unconditioned behaviour. Ivan Pavlov, a Russian psychologist developed classical conditioning theory based on his experiments to teach dog to salivate in response to the ringing of a bell.

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

Classical conditioning introduces a simple cause-and-effect relationship between one stimulus and response. It also makes the response reflective or involuntary after the stimulus-response relationship has been established. This leaves no ground for making choice, which differences human beings from dogs. Under certain situations classical conditioning does explain human behaviour.

For example, if a student is always reprimanded by his Principal when he is summoned to the principal's office he may become nervous whenever asked to come to the principal's office because of this association.

The Elements and Processes in Classical Conditioning:

Reflex: A reflex is an involuntary response to a particular stimulus. There are two kinds of reflexes:

1. Conditioned Reflex: This is a "learned" reflex rather than a naturally occurring one.

2. Unconditioned Reflex: This is a "unlearned" reflex. Example, Salivation in response to food. Unconditioned reflex are built into the nervous system.

The Conditioned and Unconditioned Stimulus and Response: - Pavlov continued to investigate the circumstances under which a conditioned reflex is formed. Dogs do not need to be conditioned to salivate to food, so salivation of food is an unlearned or unconditioned response (UR). Any stimulus (such as food) that without learning will automatically elicit (bring forth) an unconditioned response is called an unconditioned stimulus (US).

A reflex is made up of both a stimulus and response. Following is a list of some common unconditioned reflexes, showing their two components - the unconditioned stimulus and unconditioned response.

Factors Influencing Classical Conditioning:

There are four major factors that affect the strength of a classically conditioned response and the length of time required for conditioning.

1. The number of pairings of the conditioned stimulus and the unconditional stimulus. In general, the greater the number of pairings, the stronger the conditioned response.

2. The intensity of the unconditioned stimulus. If a conditioned stimulus is paired with a very strong unconditioned stimulus, the conditioned response will be stronger and will be acquired more rapidly than if it is paired with a weaker unconditioned stimulus.

3. The most important factor is how reliably the conditioned stimulus predicts the unconditioned stimulus. Rescorla has shown that classical conditioning does not occur automatically just because a neutral stimulus is repeatedly paired with an unconditioned stimulus. The neutral stimulus must also reliably predict the occurrence of the unconditioned stimulus. For example, a tone that is always followed by food will elicit more salivation than one that is followed by food only some of the time.

4. The temporal relationship between the conditioned stimulus and the unconditioned stimulus. Conditioning takes place faster if the conditioned stimulus occurs shortly before the unconditioned stimulus. It takes place more slowly or not at all when the two stimuli occur at the same time. Conditioning rarely takes place when the conditioned stimulus follows the unconditioned stimulus.

Limitations: Classical conditioning has real limitation in its acceptability to human behaviour in organizations for at least three reasons:

i. Human beings are more complex than dogs but less amenable to simple cause-and -effect conditioning.

ii. The behavioural environment in organizations is also complex.

iii. The human decision-making process being complex in nature makes it possible to override simple conditioning.

An alternate approach to classical conditioning was proposed by B.F. Skinner, known as Operant Conditioning, in order to explain the more complex behaviour of human, especially in organizational setting.

16.7.2 Operant Conditioning

Operant conditioning argues that behaviour is a function of its consequences. People learn to behave to get something they want or avoid something they don't want. Operant behaviour means voluntary or learned behaviour in contrast to reflexive or unlearned behaviour. The tendency to repeat such behaviour is influenced by the reinforcement or lack of reinforcement brought about by the consequences of the behaviour. Reinforcement therefore strengthens behaviour and increases the likelihood it will be repeated.

What Pavlov did for classical conditioning, the Harvard psychologist B.F. Skinner did for operant conditioning.

Operant conditioning induces a voluntary change in behaviour and learning occurs as a "consequence" of such change. It is also known as reinforcement theory and it suggests that behaviour is a function of its consequences. It is based upon the premise that behaviour or job performance is not a function of inner thoughts, feelings, emotions or perceptions but is keyed to the nature of the outcome of such behaviour. The consequences of a given behaviour would determine whether the same behaviour is likely to occur with future or not. Based upon this direct relationship between the consequences and behaviour, the management can study and identify this relationship and try to modify and control behaviour. Thus, the behaviour can be controlled by manipulating its consequences. This relationship is built around two principles:

The behaviour that results in positive rewards tend to be repeated and behaviour with negative consequences tend not to be repeated.

Based upon such consequences, the behaviour can be predicted and controlled.

Hence, certain types of consequences can be used to increase the occurrence of a desired behaviour and other types of consequences can be used to decrease the occurrence of undesired behaviour. The consequences of behaviour are used to influence, or shape, behaviour through three strategies: reinforcement, punishment and extinction. Thus, operant conditioning is the process of modifying behaviour through the use of positive or negative consequences following specific behaviours.

From an organizational point of view, any stimulus from the work environment will elicit a response. The consequence of such a response will determine the nature of the future response. For example working hard and getting the promotion will probably cause the person to keep working hard in the future.

Factors Influencing Operant Conditioning: Several factors affect response rate, resistance to extinction and how quickly a response is acquired.

1. The first factor is the magnitude of reinforcement. In general, as magnitude of reinforcement increases, acquisition of a response is greater. For example, workers would be motivated to work harder and faster, if they were paid a higher salary.

Research indicates that level of performance is also influenced by the relationship between the amount of reinforcement expected and what is actually received. For example, your job performance would undoubtedly be affected if your salary were suddenly cut by half. Also, it might dramatically improve if your employer doubled your pay.

1. The second factor affecting operant conditioning is the immediacy of reinforcement. Responses are conditioned more effectively when reinforcement is immediate. As a rule, the longer the delay in reinforcement, the more slowly a response is acquired.

2. The third factor influencing conditioning is the level of motivation of the learner. If you are highly motivated to learn to play football you will learn faster and practice more than if you have no interest in the game. Skinner found that when food is the rein forcer, a hungry animal would learn faster than an animal with a full stomach.

16.7.3 Cognitive Learning Theory

Behaviourists such as Skinner and Watson believed that learning through operant and classical conditioning would be explained without reference to internal mental processes. Today, however, a growing number of psychologists stress the role of mental processes. They choose to broaden the study of learning to include such cognitive processes as thinking, knowing, problem solving, remembering and forming mental representations. According to cognitive theorists, these processes are critically important in a more complete, more comprehensive view of learning.

1. Wolfang Kohler (1887 - 1967): Learning by insight: - A German Psychologist studied anthropoid apes and become convinced that they behave intelligently and were capable of problem solving. In his book "The Mentality of Apes" (1925), Kohler describes experiments he conducted on chimpanzees confined in caged areas.

In one experiment Kohler hung a bunch of bananas inside the caged area but overhead, out of reach of the apes; boxes and sticks were left around the cage. Kohler observed the chimp's unsuccessful attempts to reach the bananas by jumping or swinging sticks at them. Eventually the chimps solved the problem by piling the boxes one on top of the other until they could reach the bananas.

In another experiment, Sultan, the brightest of the chimps, was given one short stick; beyond reach outside the cage were a longer stick and a bunch of bananas. After failing to reach the bananas with the short stick, Sultan used it to drag the longer stick within reach. Then, finding that the long stick did not reach the bananas, Sultan finally solved the problem by fitting the two sticks together to form one long stick. With this stick, he successfully retrieved the bananas.

Kohler observed that the chimps sometimes appeared to give up in their attempts to get the bananas. However, after an interval they returned and came up with the solution to the problem as if it had come to them in a flash of insight. Kohler insisted that insight, rather than trial-and-error learning, accounted for the

chimps successes because they could easily repeat the solution and transfer this learning to similar problems.

Learning by insight occurs when there is a sudden realisation of the relationship between elements in a problem situation so that a solution becomes apparent. Kohler's major contribution is his notion of learning by insight. In human terms, a solution gained through insight is more easily learned, less likely to be forgotten, and more readily transferred to new problems than solution learned through rote memorization.

2. Edward Tolman (1886 - 1959): Latent Learning and Cognitive Maps:-Edward Tolman differed with the prevailing ideas on learning

(i) He believed that learning could take place without reinforcing.

(ii) He differentiated between learning and performance. He maintained that latent learning could occur. That is learning could occur without apparent reinforcement but not be demonstrated until the organism was motivated to do so.

The following experiment by Tolman and Honzik (1930) supported this position. The experiment consisted of three groups of rats that were placed in a maze daily for 17 days. The first group always received a food reward at the end of the maze. The second group never received a reward, and the third group did not receive a food reward until the 11th day. The first group showed a steady improvement in performance over the 17 day period. The second group showed gradual improvement. The third group, after being rewarded on the 11th day showed a marked improvement the next day and from then on outperformed the rats that had been rewarded daily. The rapid improvement of the rats that had been rewarded daily. The rapid improvement of the third group indicated to Tolman that latent learning has occurred – that the rats had actually learned the maze during the first 11 days.

In later studies, Tolman showed how rats quickly learned to rearrange learned cognitive maps and find their way through increasingly complex mazes with ease.

16.7.4 Social Learning

Albert Bandura contends that many behaviors or responses are acquired through observational learning. Observational learning, sometimes called modeling results when we observe the behaviors of others and note the consequences of that behaviour. The person who demonstrates behaviour or whose behaviour is imitated is called models. Parents, movie stars and sports personalities are often powerful models. The effectiveness of a model is related to his or her status, competence and power. Other important factors are the age, sex, attractiveness, and ethnicity of the model.

Whether learned behaviours are actually performed depends largely on whether the person expects to be rewarded for the behaviour.

Social learning integrates the cognitive and operant approaches to learning. It recognizes that learning does not take place only because of environmental stimuli (classical and operant conditioning) or of individual determinism (cognitive approach) but is a blend of both views. It also emphasizes that people acquire new behaviors by observing or imitating others in a social setting. In addition, learning can also be gained by discipline and self-control and an inner desire to acquire knowledge or skills irrespective of the external rewards or consequences. This process of self-control is also partially a reflection of societal and cultural influences on the development and growth of human beings.

Usually, the following four processes determine the influence that a model will have on an individual:

Attention Process: People can learn from their models provided they recognise and pay attention to the critical features. In practice, the models that are attractive, repeatedly available or important to us tend to influence us the most.

Retention Process: A model's influence depends on how well the individual can remember or retain in memory the behaviour/action displayed by him when the model is no longer readily available.

Motor Reproduction Process: Now, the individual needs to convert the model's action into his action. This process evinces how well an individual can perform the modelled action.

Reinforcement Process: Individuals become motivated to display the modelled action if incentive and rewards are provided to them.

In addition to observing others as role models, human beings have the capacity of self-regulation. By simply thinking about their behaviour, they can change their behaviours towards betterment and in accordance with the norms of social and organizational living.

Central to Bundura's social learning theory is the notion of self-efficacy. Self-efficacy is an individual's belief and expectancies about his or her ability to accomplish a specific task effectively. Individuals with high self-efficacy believe that they have the ability to get things done, that they are capable of putting forth the effort to accomplish the task, and that they can overcome any obstacles to their success. People with high levels of self-efficacy are more effective at learning than are those with low levels of self-efficacy. According to Bandura, self-efficacy expectations may be enhanced through four means as follows:

1. Performance accomplishments (just do it!)

2. Vicarious experiences (watch someone else do it)

3. Verbal persuasion (be convinced by someone else to do it) or

4. Emotional arousal (get excited about doing it)

16.8 SUMMARY

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

Human learning may occur as part of education, personal development, or training. It may be goal-oriented and may be aided by motivation. The study of how learning occurs is part of neuropsychology, educational psychology, learning theory, and pedagogy.

Learning may occur as a result of habituation or classical conditioning, seen in many animal species, or as a result of more complex activities such as play, seen only in relatively intelligent animals. Learning may occur consciously or without conscious awareness.

Learning is commonly defined as a process that brings together cognitive, emotional, and environmental influences and experiences for acquiring, enhancing, or making changes in one's knowledge, skills, values, and world views. Learning as a process focuses on what happens when the learning takes place. Explanations of what happens constitute learning theories.

Learning frequently occurs in the presence of drive any strong stimulus that impels action. Drives are basically of two types primary (or physiological); and secondary (or psychological). These two categories of drives often interact with each other. Individuals operate under many drives at the same time. To predict a behavior, it is necessary to establish which drives are stimulating the most.

Cue stimuli are those factors that exist in the environment as perceived by the individual. The idea is to discover the conditions under which stimulus will increase the probability of eliciting a specific response. There may be two types of stimuli with respect to their results in terms of response concerned: generalization and discrimination.

Responses may be in the physical form or may be in terms of attitudes, familiarity, perception or other complex phenomena. In the above example, the supervisor discriminates between the worker producing low quality products and the worker producing high quality products, and positively responds only to the quality conscious worker.

Reinforcement is a fundamental condition of learning. Without reinforcement, no measurable modification of behavior takes place. Reinforcement may be defined as the environmental event's affecting the probability of occurrence of responses with which they are associated.

Readiness implies a degree of single-mindedness and eagerness. Individuals learn best when they are physically, mentally, and emotionally ready to learn, and they do not learn well if they see no reason for learning.

The principle of exercise states that those things most often repeated are best remembered. It is the basis of drill and practice. It has been proven that students learn best and retain information longer when they have meaningful practice and repetition. The key here is that the practice must be meaningful. It is clear that practice leads to improvement only when it is followed by positive feedback.

Primacy, the state of being first, often creates a strong, almost unshakable, impression. Things learned first create a strong impression in the mind that is difficult to erase. For the instructor, this means that what is taught must be right the first time. For the student, it means that learning must be right.

The principle of recency states that things most recently learned are best remembered. Conversely, the further a student is removed time-wise from a new fact or understanding, the more difficult it is to remember. For example, it is fairly easy to recall a telephone number dialed a few minutes ago, but it is usually impossible to recall a new number dialed last week.

The principle of freedom states that things freely learned are best learned. Conversely, the further a student is coerced, the more difficult is for him to learn, assimilate and implement what is learned. Compulsion and coercion are antithetical to personal growth. The greater the freedom enjoyed by individuals within a society, the greater the intellectual and moral advancement enjoyed by society as a whole.

According to operant learning theory, the subject learns to operate on the environment to achieve certain consequences. Operantly learned behavior is controlled by the consequences that follow it. The consequences depend on the behavior, and it is this connection that is learned. Operant learning can be used to increase or reduce the probability of behavior.

Punishment involves following an unwanted behavior with some unpleasant, aversive stimulus. In general, organizations rely too heavily on punishment, and it should be used carefully and only when other methods of reinforcement fail to work.

Classical conditioning has a limited value in the study of organizational behavior. As pointed out by Skinner, classical conditioning represents an insignificant part of

total human learning. Classical conditioning is passive. Something happens and we react in a specific or particular fashion.

Observational learning results from watching the behavior of another person and appraising the consequences of that behavior. It does not require an overt response. When Mr. X observes that Y is rewarded for superior performance, X learns the positive relationship between performance and rewards without actually obtaining the reward himself. Observational learning plays a crucial role in altering behaviors in organizations.

Modeling is the process of imitating the behavior of others. At times, workers learn to behave in a certain fashion through modeling or the process of imitating behavior they observe.

16.9 GLOSSARY

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

b) Human Learning: Human learning may occur as part of education, personal development, or training. It may be goal-oriented and may be aided by motivation. The study of how learning occurs is part of neuropsychology, educational psychology, learning theory, and pedagogy.

c) Reinforcement: Reinforcement is a fundamental condition of learning. Without reinforcement, no measurable modification of behavior takes place. Reinforcement may be defined as the environmental event's affecting the probability of occurrence of responses with which they are associated.

d) Punishment: Punishment involves following an unwanted behavior with some unpleasant, aversive stimulus. In general, organizations rely too heavily on punishment, and it should be used carefully and only when other methods of reinforcement fail to work.

e) Classical conditioning: Classical conditioning has a limited value in the study of organizational behavior. As pointed out by Skinner, classical conditioning represents an insignificant part of total human learning. Classical conditioning is passive. Something happens and we react in a specific or particular fashion.

16.10 ANSWER TO CHECK YOUR PROGRESS/ POSSIBLE ANSWERS TO SAQ

16.10.1 Short answer questions

1. Define the term Learning.

2. State any two characteristics of Learning.

3. What is Classical conditioning?

16.10.2 Extended answer questions

1. Discuss the concept Learning.

2. Explain the characteristics of Learning

3. Discuss the components of the Learning process.

4. Discuss the principles of Learning.

5. Explain the Learning Theories.

6. State the organizational Learning practices.

7. Explain various types of Learning.

8. Discuss the significance of Learning in Life.

16.10.3 True-false

1. Human learning may occur as part of education, personal development, or training.

2. Punishment involves following an unwanted behavior with some unpleasant.

3. Pavlovian conditioning involves strengthening of the stimulus-outcome association.

4. The principle of regency states that things most recently learned are best remembered.

5. Self-efficacy refers to beliefs people have about their ability to successfully perform a specific task.

16.10.4 Multiple-Choice Questions

1. What is acquiring new knowledge, behaviors, skills, values, preferences or understanding?

i) Attitude

ii) Learning

iii) Behaviour

iv) All of them

2. Which of the following is not the component of learning process?

i) Drive

ii) Stimuli

iii) Response

iv) Attitude

3. Which of the following is not the principle of learning?

i) Primacy

ii) Recency

iii) Accuracy

iv) Freedom

4.   Operant Learning Theory includes ………….

i) Increasing the Probability of Behavior

ii) Reducing the Probability of Behavior

iii) Both of them

iv) None of them

16.10.5 Fill-in-the-blanks

1.   Human learning may occur as part of education, personal development, or ……………

2.   ………………..as a process focuses on what happens when the learning takes place.

3.   Learning is a fundamental process of ……………………

4.   Learning is a process and not a…………………...

5.   The process of learning is determined by conscious as well as ……………………..experiences.

16.11 POSSIBLE ANSWERS TO SELF ASSESSMENT QUESTIONS

16.10.3 1. True 2. True 3. True 4. True 5. True

16.10.4 1. (ii) 2. (iv) 3. (iii) 4. (iii)

16.10.5 1. Training 2. Learning 3. Life 4. Product 5. Unconscious

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4. Understanding Organizations by Charles Handy

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16.14 TERMINAL QUESTIONS

1. Discuss in details about Cognitive Learning Theory.

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Principles of Management and Organizational Behaviour

Volume II

Block IV: Motivation and Leadership
Block V: Organizational Behaviour

UTTARAKHAND OPEN UNIVERSITY

SCHOOL OF MANAGEMENT STUDIES AND COMMERCE

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Editor

SYLLABUS

Course Name: Principles of Management and Organizational Behaviour
Course Code: MS 101

Course Objective:

The objective of this course is to acquaint the student with the fundamentals of management concepts and its application in organizations. Further, this course enables learners to understand the intricacies of group and individual behaviour and help students to apply the concept of team building, leadership, managerial effectiveness and conflict resolutions in business organisations.

BLOCK I INTRODUCTION TO MANAGEMENT

Unit 1   Concept and Nature of Management
Unit 2   Development of Management Thoughts
Unit 3   Management Functions and Skills
Unit 4   Emerging Horizons of Management
Unit 5   Management Practices across the World

BLOCK II FUNCTIONS OF MANAGEMENT

Unit 6   Planning
Unit 7   Forecasting and Decision Making
Unit 8   Organizing
Unit 9   Staffing
Unit 10   Directing
Unit 11   Controlling

BLOCK III INDIVIDUAL BEHAVIOUR

Unit 12   Introduction to Individual and Organizational Behaviour
Unit 13   Attitudes
Unit 14   Personality
Unit 15   Perception
Unit 16   Learning

BLOCK IV MOTIVATION AND LEADERSHIP

Unit 17   Motivation
Unit 18   Leadership
Unit 19   Power and Political Behavior
Unit 20   Stress
Unit 21   Group Dynamics

BLOCK V ORGANIZATIONAL BEHAVIOUR

Unit 22   Organizational Climate and Culture
Unit 23   Organizational Conflict
Unit 24   Organizational Change
Unit 25   Organizational Development

CONTENTS

UNIT 17   MOTIVATION

STRUCTURE

17.1 INTRODUCTION

Motivation is a theoretical construct used to explain behavior. It represents the reasons for people's actions, desires, and needs. Motivation can also be defined as one's direction to behavior or what causes a person to want to repeat a behavior and vice versa. A motive is what prompts the person to act in a certain way, or at least develop an inclination for specific behavior.

17.2 OBJECTIVES

After reading this unit you will be able to understand:

    Motivation

    Types of Motivation

    Theories of Motivation

17.3 INTRODUCTION TO MOTIVATION

A worker is basically a human being. He is a person first and then worker. A manger has to understand that worker can't be considered as a mechanical system. He has to be inspired and actuated to accomplish the objectives of an organization. Work can be done by an employee mainly whether a person has been motivated properly or not. Motivation creates a sense of responsibility and special interest in the work. It increases the desire and enthusiasm to work. Every management tries to coordinate various factors of production in such a way that their contribution is maximum in achieving organizational goals. The performance of non human factors like machines etc. will depend upon the level of technology and the competence of those who use them. To improve the overall performance in a business it becomes essential to increase the efficiency of human beings. The performance of persons depends upon two factors, i.e., ability to do work and the second is motivation.

A manger has a job with people and not with products. He should understand their motives and motivate them to take desired actions. So the skill of motivation is vital for successful management in an organization. Motivation is important factor which encourages persons to give their best performance and help in reaching enterprise goals. A strong positive motivation will enable the increased output of employee but a negative motivation will reduce their performance. A key element in personnel management is motivation.

17.4 DEFINITIONS

According to **Koontz and 'O' Donnell**,"Motivation is a general term applying to the entire class of drives, needs, wishes and similar forces".

According to **Dale Breachus,** Motivation is the willingness to expand energy to achieve goals and rewards."

According to **Stephen, P. Robbins,**" Motivation is a process that starts with physiological or psychological deficiency or need that activities behaviour or a drive that is aimed at a goal or incentive".

17.5 NATURE OF MOTIVATION

1. It is an inner feeling which energizes a person to work more.

2. The emotions are desires of person prompt him for doing a particular work.

3. There are unsatisfied needs of a person which disturb his/her equilibrium.

4. A person moves to fulfill his unsatisfied needs by conditioning his energies.

5. There are dormant energies in a person which are activates by channelizing them into actions.

17.6 TYPES OF MOTIVATION

1. Positive Motivation: It is also called as incentive motivation which is based on reward. Here the workers are offered incentives for achieving the desired goals. The incentives may be in the shape of more pay, promotion, recognition of work. The employees are offered the incentives and try to improve their performance willingly. The real positive motivators are responsible for placement, high standard of performance information adequate for self control and the participation of the worker as a responsible citizen in the community.

2. Negative Motivation: It is also called as fear motivation which is based on force or fear. It causes fear for employees to act in a certain way. In case as push mechanism. The employees do not willingly co-operate, rather they want to avoid the punishment. Though employees work up to a level where punishment is avoided but this type of Motivation causes anger and frustration. This type generally becomes a cause of industrial unrest.

17.7 IMPORTANCE OF MOTIVATION

1.   Enhances the efficiency of employees

2. Better utilization of resources.

3. Decreases absenteeism and labour turnover.

4. Sense of belonging.

5. Goal directed behaviour.

6. Enhances the quality of work.

7. Enhances creativity

8. Increases availability of labour.

17.8 MOTIVATION CONCEPTS

1. Intrinsic motivation

Intrinsic motivation refers to motivation that is driven by an interest or enjoyment in the task itself, and exists within the individual rather than relying on any external pressure. Intrinsic motivation has been studied by social and educational psychologists since the early 1970s. Research has found that it is usually associated with high educational achievement and enjoyment by students evaluation theory.[clarification needed] Students are likely to be intrinsically motivated if they:

i) Attribute their educational results to factors under their own control (e.g., the effort expended),

ii) Believe they can be effective agents in reaching desired goals (i.e. the results are not determined by luck), are interested in mastering a topic, rather than just rote-learning to achieve good grades.

2. Extrinsic motivation

Extrinsic motivation comes from outside of the individual. Common extrinsic motivations are rewards like money and grades, coercion and threat of punishment. Competition is in general extrinsic because it encourages the performer to win and beat others, not to enjoy the intrinsic rewards of the activity. A crowd cheering on the individual and trophies are also extrinsic incentives.

Social psychological research has indicated that extrinsic rewards can lead to over justification and a subsequent reduction in intrinsic motivation. In one study demonstrating this effect, children who expected to be (and were) rewarded with a ribbon and a gold star for drawing pictures spent less time playing with the drawing materials in subsequent observations than children who were assigned to an unexpected reward condition. For those children who received no extrinsic reward, Self-determination theory proposes that extrinsic motivation can be internalized by the individual if the task fits with their values and beliefs and therefore helps to fulfill their basic psychological needs.

3. Self-control

The self-control of motivation is increasingly understood as a subset of emotional intelligence; a person may be highly intelligent according to a more conservative definition (as measured by many intelligence tests), yet unmotivated to dedicate this intelligence to certain tasks. Yale School of Management Professor Victor Vroom's "expectancy theory" provides an account of when people will decide whether to exert self control to pursue a particular goal.

Drives and desires can be described as a deficiency or need that activates behavior that is aimed at a goal or an incentive. These are thought to originate within the individual and may not require external stimuli to encourage the behavior. Basic drives could be sparked by deficiencies such as hunger, which motivates a person to seek food; whereas more subtle drives might be the desire for praise and approval, which motivates a person to behave in a manner pleasing to others.

By contrast, the role of extrinsic rewards and stimuli can be seen in the example of training animals by giving them treats when they perform a trick correctly. The treat motivates the animals to perform the trick consistently, even later when the treat is removed from the process.

17.9 THEORIES OF MOTIVATION

No organization can succeed without highly motivated and committed team of employees. It is only through them all other physical resources, like land, building capital and machine etc. are got to be used for the accomplishment of predetermined goals. Due to the enormous affect of motivational factors on the working behaviour and level of performance of the employee, lot of research work has been done and as a result of that many theories of motivation have been developed. Some of these theories are discussed as follows:

1. Maslow's Need Hierarchy

This theory was developed by Abraham Maslow, an eminent psychologist and has received pore attention from managers than any other theory of motivation, has classified human needs in logical convenient way that has an important Motivation implication for mangers. In this theory he has pointed out and explained that how needs influence human behaviour. Maslow viewed human motivation for self actualization.

a. Physiological Needs: These are most basic needs including food, shelter, and clothing. These needs are most powerful motivators as individual cannot survive without them. Physiological needs must be satisfied to some level or these should be partially satisfied, before the individual moves to satisfy other higher category needs. Maslow observed that "man lives by bread alone, when there is no bread"

b. Safety Needs: After the satisfaction of physical needs to a relative extent, one feels concerned about safety from future uncertainty, enemies and other threats. These are essentially needs of self-preservation. At this stage an individual begins to think for future and makes efforts to provide for rainy days. It is concluded by Maslow that, employees needs sufficient wage to feed, to take shelter to protect them and their families' and a safe working environment before attempting to satisfy other needs of the higher order.

c. Social Needs: After having secured satisfaction for physical needs and protection for future one focus next on satisfying needs of love and affection which are known as social needs. Social needs include the need to love and be loved and the need to belong and be identified with a group. Though this need is strongly felt but an individual is respect of family, it also affects work environment. As with the first two levels of needs, relative satisfaction of social needs gives rise to next higher level need.

d. Esteem Need: Employees in the organization who perceive themselves as worthwhile are said to have esteem needs. Self respect is a key to such needs. Much of our self-respect comes from being accepted and respected by others but esteem needs will emerge only when other lower category of needs are satisfied to a relative extent. Esteem needs include need for self-respect and appreciation from others, status and prestige in the society.

e. Self actualization: At the top of Maslow's hierarchy of needs, there lies the need of self-actualization. It is an open-ended need, because it relates to the need to become more and more what one is to become everything that one is capable of becoming. It includes need for realization of one's full potentials of development, maturity and autonomy. On the relative of this need an individual becomes growth-oriented, self directed, detached and creative. But an organization he hardly achieves self-realization. However the creativity of an individual in producing new and practical ideas, in bringing about productivity and innovation and in reducing cost that might satisfy some of the needs of self-actualization.

Assumptions

1. Man is a wanting animal motivated by needs.

2. Only dissatisfied needs motivate an individual.

3. Once needs satisfied, it ceases to be a motivator.

4. Needs are arranged a particular order or hierarchy.

5. The higher an individual moves in the need hierarchy, the grater will be the additions to his personality.

Reasons

1. Blend to their own potential.

2. Dominance of safety and security needs.

3. The social environment.

Positive Evaluations

1. The theory was the first to recognize the needs of an individual as the main reason for motivation.

2. The theory gave explanation to the question as to why do people were not motivated by the same incentives

3. The theory was dynamic and understood different phases of the motivational levels of individuals

4. The theory was simple, common and intuitive.

Negative Evaluations

1. The theory ignored the co-existence of needs.

2. The theory is impartial as it is difficult to estimate at what level in the need hierarchy, each individual is.

3. Some people are satisfied at lower level needs and cannot be motivated through need hierarchy.

4. This theory is more of a general motivational theory rather than a work motivational theory.

2. Herzberg's Hygiene-Two factor theory

In the late 2950 Fredrick Herzberg and his associates conducted a study of the jobs attitudes of 200 engineers and accountants. Herzberg placed responses in one of sixteen category, the factors on the right side were consistently related to the ob satisfaction and left side were consistently with job satisfaction and left side were consistently with job dissatisfaction. From this research Herzberg concluded that the job satisfaction and job dissatisfaction were from two different sets of factors. Thus the theory was called as 'Two factor theory'.

These include salary, working condition, company policy, procedures, rules and recognition.

Satisfiers include achievement, recognition, responsibility, advancement and the rewards for work performance.

Each of the need theory emphasizes the satisfaction of some important personal needs that people have acquired over a period of time. In the mean time each

theory also emphasizes that people decide on their degree of satisfaction by consciously comparing their circumstances with their needs. The major drawback of the theory is that there exists a sort of difference from person to person and in a period of time. Further Herzberg conducted his survey with 200 engineers' and accountants who are normally placed in the middle and higher level in the organization. This clearly shows that this experiment was restricted to a class of people for whom salary may not be a motivator but for the people who are working in lower levels salary may be an effective motivator.

Positive Evaluations

1. Herzberg's motivation hygiene theory was the first theory on work motivation and emphasized motivation within the enterprise.

2. This theory gave motivational techniques such as job enrichment, job rotation and autonomous work groups.

3. The theory was simple as it had only 2 dimensions as compared to Maslow's 5 dimension theory.

4. The theory was practical and could be applied in work place.

Negative Evaluations

1. Theory was limited by its methodology as individuals usually blame failures to outside causes and success is attributed to them.

2. This theory was more of job satisfaction than of motivation.

3. It did not give any importance to situational variables.

4. It did not give an overall picture of motivation or job satisfaction. For example a worker might be dissatisfied with some aspects of the job but still will continue working as he is satisfied on the whole.

3. Mc Gregor's 'X' and "Y" theory

Douglas Mc Gregor, US behavioral scientists has developed approach to mange and motivate based on of various assumptions relating to human behavior. It has been formulated as theory X and theory Y. Both these theories are founded on certain assumptions regarding human behavior. Though he was a great critic of classical approach of management, even then his theory X is related to philosophy of traditional management, assumptions about employees and the way to manage them. Theory Y is based on humanistic assumptions about employees and describes to approaches to mange and motivates them.

Theory X

Companies of negative and pessimistic assumptions regarding employees:

Assumptions

1. The average human being is basically lazy and dislikes work and avoid as far as possible.

2. Most people lack ambition and they are not interested in achievement. They like to be directed.

3. The only way in which workers can be stimulated to work is through fear.

4. Most people have little creativity in solving organization problems and always are indifferent to the organization.

5. Monetary rewards or incentives are the only way in which they can be motivated.

6. They are like any other factors of production and do not deserve any special treatment.

7. Workers generally want to remain in the position of status quo and do not want to advance in the enterprise.

8. Lack initiative and do not come forward to shoulder any responsibility.

9. Avoid decision making and do not want to take decisions on their own.

10. Autocratic and authoritarian leadership is suitable and preferred by these workers.

Theory Y

This is optimistic approach and assures positive assumptions regarding employees.

Assumptions

1. Work is as natural as play, if conditioned are favorable people like the work.

2. The average human beings under proper condition not only accept the work but also seek responsibility.

3. The intellectual potentialities of the human beings are only partially utilized under the conditions of modern industrial life.

4. It is not correct to think that the worker is incompetent for the job and cannot make the right decisions.

5. If the right motivational schemes are available every worker will take delight in shouldering responsibility and discharging successfully.

6. A worker wants that his achievement to be noticed by other and expects recognition for the successful accomplishment of responsibility.

7. For a worker, financial reward is not the only inspiration. He works efficiently even for non-financial rewards like recognition, greater participation in decision making increased responsibility.

Monetary and Non-Monetary Rewards

Monetary Rewards

Right from the initial stages of development of management knowledge till today monetary rewards assume significant role in motivating employees. Money is considered the most powerful motivator because by spending money, the employee satisfies his physiological and security needs. Monetary rewards which are also known as pecuniary rewards are those associated directly or indirectly with money, wage and salary are most important monetary rewards. Other monetary rewards are bonus, profit sharing, retirement benefits, vacation pay, free medical service, health insurance etc. Monetary rewards play important role as mainspring of motivation. Money does not only satisfy lower level needs such as physical and security need, but also needs of social status and power . Therefore, money is considered as basic incentive for individual and it motivates him to the larger extent if such rewards are linked with performance.

The role of monetary rewards may be followed on the basis of following factors.

1. As stated earlier, in developing and underdeveloped countries per capita income remains on lower side and people have low buying capacity. In this situation, monetary rewards which help in satisfying many lower order needs has grater motivational force as compared to the developed nations.

2. To make monetary rewards more effective, it is necessary that there should be clear link between reward and performance of the employee because it is only with the desire to get reward and performance of the employees because it is only with desire to get reward he may be inclined to perform his job.

3. Economic man model of traditional approach of management gives undue weight age to economic gains which the employee wants to seek by performing a job. The model states that the employee has only economic needs and to satisfy them he attempts to maximize his monetary rewards. Advocates of this model believe that monetary rewards are enough to motivate the employee.

4. While administering monetary rewards the principle of equity should be followed because if the employee feels that others who are performing at his level

are being given proportionately more reward, he may feel dissatisfied and may decrease his output as to adjust it with the reward.

5. Although monetary rewards do have value for everyone, how do they value it differs from individual to individual. Some individuals may give too much importance to it and other may attach less significance to it as it is a matter of one's perception and value system. It is clear that to the extent to which they value it, they will be motivated by it.

Non-Monetary

Rewards or incentives which are not measurable in term of money are known as non-monetary rewards. They are intangible and designed to meet higher order needs of the employees. The individuals, particularly working the higher level of organization, attach greater importance to social and psychological need. These needs cannot be satisfied by money alone. Non-monetary rewards thus aim at satisfying higher order needs such as ego needs and need of self actualization. These mainly include meaningful and interesting jobs, career advancement opportunity, supportive supervision, participation in management and quality circles. Some of these are discussed as follows:

1. Role of job design in motivation: Every individual in the organization is given some job to perform. The nature of job, its contents and its design have great impact on the working beahviour and level of performance of the individual. It has been a practice in the past that jobs to be performed at the lower level is usually designed in such a way so that the employee can perform it.

These jobs are marked by the fact that:

i) Employees require little training to perform them

ii) Supervision and control become easier

iii) They work with higher efficiency

2. Quality control circles: It is considered as a means of motivating employees by giving a chance to them for developing their potentials and offering satisfaction to their higher order needs. They have a freedom of expression, authority over their work, involvement in discussing the problem have a freedom of expression, authority over their work, involvement in discussing the problem and finding out the solution. It is also a participative process which improves quality of working life of employees. Although quality circles cannot be formed in every organization, they lead to commitments and participative voluntary problem solving.

3. Supportive supervision: It is one of the important means for improving interpersonal relation with the workers. It also plays important role in motivating the employment and may be used in combination with other techniques. In the

process of supervision, the supervisor or manger gives necessary orders and instructions to the employees regarding work from time to time, guides them, helps them and inspires them to work in conformity with standards set for them and to comply with rules and procedures of organization.

4. Incentive theory

A reward, tangible or intangible, is presented after the occurrence of an action (i.e. behavior) with the intent to cause the behavior to occur again. This is done by associating positive meaning to the behavior. Studies show that if the person receives the reward immediately, the effect is greater, and decreases as duration lengthens. Repetitive action-reward combination can cause the action to become habit. Motivation comes from two sources: oneself, and other people. These two sources are called intrinsic motivation and extrinsic motivation, respectively.

Reinforcers and reinforcement principles of behavior differ from the hypothetical construct of reward. A reinforcer is any stimulus change following a response that increases the future frequency or magnitude of that response. Positive reinforcement is demonstrated by an increase in the future frequency or magnitude of a response due to in the past being followed contingently by a reinforcing stimulus. Negative reinforcement involves stimulus change consisting of the removal of an aversive stimulus following a response. Positive reinforcement involves a stimulus change consisting of the presentation or magnification of an appetitive stimulus following a response. From this perspective, motivation is mediated by environmental events, and the concept of distinguishing between intrinsic and extrinsic forces is irrelevant.

Applying proper motivational techniques can be much harder than it seems. Steven Kerr notes that when creating a reward system, it can be easy to reward A, while hoping for B, and in the process, reap harmful effects that can jeopardize your goals.

Incentive theory in psychology treats motivation and behavior of the individual as they are influenced by beliefs, such as engaging in activities that are expected to be profitable. Incentive theory is promoted by behavioral psychologists, such as B.F. Skinner and literalized by behaviorists, especially by Skinner in his philosophy of Radical behaviorism, to mean that a person's actions always have social ramifications: and if actions are positively received people are more likely to act in this manner, or if negatively received people are less likely to act in this manner.

Incentive theory distinguishes itself from other motivation theories, such as drive theory, in the direction of the motivation. In incentive theory, stimuli "attract", to use the term above, a person towards them. In terms of behaviorism, incentive theory involves positive reinforcement: the stimulus has been conditioned to make

the person happier. For instance, a person knows that eating food, drinking water, or gaining social capital will make them happier. For example, a person has come to know that if they eat when hungry, it will eliminate that negative feeling of hunger, or if they drink when thirsty, it will eliminate that negative feeling of thirst.

5. Drive-reduction theories

There are a number of drive theories. The Drive Reduction Theory grows out of the concept that we have certain biological drives, such as hunger. As time passes, the strength of the drive increases if it is not satisfied (in this case by eating). Upon satisfying a drive the drive's strength is reduced. The theory is based on diverse ideas from the theories of Freud to the ideas of feedback control systems, such as a thermostat.

Drive theory has some intuitive or folk validity. For instance when preparing food, the drive model appears to be compatible with sensations of rising hunger as the food is prepared, and, after the food has been consumed, a decrease in subjective hunger. There are several problems, however, that leave the validity of drive reduction open for debate. The first problem is that it does not explain how secondary reinforcers reduce drive. For example, money satisfies no biological or psychological needs, but a pay check appears to reduce drive through second-order conditioning. Secondly, a drive, such as hunger, is viewed as having a "desire" to eat, making the drive a homuncular being a feature criticized as simply moving the fundamental problem behind this "small man" and his desires.

In addition, it is clear that drive reduction theory cannot be a complete theory of behavior, or a hungry human could not prepare a meal without eating the food before he finished cooking it. The ability of drive theory to cope with all kinds of behavior, from not satisfying a drive (by adding on other traits such as restraint), or adding additional drives for "tasty" food, which combine with drives for "food" in order to explain cooking render it hard to test.

6. Cognitive dissonance theory

Suggested by Leon Festinger, cognitive dissonance occurs when an individual experiences some degree of discomfort resulting from an incompatibility between two cognitions. For example, a consumer may seek to reassure himself regarding a purchase, feeling, in retrospect, that another decision may have been preferable.

While not a theory of motivation, per se, the theory of cognitive dissonance proposes that people have a motivational drive to reduce dissonance. They do this by changing their attitudes, beliefs, or actions. Dissonance is also reduced by justifying, blaming, and denying. It is one of the most influential and extensively studied theories in social psychology.

17.10 PROCESS-BASED THEORIES TO MOTIVATION

The field of organizational behavior has generally moved away from the needs theories of motivation. Needs theories are content-oriented - that is, they explain what the causes are leading to motivated behaviors. They do not explain why or how motivated behavior occurs. These questions relate to behaviors or actions, goals and feelings of satisfaction. These concepts are addressed by various process-based theories to motivation.

Process-based theories to motivation are concerned with how motivation occurs. They focus on why people choose to enact certain behavioral options to fulfill their needs and how they evaluate their satisfaction after they have attained these goals. Two of the most useful process-based approaches to motivation arc expectancy theory and equity theory.

(a) Expectancy Theory of Motivation

Expectancy theory of motivation was developed by- Victor Vroom. Basically, Vroom's expectancy theory views motivation as a- process of governing choices. The expectancy theory tries to explain how and why people choose a particular behavior over an alternative. The theory suggests that motivation depends on two things: how much an individual desires a particular goal and how likely he thinks he can get it. For instance, a person is looking for a job and reads an advertisement for a position of Marketing Executive with a starting salary of Rs. 3 lakh per year. Even though he might want the job, he probably does not apply because he is aware that there is little chance of getting it. Next he sees an advertisement is for Field Supervisor for a salary of Re. 1 lakh per year. In this case he realizes that he .can probably get the job, but still doesn't apply simply because he doesn't want it. Then he comes across another advertisement for a Management Trainee in a big organization with a starting salary of Rs. 2 lakh per year. He chooses to apply for this job because he wants it and also thinks that he has a reasonable chance of getting it. Figure 9.3 shows the expectancy theory of motivation.

The expectancy theory rests on four assumptions:

• The theory assumes that behavior is determined by a combination of forces in the individual and in the environment.

• It assumes that people make decisions about their own behavior in organizations.

• It assumes that different people have different types of needs, desires and goals.

• It assumes that people make choices from among alternative plans of behavior based on their perceptions of the extent to which a given behavior will lead to desired outcomes.

The above model suggests that motivation leads to efforts and that effort, when combined with individual ability and environmental factors, result in performance. Performance, in turn, leads to various outcomes each of which has an associated value called its 'valence'. According to this model, individuals develop some sense of these expectations before they exhibit motivated or non-motivated behavior.

Effort-to-Performance Expectancy

The effort-to-performance expectancy refers to an individual's perception of the probability that effort will result in high performance. When an individual believes that effort will lead directly to high performance, expectancy is quite strong, that is close to 1.00. For instance, if one feels sure that studying hard for an examination (effort) will result in scoring high marks (performance), then his effort-to-performance expectancy is high, that is close to 1.0. When an individual believes that effort and performance are unrelated, the effort-to-performance expectancy is very weak, that is close to 0.0. Usually we are not sure about our expectations, so they fall somewhere between 0.0 and 1.0 with a moderate expectancy.

Performance-to-Outcome Expectancy

The performance-to-outcome expectancy means an individual's perception of the probability that performance will result in a specific outcome. For example, an individual who believes that high performance will lead to a pay raise has a high performance-to-outcome expectancy, approaching to 1.00. An individual who believes that high performance may possibly lead to a pay raise has a moderate expectancy between 1.00 and 0. And an individual who believes that performance has no relationship to rewards has a low performance-to-outcome expectancy that is close to 0.

Outcomes and Valences

Expectancy theory recognizes that an individual may experience a variety of outcomes as a consequence, of behavior in an organizational environment. A high performer, for example, may get big pay raises, fast promotions and praise from the boss. However, he may also be subject to a lot of stress and incur resentment from co-workers. Each of these outcomes has an associated value or valence that is,, an index of how much an individual desires a particular outcome. If an individual wants an outcome, its valence is positive. If an individual does not want an outcome, its valence is negative. If an individual is indifferent to an outcome, its valence is

zero. It is this advantage of expectancy theory that goes beyond the need-based approaches to motivation.

Thus, for motivated behavior to occur on the part of any individual, three conditions must be met, which are as follows:

• First, the effort-to-performance expectancy must be greater than zero.

• Second, the performance-to-outcome expectancy must also be greater than zero.

• Third, the sum of the valences for all relevant outcomes must be greater than zero.

Expectancy theory maintains that when all of these conditions are met, the individual is motivated to expand effort. The expectancy theory also has several other important practical implications, which managers should keep in mind. The managers can perform the following activities in relation to this -

• Determine what outcomes employees prefer.

• Define, communicate and clarify the level of performance that is desired.

• Establish attainable performance goals.

• Link desired outcomes to performance goal achievement.

Practical Applicability of Expectancy Theory

If a manager wishes to motivate his employees for increased and better performance, then he has to make sure whether the reward system is highly supportive to hard work or high quality. The manager will particularly see that the specific system, as applicable in their case, is communicated to them, so as to make them feel confident that their energized efforts will be rewarded.

Another important point, which should not be ignored by the manger, is that rewards must correspond to the varying preferences of an individual employee.

In conclusion, no doubt 'expectancy' theory has gained much popularity with theorists, but much more work still needs to be put in, before it can be accepted for use as an effective instrument of explanation of 'motivation' with all its implications.

The Porter-Lawer Extension

Porter and Lawler have proposed an interesting extension to the expectancy theory. The human relationists assumed that employee satisfaction causes good performance but research has not supported such relationship. Porter and Lawler suggest that there may indeed be a relationship between satisfaction and performance but that it goes in the opposite direction, that is, superior performance can lead to satisfaction.

Porter-Lawler Model

First, an individual's initial effort is influenced by his/her perception regarding the value of reward and the likelihood that the effort will yield a reward. The probability that increased effort will lead to improved performance is affected by an individual's traits, abilities and perception of his role in an organization. The model also distinguishes between intrinsic and extrinsic rewards. Finally, the Porter-Lawler model borrows from equity theory the idea that the employee's satisfaction depends on the perceived equity of the rewards relative to the 'effort expended and the level of performance attained.

Implications for Managers

Expectancy theory can be useful for organizations attempting to improve the motivation of their employees. Nadler and Lawler suggest a series of steps for managers in applying the basic ideas of the theory.

1. They should determine the primary outcomes that each employee likely desires.

2. They should decide what kind and levels of performance are needed to meet organizational goals.

3. They should ascertain that the desired levels of performance are attainable.

4. They should ensure that desired outcomes and performance are linked.

5. They should also analyze the complete work situation for conflicting expectancies.

6. They should make sure that the rewards are large enough.

7. They should make sure that the overall system is equitable for everyone.

The expectancy theory has also its limitations. It is quite difficult to apply, for example, application of this theory in the work place would require to identify all the potential outcomes for each employee, to determine all relevant expectancies and then to balance everything somehow to maximize employee motivation. Expectancy theory also assumes that people are rational - therefore, they will systematically consider all the potential outcomes and their associated expectancies before selecting a particular behavior. However, few people actually make decisions in such a precise and rational manner.

(b) Equity Theory

J. Stacy Adams developed equity theory of motivation. The equity theory argues that motivations arise out of simple desire to be treated fairly. Equity can be defined as an individual's belief that he is being treated fairly relative to the treatment of others.

A person's perception of equity develops through a four-step process as shown below:

1. First an individual evaluates the way he is being treated by an organization.

2. The next step is for an individual to choose a co-worker who seems to be in a roughly similar situation and to observe how an organization treats him.

3. In the crucial step of equity theory an individual 'compares' the two treatments.

4. In the fourth step he evaluates a sense of equity to see if the two treatments seem similar or if they are different.

Adam suggests that employees make these comparisons by focusing on input and outcome ratios. An employee's contributions or input to an organization include time, education, effort, experience and loyalty. Outcomes are what an individual receives from an organization such as, pay, recognition and social relationships. The theory suggests that people view their outcomes and inputs as ratio and then-compare their ratio to the ratio of someone else. This other 'person' may be someone in the work group. The comparison may result in three types of attitudes:

• The individual may feel equitably rewarded,

• Under-rewarded.

• Over-rewarded.

An individual will experience a feeling of equity when the two ratios are equal. If an individual has the feeling of equity then he should maintain the status quo. If he has a feeling of inequity then he is likely to change the input.

The single most important idea for managers to remember about equity theory is that if rewards are to motivate employees, they must be perceived as being equitable and^ fair. However, managers must remember that different employees have different sense towards basis for a reward and this may result in problems. Hence, the best way to avoid such problems is to make all employees aware of the basis for rewards.

17.11 REINFORCEMENT BASED APPROACHES TO MOTIVATION

A final approach to the motivation process focuses on why some behavior are maintained and changed overtime. Reinforcement-based approaches explain the role of those rewards as they cause behavior to change or remain the same over time. Specifically, reinforcement theory is based on the fairly simple assumption that behaviors that result in rewarding consequences are likely to be repeated,

whereas behavior that results in punishing consequences are less likely to be repeated. There arc similarities between expectancy theory and reinforcement theory. Both consider the processes by which an individual chooses behaviors in a particular situation. However, the expectancy theory focuses more on behavior choices and the latter is more concerned with the consequences of those choices.

Reinforcement Contingencies

Reinforcement contingencies are the possible outcomes that an individual may experience as a result of his or her behaviors. The four types of reinforcement contingencies that can affect individuals in an organizational setting are positive reinforcement, avoidance, punishment and extinction.

Positive Reinforcement is a method of strengthening behavior. It is a reward or a positive outcome after a desired behavior is performed. When a manager' observes an employee is doing a good job and offers praise then this praise helps in positive reinforcement of behavior. Other positive reinforces include pay, promotions and awards.

The other reinforcement, contingency that can strengthen desired behavior is avoidance. This occurs when an individual chooses certain behavior in order to avoid unpleasant consequences. For instance, an employee may come to work on time to avoid criticism.

Punishment is used by some managers to weaken undesired behaviors. The logic is that the unpleasant, consequence will reduce an undesirable behavior again, for example, punishing with fine for coming late.

Extinction can also be used to weaken behavior especially that has previously been rewarded. When an employee tells an unexpectable joke and the boss laughs, the laughter reinforces the behavior and the employee may continue to tell similar jokes. By simply ignoring this behavior and not reinforcing it, the boss can cause the behavior to subside which eventually becomes 'extinct'.

Positive reinforcement and punishment are the most common reinforcement contingencies practiced by organizations. Most managers prefer a judicious use of positive reinforcement and punishment. Avoidance and extinction are generally used only in specialized circumstances.

17.12 NEW APPROACHES TO MOTIVATION IN ORGANIZATIONS

New approaches are emerging to supplement the established models and theories of motivation. Two of the most promising are Goal-Setting Theory and the Japanese Approach.

(a) Goal-Setting Theory

This approach to motivation has been pioneered in the USA by Edwin Locke and his associates in 1960s and refined in 1980s. Goal-setting theory suggests that managers and subordinates should set goals for an individual on a regular basis, as suggested by MBO. These goals should be moderately difficult and very specific and of type that an employee will accept and make a commitment to accomplishing them. Rewards should be tied directly to accomplished goals. When involved in goal-settings, employees see how their effort will lead to performance, rewards and personal satisfaction.

Salient features of this theory are as follows:

• Specific goal fixes the needs of resources and efforts.

• It increases performance.

• Difficult goals result higher performance than easy job.

• Better feedback of results leads to better performances than lack of feedback.

• Participation of employees in goal has mixed result.

• Participation of setting goal, however, increases acceptance of goal and involvements.

• Goal setting theory has defined two factors,' which influences the performance. These are given below:

The mere act of goal setting does not ensure higher levels of motivation among employees. In fact, there seem to be three important criteria that goals must meet if they are to influence the behavior of organization members. They are goal specificity, goal difficulty and goal acceptance.

Goal Specificity

Goals must be stated in specific terms if they are to motivate effective performance. Goals must be set in terms of measurable criteria of work performance, i.e., number of units produced, new sales etc. and must specify a lime period within which the goal is to be attained. It also gives a sense of personal satisfaction and accomplishment to workers if he is able to meet the specific goal.

Goal Difficulty/Challenge

There exists a relationship between goal difficulty and work motivation. The more difficult- and challenging the goal is, the higher the level of motivation and performance. However, it is essential that goals are set at realistic levels. Goals that are very difficult to achieve are unable to motivate since it is beyond the capacity of the concerned individual.

Goal Acceptance

In order to influence motivation and performance, a goal must be internalized by an individual. In other words, the person has to feel some personal ownership of the goal and must have commitment to achieve it.

Goal Setting in Practice

The most obvious implication of goal-setting theory is that managers should be helping subordinates to set goals that are specific and reasonably difficult so that subordinates accept and internalize them as their own goals. Besides this, there are a number of issues that arise in implementing goal setting in practice. Though specificity of goal is essential and measurability is desirable, it should not affect in identifying meaningful and valid objective of goal attainment.

The manager can stimulate goal acceptance in at least three ways:

1. By involving subordinates in goal-setting process.

2. By demonstrating a supportive attitude and approach toward his subordinates.

3. By assigning various rewards to the achievement of goals.

Management by Objectives (MBO) is a managerial technique for improving motivation and performance using goal-setting principles.

(b) Japanese Approach to Motivation

The Japanese approach to motivation has gained increasing popularity around the world during the past few years. This approach is rather a philosophy of management than a theory or model. The basic tenet of the Japanese approach is that managers and workers should perform together as partners. Since both of them see themselves as one group, ail members are committed and motivated to work in the best interests of an organization. No one is called an employee; instead everyone is a team member, team leader or coach and everyone owns the 'share' of an organization. Like goal-setting meow, the Japanese approach is likely to become more common in businesses throughout the world.

Integration of Motivation Theories

Thus several theories complicate our understanding. Some of these theories are compatible and some are not. The real challenge that a researcher has to face is integration of all or at least some of these together so that their inter and intra-relationships are established. This will also improve the understanding of motivation. Certain attempts are made in USA and elsewhere.

Enhancing Motivation in Organizations

Managers trying to enhance the motivation of their employees can, of course, draw on any of the theories described above. They may in practice adopt specific interventions derived from one or more theories or they may influence motivation through the organization's reward system. The organization can enhance motivation in following ways:

• Humanize the work environment: Respect the need to treat each employee as an individual.

• Publicize both short and long-term organizational goals: Encourage personal and departmental goal setting.

• Promote from within: It's great for morale and simplifies hiring procedures.

• Use incentive programs: Inducing the feeling that 'if you're creative enough, you won't have to rely on expensive financial bonuses.'

• Establish appropriate deadlines: Every project should have a deadline.

• Be liberal with praise: It's almost impossible to over praise and easy to under praise.

• Be consistent in your own work and in your relations with others.

• Show a personal interest in the people who work for you: Relations are always smoother between people who know each other on a personal basis than relations between people who merely want something from each other.

• Admit mistakes: People will respect you for it and will be less likely to hide their own mistakes.

• Don't whitewash unpleasant assignments: Prepare subordinates for unpleasant assignments well in advance and offer what support you can.

17.13 MANAGERIAL APPROACHES FOR IMPROVING MOTIVATION

A number of approaches can help managers motivate workers, to perform more effectively. The following steps promote intrinsic motivation:

• Workers Participation in Management (WPM)

• Management by Objectives (MBO)

• Organization Behavior Modification

• Job-Redesign

• Alternative Work Schedules.

Two approaches, however, have been especially effective: linking pay to jot performance and quality of work-life programs.

Pay and Job Performance

Pay often can be used to motivate employee performance. But a pay plan also must be able to do the following tasks:

• Create the belief that good performance leads to high levels of pay;

• Minimize the negative consequences of good performance; and

• Create conditions in which rewards other than pay are evaluated as related to good performance.

Quality of Work Life Programs

Quality of Work Life (QWL) is defined as an attempt through a formal program to integrate employee needs and well being with the intention of improved productivity, greater worker involvement and higher levels of job satisfaction.

Programs for QWL improvements range from those requiring minor changes in an organization to those requiring extensive modifications in structure, personnel and the utilization of resources. There are three types of QWL programs, which are as follows:

Quality Circles

Quality Circles (QC) are small groups of workers who meet regularly with their supervisor as their 'circle leader' to solve work-related problems. QCs give an employee an opportunity for involvement, social-need satisfaction, participation in work improvement and challenge and opportunity for growth. They are, in essence, vehicles for providing employees with opportunities to satisfy lower and upper-level needs as stated by Maslow, through the motivators described in 'Herzberg's theory.

Alternative Work Schedule

Organizations also frequently use the modified 'work-week' as a way to increase employee motivation. A modified 'work-week' can be any work schedule that does not conform to a traditional 8 hours a day or 5 days a week format. The modified 'work-week' helps individual satisfy higher-level needs by providing more personal control over one's work schedule. It also provides an opportunity to fulfil several needs simultaneously.

Job-Redesign

Job-Redesign or changing the nature of people's job is also being used more as a motivational technique. The idea pursued here is that mangers can use any of

the alternatives job rotation, job enlargement, job enrichment as part of motivational programme. Expectancy theory helps explain the role of work design in motivation.

17.14 JOB SATISFACTION THROUGH MOTIVATION

The term 'job satisfaction' refers to an employee's general happiness with his or her job. Locke defines job satisfaction as a "pleasurable or positive emotional state resulting from the appraisal of one's job experiences". For our purposes job satisfaction will be defined as the amount of overall positive affect or feelings that individuals have towards their job.

Job satisfaction is the result of various attitudes the employee holds towards his job, towards related factors and towards life in general.

The importance of Job Satisfaction is that if the people are satisfied with their work, then there is an improvement in both the quality and quantity of production. If they are not satisfied, then both the quantity and quality of his output will be low, there will be high absenteeism and employee turnover and increased unionism.

Caldur and Schurr in 1981 suggested that there are three different approaches to evaluating job satisfaction. The first approach is that work attitudes such as job satisfaction are dispositional in nature, i.e., they are stable, positive or negative disposition learned through experiences. The second approach is the 'social information processing model', which suggests that job satisfaction and other work place attitudes are developed or constructed out of experiences and information provided by others at the work place. The third approach is the information processing model', which is based on the accumulation of cognitive information about the work place and one's job. In a sense, this is the most obvious approach, as it argues that a person's job satisfaction is influenced directly by the characteristics of their job.

17.15 FACTORS RELATING TO JOB SATISFACTION

Some of the most important factors relating to job satisfaction are briefly stated below:

Personal Factors

These factors include the individual employee's personality, age, sex, educational level, intelligence etc.

Most of the evidence on the relation between age and satisfaction seems to indicate that there is generally a positive relationship between the two variables up to the pre-retirement years and then there is a sharp decrease in satisfaction.

There is no clear research evidence between educational level and job satisfaction. As regards the relationship between the intelligence level and job satisfaction, it usually depends upon the level and range of intelligence and the challenge of the job. There is as yet no consistent evidence as to whether women are more satisfied with their jobs than men.

Job Factors

These factors include the type of work to be performed, skill required for work performance, occupational status involved in the job etc. The type of work is very important, as a number of research studies have shown that varied work generally brings about more satisfaction than routine work. Where skill exists to a considerable degree it tends to become the main source of satisfaction to the employee. As regards the relation of occupational status to job satisfaction, research evidences indicate that employees are relatively more dissatisfied in those jobs, which have less social status or prestige.

Organizational Factors

These factors include security, wages and salaries, fringe benefits, opportunities for advancement, working conditions etc. Social and economic security to employees increases job satisfaction, the wages and salaries and fringe benefits are definitely the main factors that affect job satisfaction of employees. As regards the relation of opportunity for advancement to job satisfaction, it has been found that this factor is most important to skilled personnel and least important to unskilled personnel. Desirable working conditions are also important to job satisfaction. Besides, an effective downward flow of communications in an organization is also important to job satisfaction as employees are keen to know more about the company and its plans, policies etc.

Basically, job satisfaction is determined by the discrepancy between what individuals expect to get out of their jobs and what the job actually offers. A person will be satisfied if there is no discrepancy between desired and actual conditions

17.16 SEVEN RULES OF MOTIVATION

#1 Set a major goal, but follows a path: The path has mini goals that go in many directions. When you learn to succeed at mini goals, you will be motivated to challenge grand goals.

#2 Finish what you start: A half finished project is of no use to anyone. Quitting is a habit. Develop the habit of finishing self-motivated projects.

#3 Socialize with others of similar interest: Mutual support is motivating. We will develop the attitudes of our five best friends. If they are losers, we will be a

loser. If they are winners, we will be a winner. To be a cowboy we must associate with cowboys.

#4 Learn how to learn: Dependency on others for knowledge supports the habit of procrastination. Man has the ability to learn without instructors. In fact, when we learn the art of self-education we will find, if not create, opportunity to find success beyond our wildest dreams.

#5 Harmonize natural talents with interest that motivates: Natural talent creates motivation, motivation creates persistence and persistence gets the job done.

#6 Increase knowledge of subjects that inspires: The more we know about a subject, the more we want to learn about it. A self-propelled upward spiral develops.

#7 Take risk: Failure and bouncing back are elements of motivation. Failure is a learning tool. No one has ever succeeded at anything worthwhile without a string of failures.

17.17 SUMMARY

Motivation is a general term applying to the entire class of drives, needs, wishes and similar forces. Positive Motivation is also called as incentive motivation which is based on reward. Here the workers are offered incentives for achieving the desired goals. The incentives may be in the shape of more pay, promotion, recognition of work. The employees are offered the incentives and try to improve their performance willingly. The real positive motivators are responsible for placement, high standard of performance information adequate for self control and the participation of the worker as a responsible citizen in the community.

Negative Motivation is called as fear motivation which is based on force or fear. It causes fear for employees to act in a certain way. The employees do not willingly co-operate, rather they want to avoid the punishment. Though employees work up to a level where punishment is avoided but this type of Motivation causes anger and frustration. This type generally becomes a cause of industrial unrest.

Intrinsic motivation refers to motivation that is driven by an interest or enjoyment in the task itself, and exists within the individual rather than relying on any external pressure. Intrinsic motivation has been studied by social and educational psychologists since the early 1970s.

Extrinsic motivation comes from outside of the individual. Common extrinsic motivations are rewards like money and grades, coercion and threat of punishment. Competition is in general extrinsic because it encourages the performer to win and beat others, not to enjoy the intrinsic rewards of the activity. A crowd cheering on the individual and trophies are also extrinsic incentives.

The self-control of motivation is increasingly understood as a subset of emotional intelligence; a person may be highly intelligent according to a more conservative definition, yet unmotivated to dedicate this intelligence to certain tasks. Yale School of Management Professor Victor Vroom's "expectancy theory" provides an account of when people will decide whether to exert self control to pursue a particular goal.

Maslow's Need Hierarchy theory was developed by Abraham Maslow, an eminent psychologist and has received pore attention from managers than any other theory of motivation, has classified human needs in logical convenient way that has an important Motivation implication for mangers. In this theory he has pointed out and explained that how needs influence human behaviour. Maslow viewed human motivation for self actualization.

In the late 2950 Fredrick Herzberg and his associates conducted a study of the jobs attitudes of 200 engineers and accountants. Herzberg placed responses in one of sixteen category, the factors on the right side were consistently related to the job satisfaction and left side were consistently with job satisfaction and left side were consistently with job dissatisfaction. From this research Herzberg concluded that the job satisfaction and job dissatisfaction were from two different sets of factors. Thus the theory was called as 'Two factor theory'.

Douglas Mc Gregor, US behavioral scientists has developed approach to mange and motivate based on of various assumptions relating to human behavior. It has been formulated as theory X and theory Y. Both these theories are founded on certain assumptions regarding human behavior. Though he was a great critic of classical approach of management, even then his theory X is related to philosophy of traditional management, assumptions about employees and the way to manage them.

Right from the initial stages of development of management knowledge till today monetary rewards assume significant role in motivating employees. Money is considered the most powerful motivator because by spending money, the employee satisfies his physiological and security needs.

Monetary rewards which are also known as pecuniary rewards are those associated directly or indirectly with money, wage and salary are most important monetary rewards. Other monetary rewards are bonus, profit sharing, retirement benefits, vacation pay, free medical service, health insurance etc.

Rewards or incentives which are not measurable in term of money are known as non-monetary rewards.

Expectancy theory of motivation was developed by- Victor Vroom. Basically, Vroom's expectancy theory views motivation as a- process of governing choices.

The expectancy theory tries to explain how and why people choose a particular behavior over an alternative. The Japanese approach to motivation has gained increasing popularity around the world during the past few years. This approach is rather a philosophy of management than a theory or model.

Quality of Work Life (QWL) is defined as an attempt through a formal program to integrate employee needs and well being with the intention of improved productivity, greater worker involvement and higher levels of job satisfaction.

Quality Circles (QC) are small groups of workers who meet regularly with their supervisor as their 'circle leader' to solve work-related problems.

Job-Redesign or changing the nature of people's job is also being used more as a motivational technique. The idea pursued here is that mangers can use any of the alternatives job rotation, job enlargement, job enrichment as part of motivational programme. Expectancy theory helps explain the role of work design in motivation.

17.18 GLOSSARY

a) Motivation: Motivation is a general term applying to the entire class of drives, needs, wishes and similar forces.

b) Positive Motivation: Positive Motivation is also called as incentive motivation which is based on reward. Here the workers are offered incentives for achieving the desired goals. The incentives may be in the shape of more pay, promotion, recognition of work.

c) Negative Motivation: Negative Motivation is called as fear motivation which is based on force or fear. It causes fear for employees to act in a certain way. The employees do not willingly co-operate, rather they want to avoid the punishment. Though employees work up to a level where punishment is avoided but this type of Motivation causes anger and frustration. This type generally becomes a cause of industrial unrest.

d) Intrinsic motivation: Intrinsic motivation refers to motivation that is driven by an interest or enjoyment in the task itself, and exists within the individual rather than relying on any external pressure. Intrinsic motivation has been studied by social and educational psychologists since the early 1970s.

e) Extrinsic motivation: Extrinsic motivation comes from outside of the individual. Common extrinsic motivations are rewards like money and grades, coercion and threat of punishment.

f) Quality of Work Life: Quality of Work Life (QWL) is defined as an attempt through a formal program to integrate employee needs and well being with the intention of improved productivity, greater worker involvement and higher levels of job satisfaction.

17.19 ANSWER TO CHECK YOUR PROGRESS/ POSSIBLE ANSWERS TO SAQ

17.19.1 Short answer questions

1. Define motivation.

2. What is Positive Motivation?

3. What is Negative Motivation?

17.19.2 Extended answer questions

1. Discuss the Nature of Motivation.

2. Explain the types of Motivation.

3. Explain the importance of Motivation.

4. Discuss the theories of Motivation.

5. Explain the process-Based Theories to Motivation.

6. Discuss the reinforcement Based Approaches to Motivation

7. Explain the new Approaches to Motivation in Organizations.

8. Explain the Seven Rules of Motivation.

17.19.3 True-false

1. Motivation is a general term applying to the entire class of drives, needs, wishes and similar forces.

2. Positive Motivation is also called as fear motivation.

3. Negative Motivation is called as incentive motivation.

4. Extrinsic motivation comes from outside of the individual.

5. Job-Redesign or changing the nature of people's job is also being used more as a motivational technique.

17.19.4 Multiple-choice

1. According to Mitchell, which of the following are characteristics of motivation?

   i) Motivation is described, usually, as intentional.

   ii) Motivation is typified as an individual phenomenon.

   iii) Motivation is multifaceted.

   iv) All of the above

2.   A series of expectations between an individual and the organisation which are not defined formally, but which will influence the motivation to work is:

i) The psychological contract

ii) The physiological contract

iii) The social contract

iv) The sociological contract

3.   Which of the following is a positive reaction to the blockage of a desired goal?

i) Withdrawal

ii) Fixation

iii) Regression

iv) Restructuring

4.   Maslow and Herzberg are two examples of _____ theories of motivation.

i) Process

ii) Expectancy

iii) Content

iv) Equity

5.   Maslow suggests that human needs are arranged in a series of levels, a hierarchy of importance. Which of the following statements are relevant to Maslow's hierarchy of needs theory?

i) A satisfied need is no longer a motivator.

ii) The hierarchy is not necessarily in a fixed order.

iii) A need is not necessarily fully satisfied before a subsequent need arises.

iv) All of the above.

17.19.5 Fill-in-the-blanks

1.   Need Hierarchy theory was developed by ………………

2.   …………….and his associates conducted a study of the jobs attitudes of 200 engineers and accountants.

3.   Douglas Mc Gregor, US behavioral scientists have developed …………

4.   QWL stands for………………………………

5.   QC stands for ………………………………..

17.20 POSSIBLE ANSWERS TO SELF ASSESSMENT QUESTIONS

1. True 2. False 3. False 4. True 5. True

1. (iv) 2. (i) 3. (iv) 4. (iii) 5. (iv)

1. Abraham Maslow 2. Fredrick Herzberg 3. Theory X and theory Y 4. Quality of Work Life 5. Quality Circles.

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3. Organisational Behaviour by Mirza S Saiyadain

4. Understanding Organizations by Charles Handy

5. Organisational behaviour by Ian Brooks

6. Organisational Behaviour, Volume 1 by N.K. Jain

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17.23 TERMINAL QUESTIONS

1. Prepare a report on importance of Motivation in the Service sectors.

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UNIT 18   LEADERSHIP

STRUCTURE

18.1 INTRODUCTION

Leadership is the ability of a company's management to make sound decisions and inspire others to perform well. Effective leaders are able to set and achieve challenging goals, to take swift and decisive action even in difficult situations, to outperform their competition, to take calculated risks and to persevere in the face of failure. Strong communication skills, self-confidence, the ability to manage others and a willingness to embrace change also characterize good leaders.

18.2 OBJECTIVES

After reading this unit you will be able to understand:

Meaning of Leadership

Importance of Leadership

Characteristic Features of Leadership

Types of Leaders

Types of Leadership Style

18.3 INTRODUCTION TO LEADERSHIP

Leadership is often overlooked by investors. This may be because it is tough to place a value on qualitative aspects of a company (leadership being one), compared to quantitative metrics, which are commonly tracked and much easier to compare between companies. Individuals with strong leadership skills in the business world often rise to executive positions such as CEO, COO, CFO, president and chairman.

A successful businessman who has frequently been admired for his leadership skills is Jack Welch, former CEO of General Electric. He eliminated inefficiencies, dramatically increased the value of the company and routinely fired underperforming managers while rewarding the best.

The problem of leadership has been one of man's major concerns since the days of antiquity. Leadership was a matter of concern even in biblical times. The children of Israel needed someone to guide them out of their bondage in Egypt, and Moses stepped forward to lead them in their journey to the promised holy land of Israel. In the 20th century, Great Britain needed the leadership of Winston Churchill to successfully combat her enemies in the 2nd World War. In the same way Franklin D Roosevelt provided leadership to the American people, Adolph Hitler in Germany, Stalin in USSR and M.K. Gandhi in India.

Coming to the business enterprises, people working there need leaders, who could be instrumental in guiding the efforts of groups of workers to achieve the goals of both individuals and the organization. Leadership is a process of influence on a group. Leadership is the ability of a manager to induce subordinates to work with confidence and zeal. Peter F Drucker considers "leadership" as a human characteristic which lifts a man's vision to higher sights, raises a man's performance to higher standards and builds man's personality beyond its normal limitations.

18.4 DEFINITIONS AND MEANING OF LEADERSHIP

Leadership is a great quality and it can create and convert anything. There are many definitions of leadership. Some of the definitions of leadership are reproduced below:

"Leadership" according to **Alford and Beatty** "is the ability to secure desirable actions from a group of followers voluntarily, without the use of coercion".

According to **Chester I Barnard,** "It (leadership) refers to the quality of the behaviour of the individual whereby they guide people on their activities in organized efforts".

According to **Terry,** "a leader shows the way by his own example. He is not a pusher, he pulls rather than pushes".

According to **Koontz and O'Donnell** - Managerial leadership is "the ability to exert inter-personal influence by means of communication, towards the achievement of a goal. Since managers get things done through people, their success depends, to a considerable extent upon their ability to provide leadership".

In the words of **R.T. Livingston** - Leadership is "the ability to awaken in others the desire to follow a common objective".

According to the **Encyclopedia of the Social Sciences** - "Leadership is the relation between an individual and a group around some common interest and behaving in a manner directed or determined by him".

According to **Peter Drucker** - Leadership "is not making friends and influencing people i.e., salesmanship. Leadership is the lifting of man's vision to higher sights, the raising of man's performance to higher standards, the building of man's personality beyond its normal limitations".

According to **Louis A Allen -** "A leader is one who guides and directs other people. He gives the efforts to his followers a direction and purpose by influencing their behavior".

In the words of **Theo Haimann** - "Leadership is the process by which an executive imaginatively directs, guides and influences the work of others in choosing and attaining specified goals by mediating between the individuals and the organization in such a manner that both will obtain maximum satisfaction".

In the words of **James Gibbon** - Leadership is "a process of influencing on a group in a particular situation at a given point of time and in a specific set of circumstances that stimulates people to strive willingly to attain organizational objectives, giving them the experience of helping attain the common objectives and satisfaction with the type of leadership provided".

According to **Katz and Kalm** - "In the descriptions of organizations, no word is used with such varied meanings. The word leadership is sometimes used to indicate that it is an attribute of personality; sometimes, it is used as if it were a characteristic of certain positions, and sometimes as an attribute of behaviour".

From the above definitions we can conclude that leadership is a psychological process of influencing followers (subordinates) and providing guidance, directing and leading the people in an organization towards attainment of the objectives of the enterprise.

18.5 NATURE OR CHARACTERISTIC FEATURES OF LEADERSHIP

1. Leadership implies the existence of followers: We appraise the qualities of leadership by studying his followers. In an organization leaders are also followers for e.g.:- Supervisor works under a branch head. Thus, in a formal organization a leader has to be able to be both a leader as well as a follower, and be able to relate himself both upward and downward.

2. Leadership involves a community of interest between the leader and his followers: In other words, the objectives of both the leader and his men are one and the same. If the leader strives for one purpose and his team of workers work for some other purpose, it is no leadership.

3. Leadership involves an unequal distribution of authority among leaders and group members: Leaders can direct some of the activities of group members, i.e., the group members are compelled or are willing to obey most of the leader's directions. The group members cannot similarly direct the leader's activities, though they will obviously affect those activities in a number of ways.

4. Leadership is a process of Influence: Leadership implies that leaders can influence their followers or subordinates in addition to being able to give their followers or subordinates legitimate directions.

5. Leadership is the function of stimulation: Leadership is the function of motivating people to strive willingly to attain organizational objectives. A successful leader allows his subordinates (followers) to have their individual goals set up by themselves in such a way that they do not conflict with the organizational objectives.

6. A leader must be exemplary: In the words of George Terry - "A Leader shows the way by his own example. He is not a pusher, he pulls rather than pushes". According to L.G. Urwick - "it does not what a leader says, still less what he writes, that influences subordinates. It is what he is. And they judge what he is by what he does and how he behaves". From the above explanation it is clear that a leader must set an ideal before his followers. He must stimulate his followers for hard and sincere work by his personal behavior. In other words a leader must set an exemplary standard before his followers.

7. A Leader ensures absolute justice: A leader must be objective and impartial. He should not follow unfair practices like favoritism and nepotism. He must show fair play and absolute justice in all his decisions and actions.

18.6 LEADERSHIP STYLES AND PATTERNS

Tannenbaum and Schmidt have described the range of possible leadership behavior available to a manager. Each type of action is related to the degree of authority used by the boss and to the degree of freedom available to his subordinates in reaching decisions. The figure below shows the different leadership styles and patterns.

Leadership Styles

1. The Manager makes decision and announces it: It is an extreme form of autocratic leadership whereby decisions are made by the boss who identifies the problem, considers alternative solutions, selects one of them and then reports his decision to his subordinates for implementation.

2. The Manager sells his decisions: It is a slightly improved form of leadership wherein the manager takes the additional step of persuading the subordinates to accept his decision.

3. The Manager presents his ideas and invites questions: There is greater involvement of the employees in this pattern. The boss arrives at the decision, but provides a full opportunity to his subordinates to get fuller explanation of his thinking and intentions.

4. The manager presents a tentative decision subject to change: Herein the decision is tentatively taken by the manager but he is amenable to change and influence from the employees.

5. The manager may present the problem, get the suggestions and then take his own decision: Herein sufficient opportunity is given to the employees to make suggestions that are coolly considered by the Manager.

6. The Manager may define the limits and request the group to make a decision: A manager of this style of management lets the group have the right to make the decision. The subordinates are able to take the decision to the limits defined by the manager.

7. The Manager may permit full involvement of the subordinates in the decision-making process: It is often designated as 'Democratic' leadership.

Leadership style refers to the behaviour pattern adopted by a leader to influence the behaviour of his subordinates for attaining the organizational goals. As different leadership styles have their own merits and demerits, it is difficult to prefer one leadership styles to another. The selection of a leadership style will depend on the consideration of a number of factors. Tannenbaum and Schmidt have pointed out the important factors that affect the choice of a style of leadership. They are:-

Forces in the manager i.e., the manager's personality, experience and value system.

Forces in the subordinates i.e., the subordinates readiness for making decisions, knowledge, interest, need for independence etc.

Forces in the situation i.e., complexity of the problem, pressure of time etc.

18.7 LEADERSHIP SKILL

The leader is expected to play many roles and therefore, must be qualified to guide others to organizational achievement. Although no set of absolute traits or skills may be identified, the individuals who possess abilities to lead others must have certain attributes to help them in performing their leadership roles. In a broad way the skills which are necessary for an industrial leader may be summarized under four heads:

(a) Human skill

(b) Conceptual skill

(c) Technical skill and

(d) Personal skill.

18.7.1 Human Skill

A good leader is considerate towards his/her followers because his success largely depends on the co-operation of his followers. He approaches various problems in terms of people involved more than in terms of technical aspects

involved. A leader should have an understanding of human behaviour. He/she should know people; know their needs, sentiments, emotions, as also their actions and reactions to particular decisions, their motivations etc. Thus, a successful leader possesses the human relations attitude. He/she always tries to develop social understanding with other people. The human skill involves the following:

(a) Empathy: A leader should be able to look at things objectively. He/she should respect the rights, belief and sentiments of others. He/she should equip himself to meet the challenges emanating from the actions and reactions of other people. The leader should be empathetic towards his followers so that he can carefully judge their strengths, weakness and ambitions and give them the attention they deserve.

(b) Objectivity: A good leader is fair and objective in dealing with subordinates. He must be free from bias and prejudice while becoming emotionally involved with the followers. His approach to any issue or problem should be objective and not based on any pressure, prejudice or preconceived notions. Objectivity is a vital aspect of analytical decision making. Honesty, fairplay, justice and integrity of character are expected of any good leader.

(c) Communication Skill: A leader should have the ability to persuade, to inform, stimulate, direct and convince his subordinates. To achieve this, a leader should have good communication skill. Good communications seem to find all responsibilities easier to perform because they relate to others more easily and can better utilize the available resources.

(d) Teaching Skill: A leader should have the ability to demonstrate how to accomplish a particular task.

(e) Social Skill: A leader should understand his followers. He should be helpful, sympathetic and friendly. He should have the ability to win his followers confidence and loyalty.

18.7.2 Conceptual Skill

In the words of Chester Barnard -"the essential aspect of the executive process is the sensing of the organization as a whole and the total situation relevant to it". Conceptual skills include -

(a) The understanding of the organization behavior,

(b) Understanding the competitors of the firm, and

(c) Knowing the financial status of the firm.

A leader should have the ability to look at the enterprise as a whole, to recognize that the various functions of an organization depend upon one another and are interrelated, that changes in one affect all others. The leader should have skill to

run the firm in such a way that overall performance of the firm in the long run will be sound.

18.7.3 Technical Skill

A leader should have a thorough knowledge of and competence in, the principles, procedures and operations of a job. Technical skill involves specialized knowledge, analytical skill and a facility in the use of the tools and techniques of a specific discipline. Technical competence is an essential quality of leadership.

18.7.4 Personal Skill

The most important task of the leader is to get the best from others. This is possible only if he possesses certain qualities. These personal skills include-

(a) Intelligence: Intellectual capacity is an essential quality of leadership. Leaders generally have somewhat higher level of intelligence than the average of their followers.

(b) Emotional Maturity: A leader should act with self-coincidence, avoid anger, take decisions on a rational basis and think clearly and maturely. A leader should also have high frustration tolerance. According to Koontz and O'Donnell - "Leaders cannot afford to become panicky, unsure of themselves in the face of conflicting forces, doubtful of their principles when challenged, or amenable to influence".

(c) Personal Motivation: This involves the creation of enthusiasm within the leader himself to get a job done. It is only through enthusiasm that one can achieve what one wants. Leaders have relatively intense achievement type motivational drive. He should work hard more for the satisfaction of inner drives than for extrinsic material rewards.

(d) Integrity: In the words of F. W Taylor - "integrity is the straight forward honesty of purpose which makes a man truthful, not only to others but to himself; which makes a man high-minded, and gives him high aspirations and high ideals".

(e) Flexibility of Mind: A leader must be prepared to accommodate other's viewpoints and modify his decisions, if need be. A leader should have a flexible mind, so that he may change in obedience to the change in circumstances. Thomas Carle has said "A foolish consistency is the hobgoblin of a little mind".

In sum, a leader must have a dynamic personality, intellectual attainment, amiable disposition, unassuming temperament and knowledge of how to deal with his followers.

Difference between Leadership and Management: Leadership is different from management. The main differences between these two terms are:

1. A manager is required to plan, organize, direct and control. But a leader is one who gets others to follow him.

2. A manager depends on his authority. But a leader depends on his confidence and goodwill. He inspires enthusiasm.

3. Management is concerned with the formulation of broad policies to guide the operations of an enterprise. But leadership is concerned with the initiation of action for the accomplishment of the goals.

4. An individual is a leader in the true sense if he is accepted as a leader by the group. A manager is appointed and she/he derives his/her authority by virtue of his office.

5. Management is associated with the organized structure. But leadership may be associated with unorganised groups.

18.8 IMPORTANCE OF LEADERSHIP

The importance of leadership in an organization cannot be denied. People working in an organization need individuals (leaders) who could be instrumental in guiding the efforts of groups of workers to achieve goals and objectives of both the individuals and the organization. The leader guides the action of others in accomplishing these tasks. A good leader motivates his/her subordinates, creates confidence and increases the morale of the workers. In the words of Peter F Drucker - "Good leadership is a must for the success of a business but the business leaders are the scarcest resources of any enterprise". The following points highlight the importance of leadership:-

1. Leadership is the process of influencing the activities of an individual or a group towards the achievement of a goal.

2. An effective leader motivates the subordinates for higher level of performance.

3. Leadership promotes team - spirit and team - work which is quite essential for the success of any organization.

4. Leadership is an aid to authority. A leadership helps in the effective use of formal authority.

5. Leadership creates confidence in the subordinates by giving them proper guidance and advice.

The history of business is full of instances where good leaders led their business concerns to unprecedented peaks of success .To quote George R Terry - "The will to do is triggered by leadership and lukewarm desires for achievement are

transformed into burning passe….. for successful accomplishments by the skilful use of leadership."

18.9 FUNCTIONS OF A LEADER

According to Peter Drucker - "An effective leader is one who can make ordinary men do extraordinary things, make common people do uncommon things. Leadership is a lifting of a man's sights to a higher vision, the raising of man's standard to a higher performance, the building of a man's personality beyond its normal limitations." This view point of Peter Drucker stresses the leaders' obligation to attain organizational goals and gives attention to the needs of the individuals who are his subordinates. The important functions of a business leader may be briefly summarized as follows:

1. To take the initiative: A leader initiates all the measures that are necessary for the purpose of ensuring the health and progress of the undertaking in a competitive economy. He should not expect others to guide or direct him. He should lay down the aims and objectives, commence their implementation and see that the goals are achieved according the predetermined targets.

2. He identifies group goals: A leader must always help the group identify and attain their goals. Thus, a leader is a goal setter.

3. He represents the organization: A leader represents the organization and its purpose, ideals, philosophy and problems to those working for it and to the outside world .In other words, leaders is true representative of the entire organization.

4. He acts as a arbitrator: When groups experience internal difference, whether based on emotional or intellectual clashes, a leader can often resolve the differences. He acts as an arbitrator to prevent serious group difference.

5. To assign reasons for his action: It is a delicate task of leaders to assigns reason to his every command. He has to instruct things in such a way that they are intelligible to all concerned and their co-operation is readily forthcoming.

6. To interpret: He interprets the objectives of the organization and the means to be followed to achieve them; he appraises his followers, convinces them, and creates confidence among them.

7. To guide and direct: It is the primary function of the leader to guide and direct the organization. He should issue the necessary instructions and see that they are properly communicated.

8. To encourage team work: A leader must try to win the confidence of his subordinates. He must act like the capital of a team.

9. He manages the organization: Last, but not the least, he administers the undertaking by arranging for the forecast, planning, organization, direction, co-ordination and control of its activities.

18.10 TYPE OF LEADERS

The different types of leadership styles are:-

1. Autocratic or task Management Leadership,

2. Participative or democratic leadership,

3. Laissez faire or Free-rein Leadership, and

4. Paternalistic Leadership.

1. Autocratic or Task Management Leadership

The autocratic Leader gives order which he insists shall be obeyed. He determines polices for the group without consulting them, and does not give detailed information about future plans, but simply tells the group what steps they must take. In other words, an autocratic leader is one who centralizes the authority in himself and does not delegate authority to his subordinates. He is dictatorial by nature, and has no regard for the subordinates. He drives himself and his subordinates with one thought uppermost in his mind- action must produce results. An autocratic close the entire planning and cells upon his subordinates to execute what he has planned. An Autocratic leader operates on the following assumptions:-

(a) An average human being has inherent dislikes of work and will avoid it if he can.

(b) His assumption is that if his subordinate was intelligent enough, he would not be in that subordinate position.

(c) He assumes that unintelligent subordinates are immature, unreliable and irresponsible persons. Therefore, they should be constantly watched in the course of their work.

(d) As he has no regard for his subordinates, he gets the work done by his subordinates through negative motivation i.e. through threats of penalty and punishment.

Thus under this style all decision-making power is centralized in the leader. The autocratic leader stresses his prerogative to decide and order and subordinates obligation to do what they are told to carry out. He does not give subordinates the freedom to influence his behavior.

Types of autocratic leadership

Strict autocratic leaders: A strict autocratic relies on negative influence and gives orders which the subordinates must accept. He may also use his power to disperse rewards to his group.

Benevolent Autocrat: The benevolent is effected in getting high productivity in many situations and he can develop effective human relationship. His motivational style is usually positive.

Manipulative Autocrat: A manipulative autocratic leader is one who makes the subordinates feel that they are participating in decision making process even though he has already taken the decision.

2. Participative or Democratic Leadership

A democratic leader is one who consults and invites his subordinates to participate in the decision making process. He gives orders only after consulting the group; sees to it that polices are worked out in group decisions and with the acceptance of group. The manager largely avoids the use of power to get a job done. He behaves that a desired organizational behaviour can be obtained if employees' needs and wants are satisfied. Therefore, he not only issues orders but interprets them and sees to it that the employees have the necessary skill and tool to carry out their assignments. He assigns a fair work lead to his personal and recognizes the job that is well done; there is a team approach to the attainment of organizational goals. He recognizes human value for greater concern for his subordinates. A participative leader operates on the following assumptions:-

(a) Subordinates are capable of doing work and assuming the responsibility if they are given opportunities and incentives.

(b) Subordinates are supervised, guided and aided rather then threatened and commanded to work.

(c) Mistakes are not viewed seriously. The assumption is that disciplinary action breeds discontent and frustration among employees and creates an unhealthy work environment.

3. Laissez Faire or Free-rein Leadership

A free-rein leader does not lead, but leaves the group entirely to itself. The leader avoids using power and interest the decision making authority to his subordinates. He does not direct his subordinates and there is complete freedom for the subordinates. Group of members work themselves and provide their own motivation. The manager exits as a contact man with outsiders to bring for his group the information and resources it needs to accomplish its job. A free-rein leadership operates on the following assumption:-

(a) He follows the rule of minimum exposure to accountability.

(b) He relieves himself of responsibilities and is ready to blame his subordinates if something goes wrong.

(c) He has no clear idea of the goals to be attained.

(d) He is more security conscious than status conscious.

This mode of direction can produce good and quick results if the subordinates are highly educated and brilliant people who have a will to go ahead and perform their responsibility.

4. Paternalistic Leadership

Under this type of leadership, the leader assumes that his function is fatherly. His attitude is that of treating the relationship between the leader and his groups that of family with the leader as the head of the family. The leader works to help to work to help, guide, protect and keep his followers happily working together as members of a family. He provides them with good working condition, fringe benefits and employee services. It is said that employees under such leadership well work harder out of gratitude.

18.11 LEADERSHIP COMMITTEE

A committee is a small group of people formed from a larger group of employees assigned with a particular task. A committee member may be appointed or the employee concerned may also volunteer to become a member. The ideal size of a committee for most of the tasks is 3 to 5 persons. The first person named in a committee is usually considered as the chairman of the committee.

1. Selecting Members for a Committee

In selecting committee members we have to remember the contribution that participating members can make to the committee. The following guidelines may be followed in selecting a committee member:

He/She should be interested in the work to be done.

He/She should honour the appointment and be committed to the job.

The person should have special skills needed for the job.

He/ She should not be overloaded with conflicting commitments.

He/She should be willing to contribute to the group.

The chairman should consider him/her as useful and desirable for the committee.

He/She should be compatible with other members and should cooperate with them.

2. Selecting the Chairman for the Committee

Utmost care is needed in selecting the chairman of the committee than in selecting its members. The chairman has the primary responsibility to give leadership to the group and to stimulate them to their higher productivity both individually and as members of the group. He/ She should be able to organise the individual members into a working group. It is always desirable to have a chairman who had previously served as a member of a committee or has had similar experience.

The chairman may also be chosen for his/ her ability to lead the group. The one who proposes an idea or alternatively, the committee may select the leader by themselves.

18.12 SUMMARY

The concept of leadership has undergone a sea change from the concept of 'born-leader' to 'situation-leader' and to effective leader. Views, assumptions and theories of leadership have changed significantly in recent years. Business and industry have set managers more as leaders to achieve the challenges.

The quality of leadership provided by the managers determines the degree of success of business. Some people are born leaders and need little training or development. But many managers are not born with qualitative leadership skills. Such managers need training and development to acquire and develop leadership skills. However, born leaders can be more efficient with training.

For example, Jamsetji Tata and Dhirubhai Ambani belong to the born leaders category whereas Vikram Singh of Hindustan Aluminium and Parthasaradhi of Hindustan Lever belong to the 'made leaders' category.

Leadership involves the exercise of influence on the part of the leader over the perception, motivation, communication, personality and ultimately over the behaviour of other people. Leadership is, therefore, the study of leader's influence over the thoughts, feelings, opinions, beliefs, attitudes and actions of followers.

Leadership is defined as "the process whereby one individual influences other group members towards the attainment of defined group or organisational goals."

Trait theories of leadership sought personality, social, physical or intellectual traits that differentiated leaders from non-leaders. Trait theorists refer to people like Mahatma Gandhi, Indira Gandhi, Margaret Thatcher, Nelson Mandela, N.T.Rama Rao and describe them in terms of charismatic, enthusiastic and courageous traits.

Trait theories assume that leaders are born not made. The research studies focus on personal traits or characteristics that distinguish the leaders from the

followers and a successful leader from an unsuccessful leader. A number of research studies were conducted during the last 50 years. The cumulative findings of these studies conclude that some traits increase the likelihood of success as a leader, but more of the traits guarantee success.

Behavioural theories of leadership propose that specific behaviours differentiate leaders from non-leaders. These theories opine that leader's style is oriented either an employee-centred or a job centred emphasis. These theories attempt to explain leadership in terms of the behaviour that the leader exhibits. These theories have modest success in building consistent relationship between patterns of leadership behaviour and group performance. However, consideration of situational factors is missing in these theories. Now, we discuss behavioural theories.

Contingency approaches to leadership take the position that there is no "one best way" to lead in all situations. Effective leadership styles vary from situation to situation depending on several factors like personality predisposition of the leaders, the characteristics of the followers, the nature of task being done and other situational factors.

Autocratic leaders centralise power of decision-making in themselves. Followers have no say either in decision-making or in implementation. They have to completely obey and follow the instructions of the leaders. The leaders take full authority and full responsibility. Autocratic leaders are classified into: (a) Strict autocrat who follows autocratic style completely where the method of influencing subordinates is thoroughly negative; (b) Benevolent autocrat who typically gives awards to the followers and (c) Incompetent autocrat who adopts autocratic style with a view to hide his incompetency.

Democratic leaders decentralise authority and encourage subordinates to express their opinion in decision-making as well as in implementing the decision. However, decisions are taken by the leaders. Thus, decisions are arrived at by consultation.

Participative leaders decentralise authority and encourage subordinates to participate and involve in decision-making and implementation processes. Decisions are made by the leader and his subordinates.

It is, however, concluded that there is no clear-cut leadership style which is applicable universally and in all circumstances. Therefore, the leaders have to adopt appropriate style depending upon the situational requirements.

The leader has to commit towards diversity and communicate the same to all employees as well as to the external stakeholders. The leader has to incorporate the organisation's attitude into the mission statement, objectives and strategies.

Leaders in India mix the autocratic and participative styles. They prefer to follow autocratic styles, if organisational and other environmental influences are absent. They follow democratic and participative styles in social environments. So, sometimes employees prefer to present the official issues in social settings in order to force the leaders to be in participative/democratic styles. The traditional and cultural factors in India force the leaders to follow participative styles. Leaders influenced much by social and family factors take care of the needs of employees and their family members even beyond the financial issues. In addition, leaders in bureaucratic set ups make decisions on their own and push them down for implementation and they follow collaborative approach in social set ups.

In fact, competition due to globalisation and information technology changed the leadership styles in India. Leaders today follow more of collaborative approach and team leadership rather than autocratic approach.

18.13 GLOSSARY

i) Leadership: Leadership is defined as "the process whereby one individual influences other group members towards the attainment of defined group or organisational goals."

ii) Trait theories: Trait theories of leadership sought personality, social, physical or intellectual traits that differentiated leaders from non-leaders.

iii) Behavioural theory: Behavioural theory of leadership proposes that specific behaviours differentiate leaders from non-leaders.

iv) Democratic leaders: Democratic leaders decentralise authority and encourage subordinates to express their opinion in decision-making as well as in implementing the decision.

v) Participative leaders: Participative leaders decentralise authority and encourage subordinates to participate and involve in decision-making and implementation processes.

18.14 ANSWER TO CHECK YOUR PROGRESS/ POSSIBLE ANSWERS TO SAQ

18.14.1 Short answer questions

1. What is leadership?

2. What is Leadership Style?

3. What is followership?

18.14.2 Extended answer questions

1. State the differences between a leader and a manager.

2. Discuss various sources of power of a leader.

3. Explain trait theories of leadership.

4. Compare and contrast different behavioural theories of leadership.

5. Discuss in detail the Path-Goal theory of leadership.

6. Explain the superiorities of The Hersey-Blanchard situational approach to leadership.

7. Discuss the relevance of charismatic and transformational theories of leadership.

8. Discuss different leadership styles.

9. How do you match different styles of leaders with those of followers?

18.14.3 True-false

1. Business and industry have set managers more as leaders to achieve the challenges.

2. Trait theories assume that leaders are made not born.

3. Bank managers in India used to adopt autocratic style before 1969.

4. Contingency approaches to leadership take the position that there is no "one best way" to lead in all situations.

5. Democratic leaders decentralise authority and encourage subordinates to express their opinion in decision-making as well as in implementing the decision.

18.14.4 Multiple-choice

1. The concept of leadership has undergone a sea change from the concept of 'born-leader'.........

   a) To 'situation-leader'

   b) To effective leader

   c) Both (a) and (b)

   d) None of the above

2. Which of the following is the example of "born leader" in India?

   a) Jamsetji Tata

   b) Dhirubhai Ambani

c) Both (a) and (b)

d) Arjun Singh

3.   Which of the following is the example of "made leader" in India?

a) Vikram Singh of Hindustan Aluminium

b) Parthasaradhi of Hindustan Lever

c) Dhirubhai Ambani of Reliance

d) Both (a) and (b)

4.   Leadership involves the exercise of influence on the part of the leader over the ....

a) Perception

b) Motivation

c) Personality

d) All the above

18.14.5 Fill-in-the-blanks

1.   The concept of leadership has undergone a sea change from the concept of 'born-leader' to 'situation-leader' and to effective......................

2.   The quality of leadership provided by the managers determines the degree of success of.............................

3.   ....is defined as the process whereby one individual influences other group members towards the attainment of defined group or organisational goals.

4.   ....theories of leadership propose that specific behaviours differentiate leaders from non-leaders.

5.   Democratic leaders decentralise authority and encourage subordinates to express their opinion in decision-making as well as in implementing the........................

18.15 POSSIBLE ANSWERS TO SELF ASSESSMENT QUESTIONS

18.14.3 1. True 2. False 3. True 4. True 5. True

18.14.4 1. (c) 2. (c) 3. (d) 4. (d)

18.14.5 1. Leader 2. Business 3. Leadership 4. Behavioural 5. Decision

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18.18 TERMINAL QUESTIONS

1. Discuss importance of leadership.

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UNIT 19	**POWER AND POLITICAL BEHAVIOR**

STRUCTURE

19.1 INTRODUCTION

Power and the accompanying political behavior are inevitable in all organizations. French and Raven categorized power as having five forms: reward power, coercive power, legitimate power, referent power, and expert power. Power can be used for personal gain, or for social purposes. Etzioni identified three types of power and three types of organizational involvement that lead to either congruent or incongruent use of power. Symbols of power are discussed. A final section addresses managing the boss and sharing power through empowering organizational members.

19.2 OBJECTIVES

After reading this unit you will be able to understand:

Power and Political Behavior

Distinguish between power, influence, and authority.

Describe the interpersonal and intergroup sources of power.

Understand the ethical use of power.

Explain power analysis, an organizational-level theory of power.

Identify symbols of power and powerlessness in organizations.

19.3 MEANING OF POWER

Power is the ability to influence another person. The process by which we affect the thoughts, behavior, and feelings of another person is called influence. Authority is the right to influence another person. Most individuals prefer to use influence rather than authority to get things done.

When we attempt to influence an individual, our approaches may or may not fall within the employee's zone of indifference. The zone of indifference is the range in which attempts to influence are perceived as legitimate, and the receiver responds to the influence willingly.

19.4 FORMS OR SOURCES OF POWER IN ORGANIZATIONS

1. Interpersonal Forms of Power

French and Raven identified the five most common bases of power in an organization as reward, coercive, legitimate, referent and expert power.

a) Reward Power: Reward power is the control over rewards that are valued by another. Typical examples of rewards are salary increases, bonuses, and promotions. In addition, praise can be used as a reward.

b) Coercive Power: Coercive Power is the ability to administer unpleasant consequences. The implied force relates to threats and punishments. Some forms of coercive power include verbal abuse, lack of support, and disciplinary actions.

c) Legitimate Power: Legitimate power is similar to authority, and is based on position and mutual agreement. This form of power is provided to individuals by the organization. Some managers resort to legitimate power if they are insecure with their ability to influence employees using other forms of power.

d) Referent Power: Referent power is based on interpersonal attraction. Followers identify with the leader and willing follow out of admiration and respect.

e) Expert Power: Expert power is based on knowledge and/or skills. Followers must perceive the agent as an expert, and trust that the expertise is valid and that the knowledge or skills are relevant and useful to them.

2. Using Power Ethically

The following three questions can help managers determine whether they are using power ethically: (1) Does the behavior produce a good outcome for people inside and outside the organization? (2) Does the behavior respect the rights of all parties? (3) Does the behavior treat all parties equitably and fairly?

3. Two Faces of Power: One Positive, One Negative

McClelland takes a stand for the use of power in a right or wrong fashion. Personal power is used for personal gain, and results in a win–lose approach. Conversely, social power involves the use of power to create motivation or to accomplish group goals.

4. Intergroup Sources of Power

Groups also use multiple sources of power. When groups control activities that other groups depend on in order to complete their tasks, they control strategic contingencies. In order to exercise this control, a group must have the ability to cope with uncertainty, its function must be central to the organization's success, and it must perform an indispensable function for the organization.

19.5 POWER ANALYSIS: A BROADER VIEW

Etzioni's approach to power measures the involvement of members that will lead to either congruent or incongruent uses of power. He also proposed the classification of organizations by the type of membership, which included alienative

membership (members have hostile, negative feelings about the organization), calculative membership (members weight the benefits and limitations of membership), and moral membership (members have positive feelings about the organization). He also identified three types of organizational power: coercive, utilization, and normative.

Coercive power forces members to do something through threat or intimidation. It is appropriate for use in organizations with alienative membership.

Utilitarian power influences members by providing them with rewards and benefits. Managers prefer this form of power if it is available, and it is appropriate for businesses and other organizations with calculative membership.

Normative power influences members through peer pressure, or by letting the individuals know that they are expected to act according to the overall wishes of the group. It is the appropriate form of power for an organization with moral membership.

19.6 SYMBOLS OF POWER

Since organizational charts only reveal authority and not power, it is important to determine what the symbols of power are across most organizations. One of the more easily identified power symbols is that of a uniform for a police officer.

1. Kanter's Symbols of Power

The primary characteristic of Kanter's seven symbols of power is that they provide an ability to aid or assist another person. Her symbols are active and other-directed. The symbols are:

(i) Ability to intercede for someone in trouble

(ii) Ability to get placements for favored employees

(iii) Exceeding budget limitations

(iv) Procuring above-average raises for employees

(v) Getting items on the agenda at meetings

(vi) Access to early information and

(vii) Having top managers seek out one's opinions.

2. Kanter's Symbols of Powerlessness

Powerlessness is a lack of power, which may have different symptoms in managers at different levels of the organization.

3. Korda's Symbols of Power

Korda's symbols of power are easier to determine, and they include office furnishings, time power, and standing by.

19.7 POLITICAL BEHAVIOUR

Political behavior in organizations is examined using an operant perspective. Operant principles help explain why political behavior tends to occur in competitive environments in which there are unclear rules for the distribution of outcomes and resources and why the true motivations behind political activities tend to be hidden. In addition political tactics are thought to occur when individuals are reinforced directly for these behaviors, when the tactics result in desired changes to consequences for performance, and when they increase power.

19.8 POLITICAL BEHAVIOR IN ORGANIZATIONS

Organizational politics is the use of power and influence in organizations. Although many managers feel that politics distracts members from focusing on goal achievement, most also feel that it is common in their organizations and necessary for success as an executive. Political behavior consists of actions not officially sanctioned by an organization that are taken to influence others in order to meet one's personal goals.

1. Influence Tactics

Influence is the process of affecting the thoughts, behavior, or feelings of another person. Influence can be levied upward, downward, or laterally. The four tactics used most frequently are:

(i) Consultation

(ii) Rational persuasion

(iii) Inspirational appeals and

(iv) Ingratiation

2. Managing Political Behavior in Organizations

Since politics is inevitable in organizations, the best strategy is to take a proactive stance in managing political behavior in the environment. This can be accomplished through open communication, clarification of performance expectations, participative management, encouraging cooperation, managing scarce resources, and providing a supportive organizational climate.

19.9 SHARING POWER

Sharing the power within an organization is empowerment. This creates a condition for heightened motivation through the development of a strong sense of personal self-efficacy. The essence of empowerment resides in the four dimensions of meaning, competence, self-determination, and impact. In implementing empowerment, managers should: express confidence in employees and set high performance expectations, create opportunities for employees to participate in decision making, remove constraints that stifle autonomy, and set inspirational goals.

19.10 EMPOWERMENT

The term empowerment refers to measures designed to increase the degree of autonomy and self-determination in people and in communities in order to enable them to represent their interests in a responsible and self-determined way, acting on their own authority. Empowerment as action refers both to the process of self-empowerment and to professional support of people, which enables them to overcome their sense of powerlessness and lack of influence and to recognize and eventually to use their resources and chances.

In social work, empowerment forms a practical approach of resource-oriented intervention. In the field of citizenship education and democratic education, empowerment is seen as a tool to increase the responsibility of the citizen. Empowerment is a key concept in the discourse on promoting civic engagement. Empowerment as a concept, which is characterized by a move away from a deficit-oriented towards a more strength-oriented perception, can increasingly be found in management concepts, as well as in the areas of continuing education and self-help.

19.11 IMPORTANCE OF EMPOWERMENT

i) The increasing pace of change, turbulence of the environment, and the speed of competitive response and the acceleration of customer demands require a speed and flexibility of response which is incompatible with the old-style command and control model of organisational functioning.

ii) Organisations themselves are changing. The impact of downsizing, de-layering and decentralising means that the old methods of achieving co-ordination and control are no longer appropriate. Achieving performance in these new circumstances requires that staff take and exercise much greater responsibility.

iii) Organisations require more cross-functional working, more co-operation

between areas, and more integration in their processes if they are to meet the customers' needs. Such co-operation can be achieved through empowerment.

iv) Excellent managerial talent is increasingly perceived as scarce and expensive. Using it for direct supervision of efficient staff compounds these difficulties. On the other hand, empowerment enables managerial talent to be focused more on external changes and less on internal problem-solving.

v) Empowerment may reveal sources of managerial talent, which were previously unrecognised, and creating circumstances in which such talent can flourish.

vi) Staff is no longer prepared to accept the old command and control systems. Much wider availability of education, greater emphasis on lifetime development and the end of the previous certainities of job security and steady advancement have contributed to a situation where jobs are valued for the development of opportunities that they offer, rather than in themselves.

19.12 MANAGERIAL IMPLICATIONS OF POWER

The shift to knowledge economies and the boom of knowledge-intensive organizations with their expert employees pose new challenges for leadership and management of development work.

The cultural milieu has a profound influence on employee behaviour in the organizations. In an increasingly diverse workplace and in a more globalised business world, managers, to be effective, need to appreciate behavioural implications of cultural values that employees, organizations, and societies hold. One of the most cited frameworks to understand behaviour of people across the national cultures was proposed by Hofstede (2001).

19.13 SUMMARY

Power and the accompanying political behavior are inevitable in all organizations. French and Raven categorized power as having five forms: reward power, coercive power, legitimate power, referent power, and expert power. Power can be used for personal gain, or for social purposes. Etzioni identified three types of power and three types of organizational involvement that lead to either congruent or incongruent use of power. Symbols of power are discussed. A final section addresses managing the boss and sharing power through empowering organizational members.

Power is the ability to influence another person. The process by which we affect the thoughts, behavior, and feelings of another person is called influence.

Authority is the right to influence another person. Most individuals prefer to use influence rather than authority to get things done.

When we attempt to influence an individual, our approaches may or may not fall within the employee's zone of indifference. The zone of indifference is the range in which attempts to influence are perceived as legitimate, and the receiver responds to the influence willingly.

Reward power is the control over rewards that are valued by another. Typical examples of rewards are salary increases, bonuses, and promotions. In addition, praise can be used as a reward.

Coercive Power is the ability to administer unpleasant consequences. The implied force relates to threats and punishments. Some forms of coercive power include verbal abuse, lack of support, and disciplinary actions.

Legitimate power is similar to authority, and is based on position and mutual agreement. This form of power is provided to individuals by the organization. Some managers resort to legitimate power if they are insecure with their ability to influence employees using other forms of power.

Referent power is based on interpersonal attraction. Followers identify with the leader and willing follow out of admiration and respect.

Expert power is based on knowledge and/or skills. Followers must perceive the agent as an expert, and trust that the expertise is valid and that the knowledge or skills are relevant and useful to them.

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Sharing the power within an organization is empowerment. This creates a condition for heightened motivation through the development of a strong sense of personal self-efficacy. The essence of empowerment resides in the four dimensions of meaning, competence, self-determination, and impact. In implementing empowerment, managers should: express confidence in employees and set high performance expectations, create opportunities for employees to participate in decision making, remove constraints that stifle autonomy, and set inspirational goals.

19.14 GLOSSARY

a) Power: Power is the ability to influence another person. The process by which we affect the thoughts, behavior, and feelings of another person is called influence. Authority is the right to influence another person. Most individuals prefer to use influence rather than authority to get things done.

b) Reward Power: Reward power is the control over rewards that are valued by another. Typical examples of rewards are salary increases, bonuses, and promotions. In addition, praise can be used as a reward.

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19.15 ANSWER TO CHECK YOUR PROGRESS/ POSSIBLE ANSWERS TO SAQ

19.15.1 Short answer questions

1. What do you mean by Power?

2. What is Political Behavior?

3. What is Reward Power?

4. What is Coercive Power?

5. What is Legitimate Power?

19.15.2 Extended answer questions

1. Discuss about Power and Political Behavior.

2. Distinguish between power, influence, and authority.

3. Explain the interpersonal and intergroup sources of power.

4. Explain power analysis, an organizational-level theory of power.

5. Discuss how managers can empower others.

19.15.3 True-false

1. Power and the accompanying political behavior are inevitable in all organizations.

2. Power is the ability to influence another person and the process by which we affect the thoughts, behavior, and feelings of another person is called influence.

3. Authority is the right to influence another person.

4. Expert Power is the control over rewards that are valued by another.

5. Coercive Power is the ability to administer unpleasant consequences.

19.15.4 Multiple-choice

1. What is the ability to influence another person and the process by which we affect the thoughts, behavior, and feelings of another person is called influence?

a) Leadership

b) Power

c) Authority

d) None of the above

2. What is the right to influence another person?

a) Leadership

b) Power

c) Authority

d) None of the above

19.15.5 Fill-in-the-blanks

1. …………..and the accompanying political behavior are inevitable in all organizations.

2. Power is the ability to influence another person and the process by which we affect the thoughts, behavior, and feelings of another person is called……………..

3. …………….is the right to influence another person.

19.16 POSSIBLE ANSWERS TO SELF ASSESSMENT QUESTIONS

19.15.3 1. True 2. True 3. True 4. False 5. True

19.15.4 1. (b) 2. (c)

19.15.5 1. Power 2. Influence 3. Authority

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19.19 TERMINAL QUESTIONS

1. Discuss implications of Political Power in an Organization.

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UNIT 20   STRESS

STRUCTURE

20.1 INTRODUCTION

Stress is an exceedingly complex concept that does not lend itself to a simple definition. It can best be understood in terms of the internal and external conditions necessary for its arousal and the symptoms by which it is identified. Its identifiable symptoms are both psychological and physiological. Stress carries a negative connotation for some people, as though it were something to be avoided. This is unfortunate, because stress is a great asset in managing legitimate emergencies and achieving peak performance.

20.2 OBJECTIVES

This chapter is intended to study the various aspects of stress at work. After studying this chapter you will be able to:

- explain the meaning and definition of stress.
- describe the general adaptation syndrome.
- understand four different approaches to stress.
- explain the causes and consequences of work related stress.
- understand stress management.

20.3 DEFINITION OF STRESS

According to **J. C. Quick and J.D Quick,** "Stress, or the stress response, is the unconscious preparation to fight or flee a person experiences when faced with any demand".

According to **Mikhail A.,** "Stress refers to a psychological and physiological state that results when certain features of an individual's environment challenge that person, creating an actual or perceived imbalance between demand and capability to adjust that results in a non-specific response".

20.4 THE GENERAL ADAPTATION SYNDROME (GAS)

Hans Selye, the world's foremost authority on stress, was the first to describe systematically the changes through which the body passes to deal with a perceived threat. He described what he called the General Adaptation Syndrome (GAS), an adaptive response; that occurs in three phases: A, an alarm reaction; B, the stage of resistance; and C, the stage of exhaustion. The figure below shows the course of the General Adaptation Syndrome.
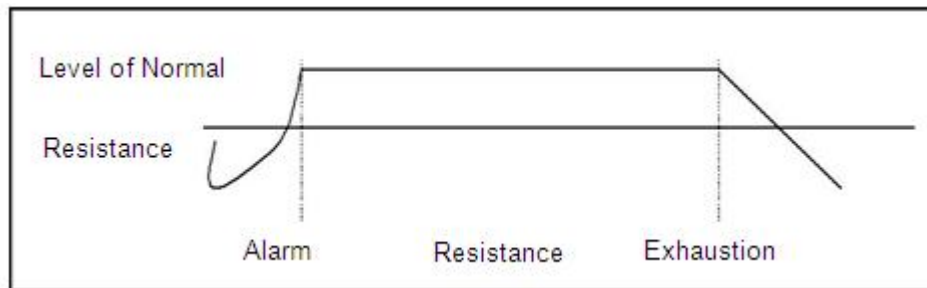
Fig: A Stress Episode

This diagram shows the course of the General Adaptation Syndrome (GAS) describes the psychological and physical response to stress - that is, the way a person tries to adapt to a stressor. The syndrome is called "general" because the stress response occurs in several areas of the body. GAS has 3 stages.

1. Alarm Stage

According to this model, the general adaptation syndrome begins when a person in encounters a stressor and enters the alarm stage. A person in this stage wonders how to cope and feels anxiety, even panic. The person breathes faster, blood pressure rises, pupils dilate and muscles tense. At this stage, the person is coping ineffectively.

2. Resistance

Assuming the person can summon the resources to cope with the stressor, he or she begin to feel more confident and to think of how to respond. During the second stage of the general adaptation syndrome, "resistance", the person channels his or her energy and uses it to resist the stressor's negative effects. The person tackles the problem, delegates the challenge, or adjusts to the change. Resistance to the stressor is high, but the person's resistance to other stressors may be low because the body's resources are being used up. Evidence shows that a person's immune system function tends to decline during periods of stress.

3. Exhaustion

Many stressors are short term - the person can solve the problem, or the situation ends on its own. In such cases, the general adaptation syndrome ends during resistance stage. But occasionally a stressor persists. In situations where stressors persist, the person may enter the third stage: exhaustion. In this stage, the symptoms of the alarm stage return and the person eventually uses up his or her adaptive energy.

20.5 APPROACHES TO STRESS

We will review four different approaches to defining stress:

(i) Homeostatic / Medical Approach.

(ii) Cognitive Appraisal Approach.

(iii) Person-environment fit Approach.

(iv) Psychoanalytic Approach.

These four approaches to stress will give you a more complete understanding of what stress really is.

1. The Homeostatic / Medical Approach

Walter B Cannon Was the medical psychologist who originally discovered stress and called it "the emergency response" or "the militaristic response", arguing that it was rooted in "the fighting emotions". According to Cannon, stress resulted when an external environmental demand upset the person's natural steady-state balance referred to as "homeostasis". He called the stress response the fight-or flight response. Cannon believed the body was designed with natural defence mechanisms to keep it in homeostasis.

2. The Cognitive Appraisal Approach

According to Richard Lazarus (1977), "stress is a situation that someone regards as threatening and as possibly exceeding his or her resources".
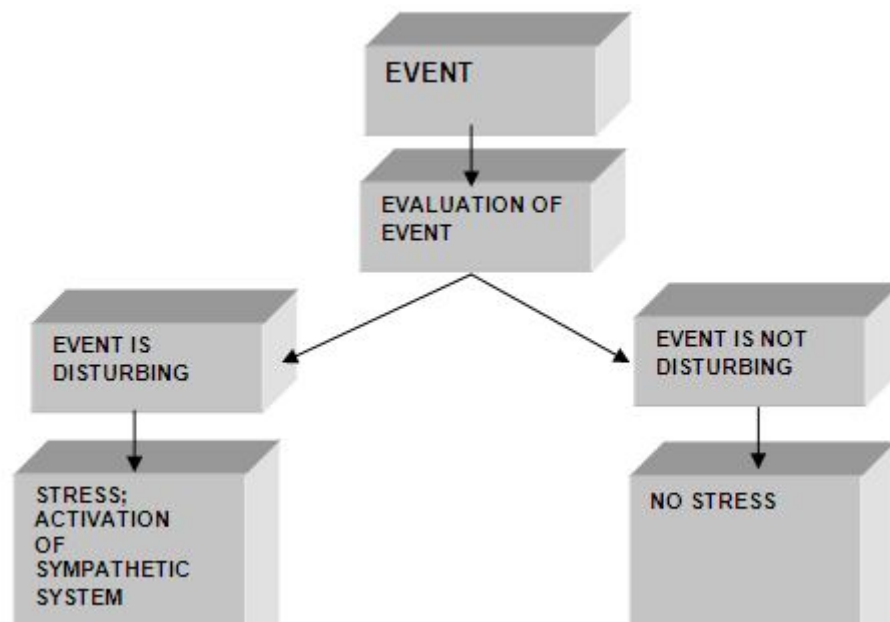
Lazarus pointed out, that the stress evoked by an event depends on how people interpret the event and what they can do about it.

Lazarus saw stress as a result of a person-environment interaction, and he emphasized the person's cognitive appraisal in classifying persons or events as stressful or not. Individual differ in their appraisal of events and people. What is stressful for one person may not be stressful for another. Perception and cognitive appraisal are important processes in determining what is stressful, and a person's organizational position can shape such perception.

To the extent that stress is related to our interpretation of an event, not simply to the event itself, people can learn to cope with potentially stressful events. They can learn to deal with events actively instead of feeling threatened by them. Therefore, stress would have to include not only the unpleasant events (hassles) that we have to deal with but also the pleasant events (uplifts) that brighten our day and help to cancel out the unpleasant events.

Thus, Lazarus introduced problem-focused and emotion-focused coping. Problem-focused coping emphasizes managing the stressor, and emotion-focused coping emphasizes managing your response.

3. The Person-Environment Fit Approach

Robert Kahn's approach emphasized how confusing and conflicting expectations of a person in a social role create stress for the person. A good person-environment fit occurs when a person's skills and abilities match a clearly defined, consistent set of roles expectations. Stress occurs when the role expectations are confusing and conflicting or when a person's skills and abilities are not able to meet the demands of the social role. Thus, Kahn was concerned with the social psychology of stress.

4. The Psychoanalytic Approach

Harry Leveson believes that two elements of the personality interact to cause stress:

(i) Ego Ideal: is the first element, the embodiment of a person's perfect self.

(ii) Self-Image: is the second element - how the person really sees himself or herself, both positively and negatively.

Stress results from the discrepancy between the idealized self (ego ideal) and the real self-image; the greater the discrepancy, the more stress a person experiences-Psychoanalytic theory helps us understand the role of unconscious personality factors as causes of stress within a person.

20.6 THE CAUSES OF STRESS

The causes of stress are found within the environment, the individual and the interaction between the two. The stress experienced by a given individual is seldom traceable to a single source. Stress has become increasingly common in organizations, largely because individuals experience increased job complexity and increased economic pressures. In exploring the causes of stress it is important that a clear distinction be made between stress and the stressor (the source of the stress). It is confusing and technically incorrect to speak of a "stressful situation" as though anyone placed in that situation would experience stress. For purposes of analysis and understanding, stressors are divided into two classes:

1. Internal Stimuli for Stress

The internal sources of stress are complex and difficult to isolate. There are three internal sources of stress. Each of these internal influences on stress is considered separately, although they function in continual interaction.

1. Inner Conflicts: For many people stress is a constant companion regardless of how favourable or unfavourable external conditions may be. Non-specific fears, anxiety and guilt feelings maintain the body in a state of readiness for emergency action on a continuing basis.

2. Perceptual Influences: Perception is influenced by a number of internal factors. Certainly people with inner conflicts sufficient to cause stress are more likely than self-confident people to perceive environmental conditions as threatening. Because the environment is presumed to be full of danger, evidences of danger are perceived everywhere. They are selectively perceived in exaggerated form.

3. Thresholds of Stress: The threshold of stress is not independent of the two factors just discussed. People who have few internal conflicts and a minimum of perceptual distortion can withstand external conflict and pressure that weakens personalities would find intolerable. People who have high thresholds for stress have high levels of resistance to it.

4. Motivational Level: People who are ambitious and highly motivated to achieve are more likely to experience stress than are those who are content with their career status. Persons whose self-expectations exceed their abilities and opportunities are especially stress prone.

2. Environmental Stressors

Environmental and internal conditions that lie beyond an individual's control are called environmental stressors. Such stressors can have a considerable impact

on work performance and adjustment. We can organize environmental stressors into the following categories:

Task Demands: Task demands are factors related to a person's job. They include the design of the individual's job, working conditions, and the physical work layout. Changes and lack of control are two of the most stressful demands people face at work. Change leads to uncertainty, a lack of predictability in a person's daily tasks and activities and may be caused by job insecurity related to difficult economic times. Technology and technological innovation also create change and uncertainty for many employees, requiring adjustments in training, education and skill development.

Lack of control is a second major source of stress, especially in work environments that are difficult and psychologically demanding. The lack of control may be caused by inability to influence the timing of tasks and activities, to select tools or methods for accomplishing the work, to make decisions that influence work outcomes, or to exercise direct action to affect the work outcomes.

3. Role Demands

The social-psychological demands of the work environment may be every bit as stressful as task demands at work. Role demands relate to pressures placed on a person as a function of the particular role he or she plays in the organization. Role conflicts create expectations that may be hard to reconcile or satisfy. Role conflict results from inconsistent or incompatible expectations communicated to a person. The conflict may be an inter-role, intra-role or person-role conflict.

Inter-role Conflict: is caused by conflicting expectations related to two separate roles, such as employee and parent. For example, the employee with a major sales presentation on Monday and a sick child at home is likely to experience inter-role conflict.

Intra-role Conflict: is caused by conflicting expectations related to a single role, such as employee. For example, the manager who presses employees for both vary fast work and high-quality work may be viewed at some point as creating a conflict for employees.

Person-role Conflict: Ethics violations are likely to cause person-role conflicts. Employees expected to behave in ways that violate personal values, beliefs or principles experience conflict.

The second major cause of role stress is role ambiguity. Role ambiguity is created when role expectations are not clearly understood and the employee is not sure what he or she is to do. Role ambiguity is the confusion a person experiences related to the expectations of others. Role ambiguity may be caused by not

understanding what is expected, not knowing how to do it, or not knowing the result of failure to do it.

Inter-personal Demands: These are pressures created by other employees. Lack of social support from colleagues and poor interpersonal relationships can cause considerable stress, especially among employees with a high social need. Abrasive personalities, sexual harassment and the leadership style in the organization are interpersonal demands for people at work.

The Abrasive Person: May be an able and talented employee, but one who creates emotional waves that others at work must accommodate.

Sexual Harassment: The vast majority of sexual harassment is directed at women in the workplace, creating a stressful working environment for the person being harassed, as well as for others.

Leadership Styles: Whether authoritarian or participative, create stress for different personality types. Employees who feel secure with firm, directive leadership may be anxious with an open, participative style. Those comfortable with participative leadership may feel restrained by a directive style.

2. Physical Demands: Non-work demands create stress for people, which carry over into the work environment or vice versa. Workers subject to family demands related to marriage, child rearing and parental care may create role conflicts or overloads that are difficult to manage. In addition to family demands, people have personal demands related to non-work organizational commitments such as churches and public service organizations. These demands become more or less stressful, depending on their compatibility with the person's work and family life and their capacity to provide alternative satisfactions for the person.

20.7 INDIVIDUAL RESPONSE TO STRESS (INFLUENCE OF PERSONALITY)

The same stressful events may lead to distress and strain for one person and to excitement and healthy results for another. Even when all employees agree that a source of stress is negative, some will cope better than others. Individual differences play a central role in the stress-strain relationship. Several factors that help explain these individual differences are:

1. Life Events: Some employees are affected by workplace stress because they experience life events requiring change outside of work. The stress of coping with the changes away from the workplace leaves these employees less able to cope with work-related stressors. Dr. Thomas H Holmes and his colleagues have developed a stress scale measured in life change units (LUC), and have predicted

that people whose LCU points exceed 300 run the risk of becoming seriously ill within the next two years. The figure below lists a number of major life events according to the degree of adjustment they require.

Social Readjustment Rating Scale

Rank	Life Event	Mean Value
1	Death of spouse	100
2	Divorce	73
3	Martial separation	65
4	Jail term	63
5	Death of close family member	63
6	Personal injury or illness	53
7	Marriage	50
8	Fired at Work	47
9	Material reconciliation	45
10	Retirement	45
11	Change in health of family member	44
12	Pregnancy	40
13	Sex Difficulties	39
14	Gain of new family member	39
15	Business readjustment	39
16	Change in financial state	38
17	Death of close friend	37
18	Change to different line of work	36
19	Change in number of arguments with spouse	35
20	Mortgage over $10,000*	31
21	Foreclosure of mortgage or loan	30
22	Change in responsibilities at work	29
23	Son or daughter leaving home	29
24	Trouble with in-law	29
25	Outstanding personal achievement	28
26	Spouse beginning or stopping work	26

27	Beginning or ending school	26
28	Change in living conditions	25
29	Revision of personal habits	24
30	Trouble with boss	23
31	Change in work hours or conditions	20
32	Change in residence	20
33	Change in schools	20
34	Change in recreation	19
35	Change in Church activities	19
36	Change in social activities	18
37	Mortgage or loan less than $10,000*	17
38	Change in sleeping habits	16
39	Change in number of family get-togethers	15
40	Change in eating habits	15
41	Vacation	13
42	Christmas	12
43	Minor violations of the law	11

Note: To measure the amount of life stress a person has experienced in a given period of time, add the values (shown in the right-hand column) associated with events the person has experienced during the target time period. In the 1990's average mortgages are much more than $10,000.

Source: Thomas H Holmes and Richard H Rahe, "The Social Readjustment Rating Scale", Journal of Psychomatic Research (1967) Pages 213-218.

If, in the course of a year, a person experiences life events whose points total 150 to 300, that person has a 50% chance of a serious health problem in the following year. The risk rises to at least 70% among people whose total points exceed 300. In other words, life events requiring readjustment appear to be a source of stress.

1. Type A Behaviour Pattern: Type A behaviour pattern is a complex of personality and behavioural characteristics, including competitiveness, time urgency, social status insecurity, aggression hostility and a quest for achievements. Type A people set high standards, push themselves to achieve and worry about time pressure. They try to get more and more done in less and less time.

According to **M Friedman and R. H Rosenman,** Type A individual is "aggressively involved in a chronic, incessant struggle to achieve more and more in less and less time, and if required to do so, against the opposing efforts of other things or other persons". These characteristics tend to be highly prized and positively associated with ambition and the successful acquisition of material goods. The medical advice to hard-working Type As is to slow down and learns to relax. Organizations face ethical and practical challenges in managing these individuals. The need to accomplish work and the Type A person's need to achieve might suggest that managers should assign Type A employees to difficult projects. Type A behaviour has been linked to high performance in academic settings, but the evidence for such a link in other settings has been mixed. So far, the research literature does not provide firm conclusions to help managers resolve this ethical dilemma. Other things being equal, it might be best to select Type A employees for the less complex jobs or at least to notify them of the risks.

1. Type B Behaviour Pattern: The alternative to the Type A behaviour pattern is the Type B behaviour pattern. According to M Friedman and R. H Rosenman, Type B's are "rarely harried by the desire to obtain a wildly increasing number of things or participate in an endless growing series of events in an ever decreasing amount of time".

Type B's behaviour pattern is

Never suffer from a sense of time urgency with its accompanying impatience;

Feel no need to display or discuss either their achievements or accomplishments unless such exposure is demanded by the situation;

Play for fun and relaxation, rather than to exhibit their superiority at any cost; and

Can relax without guilt.

Type B people are less coronary prone, but if they do have a heart attack, they do not appear to recover as well as those with type A personalities.

Organizations can also be characterized as Type A or Type B organizations. Type A individuals in Type B organizations and Type B individuals in Type A organizations experience stress related to a misfit between their personality type and the predominant type of the organization. However, preliminary evidence suggests that Type A individuals in Type A organizations are most at risk of health disorders.

1. Personality Hardiness: Instead of looking for what makes people susceptible to the effects of stress, some psychologists have focused on identifying and describing people. Who resist illness when exposed to stressors. This view

considers people's appraisal to stressors as well as the stressors themselves. People who have personality hardiness resist strain reactions when subjected to stressful events more effectively than do people who are not hardy. The components of personality hardiness are

Commitment (versus alienation)

Control (versus powerlessness) and

Challenge (versus threat).

Commitment: Commitment is a curiosity and engagement with one's environment that leads to the experience of activities as interesting and enjoyable. Commitment therefore refers to a person's belief in the truth, importance and interest value of self and work.

Control: Control is a person's belief that he or she can influence events, coupled with the tendency to act accordingly. Control therefore is an ability to influence the process and outcomes of events that lead to the experience of activities as personal choices.

Challenge: Challenge is the belief that people seek change rather than routine and stability.

The hardy personality appears to use these three components actively to engage in transformational coping is actively changing an event into something less subjectively stressful by viewing it in a broader life perspective, by altering the course and outcome of the event through action and / or by achieving greater understanding of the process. The alternative to transformational coping is regressive coping, a much less healthy form of coping with stressful events characterized by a passive avoidance of events by decreasing interaction with the environment. Regressive coping may lead to short-term stress reduction at the cost of long-term healthy life adjustment.

People experiencing significant stressors are less likely to become mentally or physically ill if they have a high level of hardiness. These people are likely to use such coping strategies as keeping the stressors in perspective, knowing that they have the resources to cope, and seeing stressors as opportunities rather than threats.

1. Negative Affectivity: A person who is high in negative affectivity has a mood state characterized by anger, fear and depression. This type of person tends to focus on the negative side of life, including the bad traits of self and others. People with negative affectivity tend to perceive themselves as being under stress and in poor health. Organizational attempts to alleviate stress may have relatively little impact on employees with negative affectivity.

2. Self-Reliance: Self-reliance is a personality attribute related to how people form and maintain supportive attachments with others. Self-reliance is a healthy secure, interdependent pattern of behaviour. It may appear paradoxical because a person appears independent while maintaining a host of supportive attachments.

Self-reliant people respond to stressful, threatening situations by reaching out to others appropriately.

Self-reliance is a flexible, responsive strategy of forming and maintaining multiple, diverse relationships.

Self-reliant people are confident, enthusiastic and persistent in facing challenges.

Self-reliance results in a secure pattern of attachment and interdependent behaviour. The two insecure patterns of attachment are counter dependence and over dependence.

Counter dependence: Counter dependence is an unhealthy, insecure pattern of behaviour that leads to separation in relationships with other people. Counter dependence may be characterized as a rigid, dismissing, denial of the need for other people in difficult and stressful times. Counter dependent people exhibit a fearless, aggressive and actively powerful response to challenges.

Over dependence: Over dependence is also an unhealthy, insecure pattern of behaviour. Over dependence may be characterized as a desperate, preoccupied attempt to achieve a sense of security through relationships. Over dependence prevents a person from being able to organize and maintain healthy relationships and thus creates much distress.

3. Social Support: Social support system is the circle of people who care about the individual. A person's resistance to stress also may be strengthened by his or her social support system. A strong social support system provides a place to share problems and put them in perspective. To make the social support system effective, the person must perceive that the support system enhances self-esteem, is available when needed and provides relationships that are satisfying. A person's social support system includes spouse, relatives and friends.

20.8 CONSEQUENCES OF STRESS

An individual who is experiencing a high level of stress may develop high blood pressure, ulcers, loss of appetite etc. Stress shows itself in a number of ways. All the consequences need not be negative. The consequences of healthy, normal stress (called eustress, for "euphoria + stress") include a number of performance and health benefits to be added to the more commonly known costs

of stress listed above known as distress. The figure below lists the benefits of Eustress and costs of Distress.

The three consequences of stress are explained below:

Performance and Health benefits of stress: The stress response is not inherently bad or destructive. Performance and health benefits of stress indicate that stress leads to improved performance up to an optimum point. Beyond the optimum point, further stress and arousal have a detrimental effect on performance. Therefore, healthy amounts of eustress are desirable to improve performance by arousing a person to action. The stress response does provide momentary strength and physical force for brief periods, thus providing a basis for peak performance.

The various individual and organizational forms of distress often associated with the word stress are the result of prolonged activation of the stress response, mismanagement of the energy induced by the response, or unique vulnerabilities in a person.

Individual Distress: In general, individual distress usually takes one of the three basic forms -

1. Physiological symptoms

2. Psychological symptoms and

3. Behavioural symptoms.

1. Physiological Symptoms: A number of medical illnesses have a stress-related component. The most significant medical illnesses of this form are heart disease and strokes, backaches, peptic ulcers, and headaches. Most of the early concern with stress was directed at physiological symptoms. This was primarily because specialists in the health and medical sciences researched the topic. The link between stress and particular physiological symptoms is not clear. There is no clear evidence that stress is a direct causal agent. However, stress may play an indirect role in the progression of disease. For example, an extreme preoccupation with work may result in acute individual distress, such as the unique Japanese phenomenon of "Karoshi" (death by overwork).

2. Psychological Symptoms: The most common types of psychological distress are depression, burnout, and psychogenic disorders. In the early stages, depression and burnout result in decline in efficiency; diminished interest in work; fatigue; and an exhausted run-down feeling. Psychogenic disorders are physical disorders with a genesis (beginning) in the psyche (mind). For example, the intense stress of public speaking may result in a psychogenic speech disorder; that is, the person is under so much stress that the mind literally will not allow speech to occur.

3. Behavioural Symptoms: Behavioural problems are the third form of individual distress. These problems include violence, substance abuse of various kinds and accidents. Behaviourally related stress symptoms include changes in productivity, absence and turnover as well as changes in eating habits, increased smoking or consumption of alcohol, rapid speech, fidgeting and sleep disorders. Accidents, both on and off the job, are another behavioural form of distress that can sometimes be traced to work-related stressors. For example, an unresolved problem at work may continue to preoccupy or distract an employee driving home and result in the employee having an automobile accident.

These three forms of individual distress cause a burden of personal suffering.

2. Organizational Distress: The University of Michigan studies on organizational stress identified a variety of indirect costs of mismanaged stress for the organization, such as low morale, dissatisfaction, breakdowns in communication and disruption of working relationships. The problems caused by organizational distress are: -

(i) Participation problems: Participation problems are the costs associated with absenteeism, tardiness, strikes and work stoppages and turnover.

(ii) Performance decrements: Performance decrements are the costs resulting from poor quality or low quality of production, grievances and unscheduled machine downtime and repair.

(iii) Compensation awards: Compensation awards are a third organizational cost resulting from court awards for job distress.

20.9 MANAGING STRESS

Stress is an inevitable feature of work and personal life. As organizations and their employees have come to perceive the consequences of stress as serious, they have tried to manage it. Some of these efforts have sought to limit the amount of stress employees experience; most are directed at improving employees' coping ability. Both kinds of efforts may be conducted at the individual level and at the organizational level.

1. Individual Level: An employee can take personal responsibility for reducing his or her stress level. At the individual level stress management usually focuses on becoming more able to cope with stress. Individual strategies that have proven effective include implementing time-management techniques, increasing physical exercise, relaxation training and expanding the social support network.

Time Management: A practical way to manage stress is to better control your use of time. Many people manage their time poorly. The well-organized

employee, can often accomplish twice as much as the person who is poorly organized. The basic principle beyond time management is to decide what tasks are most important, then do those things first. So an understanding and utilization of basic time-management principles can help individuals better cope with tensions created by job demands. A few of the more well-known time-management principles are: -

Make daily or weekly lists of activities to be accomplished.

Prioritising activities by importance and urgency. Therefore you must rate them A (must be performed) B (should be performed) or C (optional).

Scheduling activities according to the priorities set. You then structure your time to ensure you do the A-level items. If time remains, you devote it to the B-level items and then the C-level items.

Knowing your daily cycle and handling the most demanding parts of your job during the high part of your cycle when you are most alert and productive.

To be truly effective, time management should include making sure you are clear about what is expected of you and saying no to activities that are not required or that you feel you cannot fit into your schedule. This requires being realistic about making promises. Improving time management skills can give people a greater sense of control. Furthermore, because time management emphasizes focusing on the most important task, it provides the satisfaction of accomplishing worthwhile goals.

(B) Non-Competitive Physical Exercise: Employees can seek to improve their physical health by exercising regularly. Non-competitive physical exercise such as aerobics, walking, jogging, swimming and riding a bicycle have long been recommended by physicians as a way to deal with excessive stress levels. When people exercise regularly, they improve their physical health. In addition, they tend to feel more confident, more optimistic and less stressed. These forms of physical exercise increase heart capacity, lower at-rest, provide a mental diversion from work pressures, and offer a means to let off steam.

(C) Relaxation and Biofeedback: Individuals can teach themselves to reduce tension through relaxation techniques such as meditation, hypnosis, and biofeedback. People can also benefit from a variety of tactics that helps them slow down.

Relaxation decreases muscle tension, lowers heart rate and blood pressure and slows breathing. The objective is to reach a state of deep relaxation, where one feels physically relaxed, somewhat detached from the immediate environment and detached from body sensations. 15 to 20 minutes a day of deep relaxation releases tension and provides a person with a pronounced sense of peacefulness.

Meditation provides the conditions for relaxation: a quite environment, closed eyes, comfortable posture, and a word or phrase to repeat silently or aloud.

Simply taking regular vacations is a basic but important part of relaxation.

Biofeedback or monitoring physiological responses such as brain waves, heart rate, muscle tension, and blood pressure, then using the information to control those responses. In this way, biofeedback helps people relax. It also helps with stress management by showing people they have some control over their bodies.

1. Development of Social Support Systems: Having friends, family or work colleagues to talk to provide an outlet when stress levels become excessive. Developing a social support system to help with the routine stress of organizational life requires committing time to family and friends. Regularly laughing, crying or discussing problems, help people blow off steam before problems become intolerable. Research also demonstrates that social support moderates the stress-burnout relationship. That is, high support reduces the likelihood that heavy work stress will result in job burnout.

2. Adjustment of Perceptions: Effective stress management may require conscious adjustment of your thinking because perceptions of a stressor play a role in the way the stressor is experienced. A basic type of looking at the stressor is to view yourself as facing challenges rather than problems.

3. Learned Optimism: Optimism and pessimism are two different thinking styles people use to explain the good and bad events in their lives to themselves. Pessimism is an explanatory style leading to depression, physical health problems and low levels of achievement. Optimism is an alternative explanatory style that enhances physical health and achievement and averts susceptibility to depression. Optimistic people avoid distress by understanding the bad events and difficult times in their lives as temporary, limited and caused by something other than themselves. Learned optimism begins with identifying pessimistic thoughts and them distracting oneself from these thoughts or disputing them with evidence and alternative thoughts. These explanatory styles are habits of thinking learned over time, not inborn attributes. Learned optimism is non-negative thinking.

4. Leisure Time Activities: Leisure time activities provide employees an opportunity for rest and recovery from strenuous activities either at home or at work. Leisure is increasingly a luxury among working people. The key to the effective use of leisure time is enjoyment. Leisure time can be used for spontaneity, joy and connection with others in our lives.

5. Diet: Diet may play an indirect role in stress and stress management. Good dietary practises contribute to a person's overall health, making the person less vulnerable to distress.

6. Opening Up: Everyone experiences a traumatic stressful or painful event in life at one time or another. One of the most therapeutic, curative responses to such an event is to confide in another person. Confession need not be through personal relationship with friends. It may occur through a private diary. For example, a person might write each evening about all of his or her most troubling thoughts, feelings and emotions during the course of the day. Confession and opening up may occur through professional helping relationships. The process of opening up and confessing appears to counter the detrimental effects of stress.

2. Organizational Level: Management controls several of the factors that cause stress -particularly task and role demands, and organization structure. As such, they can be modified or changed. In some cases, organizations recognize that they can improve performance by reducing the amount of work-related stress employees' experience. Ways to do this include improving the work environment and clarifying roles. In addition, the organization can support employees' efforts to cope with stress by offering wellness programmes and it can foster a supportive organizational culture.

(A) Job Redesigning: Redesigning jobs to give employees more responsibility, more meaningful work, more autonomy, and increased feedback can reduce stress because these factors give the employee greater control over work activities and lessen dependence on others. Job redesign to increase worker control is one strategy of preventive stress management. It can be accomplished in a number of ways, the most common being to increase job decision latitude. Increased job decision latitude might include greater decision authority over the sequencing of work activities, the timing of work schedules, the selection and sequencing of work tools, or the selection of work teams. A second objective of job redesign should be to reduce uncertainty and increase predictability in the workplace. Uncertainty is a major stressor.

(B) Goal Setting: Organizational preventive stress management can also be achieved through goal-setting activities. These activities are designed to increase task motivation, while reducing the degree of role conflict and ambiguity to which people at work are subject.

(C) Role Negotiation: Role negotiation begins with the definition of a specific role, called the focal role, within its organizational context. The person in the focal role then identifies the expectations understood for that role, and key organizational members specify their expectations of the person in the focal role. The actual negotiation follows from the comparison of the role incumbent's expectations and key members' expectations. The point of confusion and conflict are opportunities for clarification and resolution. The final result of the role negotiation process should be a clear well-defined focal role with which the incumbent and organizational members are both comfortable.

(D) Organizational Communication: Increasing formal organizational communication with employees reduces uncertainty by lessening role ambiguity and role conflict. Given the importance that perception play in moderating the stress-response relationship, management can also use effective communications as a means to shape employee perceptions.

(E) Employee Wellness Programmes: Organizations may sponsor wellness programmes, which are designed to promote employee health and well-being. Evidence suggests that wellness programme make economic sense. Employees have access to exercise equipment and may participate in educational programmes. An ethical issue with regard to wellness programmes is whether the employer has the right to have input in what employees eat, whether they smoke and how much they exercise. Often, some employees are not receptive to involvement in wellness programme. This implies that employees who could most benefit from a wellness programme are least likely to benefit from it.

(F) Social Support System at the Work Place: Team building, is one way to develop supportive social relationship in the work place. However, team building is primarily task oriented, not socio-emotional in nature. Although employees may receive much of their socio-emotional support form personal relationships outside the workplace, some socio-emotional support within the workplace is also necessary for psychological well-being. Social support system can be enhanced through the work environment in a number of ways. These relations provide emotional caring, information, evaluative feedback, modelling and instrumental support.

(a) Organizational Culture: The organization's culture can help employees manage stress by limiting stress, strengthening coping skills and providing shared values and beliefs. Such a culture recognizes that employees are human beings in need of rest, social support, and a good laugh once in a while.

Employee Stress Isn't a Management Problem

The recent attention given to employee stress by behavioral scientists has blown totally out of proportion. Undoubtedly, a small proportion of the working population suffers from stress. These people have ongoing headaches, ulcers, high blood pressure and the like. They may even turn to alcohol and drugs as an outlet to deal with their stress. But if there is a problem, it's a medical one. It's not a management problem. In support of this position, it is argue that: (1) stress is not that important because human beings are highly adaptive; (2) most stress that employees experience is of the positive type and (3) even if the first two points were't relevant, a good portion of what causes excessive work stress tends to be uncontrollable by management anyway.

Those who seem to be so concerned about employee stress forget that people are more adaptable than we traditionally give them credit for. Individuals are amazingly resilient. Most successfully adjust to illnesses, misfortune, and other changes in their lives. All through their school years, they adapted to the demands that dozens of teachers put on them. By the time individuals enter the work force, they have experienced many difficult situations and, for the most part, they have adjusted to each. There is no reason to believe this ability to adapt to changing or uncomfortable conditions breaks down once people begin their working careers.

Stress, like conflict, has a positive as well as a negative side. But that positive side tends to be overshadowed by concern with the negative. A life without stress is a life without challenge, stimulation, or change. Many positive and exciting life events - marriage, the birth of a child, inheriting a large sum of money, buying a new home, a job promotion, vacations - have been found to create stress. Does that mean these positive events should be avoided? The answer is obviously "No". Unfortunately, when most people talk about stress and the need to reduce it, they tend to overlook its positive side.

Finally, there is the reality that many sources of employee stress are outside the control of management. Management can't control environmental factors. If stress is due to an inherent personality characteristic, here again, the source lies outside management's control. Most other individual factors, too, are outside management's influence. Even if stresses created by such individual factors as family and economic problems can be influenced by managerial actions, there remains the ethical question: Does management have the right to interfere in an employee's personal life? Undoubtedly, a good portion of any employee's total stress level is created by factors that are uncontrollable by management - marital problems, divorce, children who get into trouble, poor personal financial management, uncertainty over the economy, societal norms to achieve and acquire material symbols of success, pressures of living in a fast-paced, urban world, and the like. The actions of management didn't create these stressors. Most are just part of modern living. More importantly, employers can do little to lessen these stressors without extending their influence beyond the organization and into the employee's personal life. That's something most of us would agree is outside the province of the employer-employee relationship.

Source: Stephen P Robbins "Organizational Behaviour - concepts, controversies and applications" (seventh edition) Prentice .Hall, Englewood Cliffs, NJ507632 (1996).

20.10 FRAMEWORK FOR PREVENTIVE STRESS MANAGEMENT

Stress is an inevitable feature of work and personal life. Individual and organizational distresses are not inevitable. A framework for understanding preventive stress management is presented in the Figure.
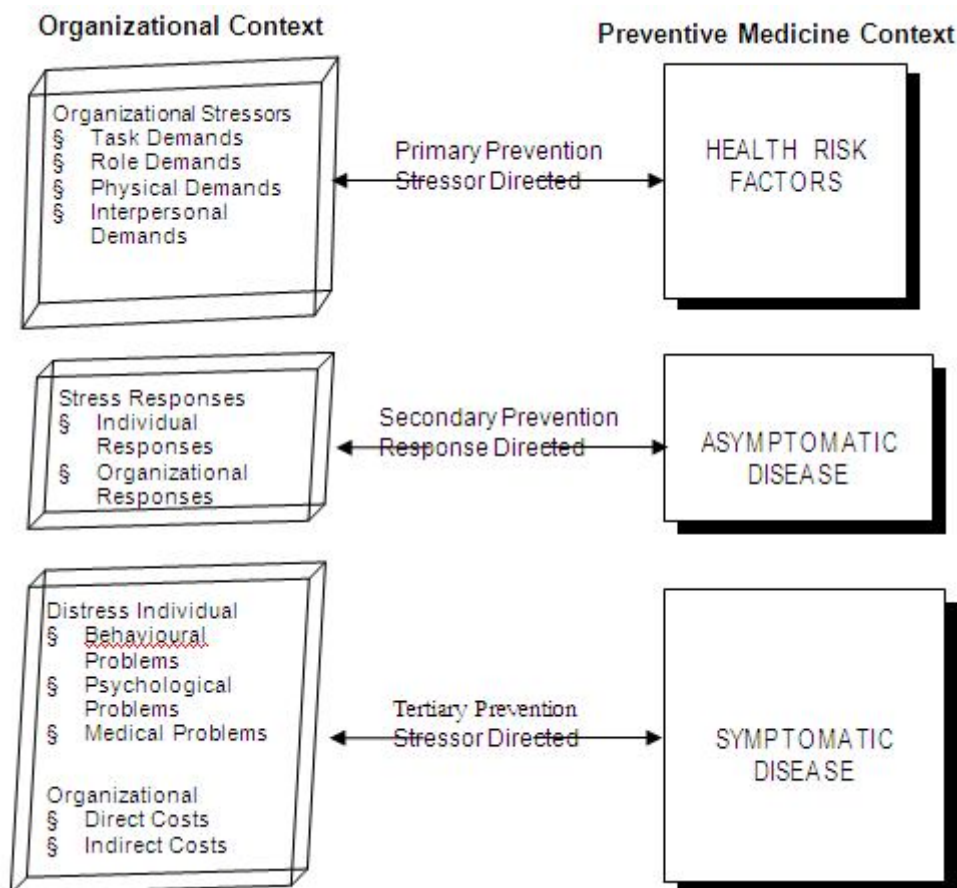
Source: J. D. Quick, R.S Horn and J. S Quick, "Health Consequences of Stress" Journal of Organizational Behaviour Management 8, No 2, figure 1 (fall 1986), 21.

Fig: A Framework for Preventive Stress Management

The above figure explains that the three stages of prevention are primary, secondary and tertiary prevention.

Primary Prevention: Primary prevention is intended to reduce, modify or eliminate the demand or stressor causing stress. True organizational stress prevention is largely primary in nature, because it changes and shapes the demands the organization places on people at work.

Secondary Prevention: Secondary prevention is intended to alter or modify the individual's response to a demand or stressor. People must learn to manage the inevitable.

Tertiary Prevention: Tertiary prevention is intended to heal the individual of symptoms of distress and strain. Tertiary prevention is therapeutic, aimed at arresting distress and healing the individual.

20.11 MANAGERIAL IMPLICATIONS OF STRESS

Stress is an inevitable result of work and personal life. Managers must learn how to create healthy stress for employees to facilitate performance and well being without distress. They should be sensitive to early signs of distress at work, such as employee fatigue or changes in work habits, in order to avoid serious forms of distress. Distress is important to the organization because of the costs associated with turnover and absenteeism, as well as poor-quality production. Managers can use the principles and methods of preventive stress management to create healthier work environments. They can practice several forms of individual stress prevention to create healthier lifestyles for themselves, and they can encourage employees to do the same.

20.12 SUMMARY

Stress is the body's reaction to a change that requires a physical, mental or emotional adjustment or response. Stress can come from any situation or thought that makes you feel frustrated, angry, nervous, or anxious. Stress is caused by an existing stress-causing factor or "stressor." Dealing with a serious illness or caring for someone who is can cause a great deal of stress.

Stress is a dynamic condition in which an individual is confronted with an opportunity, constraint, or demand related to what he or she desires and for which the outcome is perceived to be both uncertain and important.

The term stress was first employed in a biological context by the endocrinologist Hans Selye in the 1930s. He later broadened and popularized the concept to include inadequate physiological response to any demand. In his usage stress refers to a condition and stressor to the stimulus causing it. It covers a wide range of phenomena, from mild irritation to drastic dysfunction that may cause severe health breakdown.

Stress management is the amelioration of stress and especially chronic stress often for the purpose of improving everyday functioning.

Stress produces numerous symptoms which vary according to persons, situations, and severity. These can include physical health decline as well as depression. According to the St. Louis Psychologists and Counseling Information and Referral, the process of stress management is one of the keys to a happy and successful life in modern society.

Resistance to change implies human lags in understanding changes, in willingness and ability to absorb the volume and pace of change and to make the necessary psychological and other adjustments while meeting the requirements of change. There is nothing unusual about such lags.

Resistance can be reduced when school leaders communicate with organization members to help them see the need for change as well as the logic behind it. This can be achieved through face-to-face discussions, formal group presentations, or special reports or publications. The approach works providing the source of resistance is inadequate communication and that leader-member relations are characterized by mutual trust. If trust does not exist, the change is unlikely to succeed.

20.13 GLOSSARY

a) Stress: Stress is the body's reaction to a change that requires a physical, mental or emotional adjustment or response. Stress can come from any situation or thought that makes you feel frustrated, angry, nervous, or anxious.

b) Stress Management: Stress management is the best way to manage anxiety and maintain overall well-being. More information is provided below on how to measure stress levels, learn about stress management models and practice techniques that will help to reduce stress and promote a positive lifestyle.

c) Resistance to change: Resistance to change implies human lags in understanding changes, in willingness and ability to absorb the volume and pace of change and to make the necessary psychological and other adjustments while meeting the requirements of change. There is nothing unusual about such lags.

20.14 ANSWER TO CHECK YOUR PROGRESS/ POSSIBLE ANSWERS TO SAQ

20.14.1 Short answer questions

1. Define the term Stress.

2. What is work stress?

3. What is Stress test?

4. What is Adaptation?

5. What is stress management?

20.14.2 Extended answer questions

1. State the Work Stress and Its Management.

2. Draw the Model of Stress.

3. Explain the Potential Sources of Stress.

4. Discuss the cause of Stress at Work Revealed.

5. Mention the symptoms of Stress.

6. Discuss the origin and terminology of Stress.

7. Write note on: i) Stress tests and ii) Adaptation

8. Explain in details the Stress management.

9. Discuss the stress Management in the Workplace.

20.14.3 True-false

1. Fear of the unknown is a source for change.

2. Resistance to change can be reduced by communication.

3. Stressors are additive.

4. Social support is the degree to which we feel in control of our lives.

5. Physical exercise moderates stress.

20.14.4 Multiple-choice

1. Which of the following argues that employees will no longer be able to rest on their previous accomplishments and success?

i) Continuous improvement   ii) MBO

iii) Team management   iv) Authoritative management

2. Process reengineering requires businesses to organize around which type of process?

i) Vertical   ii) Horizontal

iii) Parallel   iv) None of the above

3. The arrangement of one's workplace is important primarily because:

i) It significantly influences social interaction.

ii) It signifies status.

iii) It affects security of confidential information.

iv) It affects workers' health.

4. Which programs focus on an employees' mental and physical condition?

i) Fitness programs   ii) Health programs

iii) Alternative programs   iv) Wellness programs

5. What helps individual's better cope with job demands?

i) Stress management   ii) Time management

iii) Training   iv) Cross training

20.14.5 Fill-in-the-blanks

1. Stress is caused by an existing stress-causing factor or………………….....

2. …………management is the best way to manage anxiety and maintain overall well-being.

3. Two ways the expert can manage the Stress such as 1. Individual Approaches and 2. ……………………….

4. The term stress was first employed in a biological context by the endocrinologist Hans Selye in the year………………….

5. Selye published in the year …………….. a model dividing stress into stress and distress

20.15 POSSIBLE ANSWERS TO SELF ASSESSMENT QUESTIONS

20.14.3 1. True 2. True 3. True 4. False 5. True

20.14.4 1. (i) 2. (ii) 3. (iv) 4. (iv) 5. (ii)

20.14.5 1. Stressor 2. Stress 3. Organizational Approaches 4. 1930 5. 1975

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4. Organisational Behaviour by G. A. Cole, Gerald A. Cole.

20.18 TERMINAL QUESTIONS

1. Discuss in details about framework for preventive stress management.

2. Students are required to identify different types of stress in a factory.

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| UNIT 21 | **GROUP DYNAMICS** |

STRUCTURE

21.1 INTRODUCTION

Group dynamics refers to the attitudinal and behavioral characteristics of a group. Group dynamics concern how groups form, their structure and process, and how they function. Group dynamics are relevant in both formal and informal groups of all types. In an organizational setting, groups are a very common organizational entity and the study of groups and group dynamics is an important area of study in organizational behavior.

21.2 OBJECTIVES

After reading this unit you will be able to understand:

　Groups

　Group Dynamics

　Characteristics of Group

　Stages of Group Development

　Types of Groups

21.3 INTRODUCTION TO GROUP

A group can be defined as several individuals who come together to accomplish a particular task or goal. This is a collection of individuals who have regular contact and frequent interaction, mutual influence, common feeling of camaraderie, and who work together to achieve a common set of goals.

Every organization is a group unto itself. A group refers to two or more people who share a common meaning and evaluation of themselves and come together to achieve common goals. In other words, a group is a collection of people who interact with one another; accept rights and obligations as members and who share a common identity.

21.4 MEANING OF GROUP DYNAMICS

Group dynamics deals with the attitudes and behavioral patterns of a group. Group dynamics concern how groups are formed, what is their structure and which processes are followed in their functioning. Thus, it is concerned with the interactions and forces operating between groups.

In an organizational setting, the term groups are a very common and the study of groups and group dynamics is an important area of study.

21.5 CHARACTERISTICS OF A GROUP

Regardless of the size or the purpose, every group has similar characteristics:

(a) 2 or more persons (if it is one person, it is not a group)

(b) Formal social structure (the rules of the game are defined)

(c) Common fate (they will swim together)

(d) Common goals (the destiny is the same and emotionally connected)

(e) Face-to-face interaction (they will talk with each other)

(f) Interdependence (each one is complimentary to the other)

(g) Self-definition as group members (what one is who belongs to the group)

(h) Recognition by others (yes, you belong to the group).

21.6 PROCESS/STAGES OF GROUP DEVELOPMENT/EVOLUTION

Group Development is a dynamic process. How do groups evolve? There is a process of five stages through which groups pass through. The process includes the five stages: forming, storming, forming, performing, and adjourning.

Forming:

The first stage in the life of a group is concerned with forming a group. This stage is characterized by members seeking either a work assignment (in a formal group) or other benefit, like status, affiliation, power, etc. (in an informal group). Members at this stage either engage in busy type of activity or show apathy.

Storming:

The next stage in this group is marked by the formation of dyads and triads. Members seek out familiar or similar individuals and begin a deeper sharing of self. Continued attention to the subgroup creates a differentiation in the group and tensions across the dyads / triads may appear. Pairing is a common phenomenon. There will be conflict about controlling the group.

Norming:

The third stage of group development is marked by a more serious concern about task performance. The dyads/triads begin to open up and seek out other members in the group. Efforts are made to establish various norms for task performance.

Members begin to take greater responsibility for their own group and relationship while the authority figure becomes relaxed. Once this stage is complete, a clear picture will emerge about hierarchy of leadership. The norming stage is over with the solidification of the group structure and a sense of group identity and camaraderie.

Performing:

This is a stage of a fully functional group where members see themselves as a group and get involved in the task. Each person makes a contribution and the authority figure is also seen as a part of the group. Group norms are followed and collective pressure is exerted to ensure the Process of Group effectiveness of the group.

The group may redefine its goals Development in the light of information from the outside environment and show an autonomous will to pursue those goals. The long-term viability of the group is established and nurtured.

Adjourning:

In the case of temporary groups, like project team, task force, or any other such group, which have a limited task at hand, also have a fifth stage, This is known as adjourning.

The group decides to disband. Some members may feel happy over the performance, and some may be unhappy over the stoppage of meeting with group members. Adjourning may also be referred to as mourning, i.e. mourning the adjournment of the group.

The readers must note that the four stages of group development mentioned above for permanent groups are merely suggestive. In reality, several stages may go on simultaneously.

21.7 TYPES OF GROUPS

One way to classify the groups is by way of formality – formal and informal. While formal groups are established by an organization to achieve its goals, informal groups merge spontaneously. Formal groups may take the form of command groups, task groups, and functional groups.

1. Command Groups:

Command groups are specified by the organizational chart and often consist of a supervisor and the subordinates that report to that supervisor. An example of a command group is a market research firm CEO and the research associates under him.

2. Task Groups:

Task groups consist of people who work together to achieve a common task. Members are brought together to accomplish a narrow range of goals within a specified time period. Task groups are also commonly referred to as task forces. The organization appoints members and assigns the goals and tasks to be accomplished.

Examples of assigned tasks are the development of a new product, the improvement of a production process, or designing the syllabus under semester system.

Other common task groups are ad hoc committees, project groups, and standing committees. Ad hoc committees are temporary groups created to resolve a specific complaint or develop a process are normally disbanded after the group completes the assigned task.

3. Functional Groups:

A functional group is created by the organization to accomplish specific goals within an unspecified time frame. Functional groups remain in existence after achievement of current goals and objectives. Examples of functional groups would be a marketing department, a customer service department, or an accounting department.

In contrast to formal groups, informal groups are formed naturally and in response to the common interests and shared values of individuals. They are created for purposes other than the accomplishment of organizational goals and do not have a specified time frame. Informal groups are not appointed by the organization and members can invite others to join from time to time.

Informal groups can have a strong influence in organizations that can either be positive or negative. For example, employees who form an informal group can either discuss how to improve a production process or how to create shortcuts that jeopardize quality. Informal groups can take the form of interest groups, friendship groups, or reference groups.

i. Interest Group:

Interest groups usually continue over time and may last longer than general informal groups. Members of interest groups may not be part of the same organizational department but they are bound together by some other common interest.

The goals and objectives of group interests are specific to each group and may not be related to organizational goals and objectives. An example of an interest

group would be students who come together to form a study group for a specific class.

ii. Friendship Groups:

Friendship groups are formed by members who enjoy similar social activities, political beliefs, religious values, or other common bonds. Members enjoy each other's company and often meet after work to participate in these activities. For example, a group of employees who form a friendship group may have a yoga group, a Rajasthani association in Delhi, or a kitty party lunch once a month.

iii. Reference Groups:

A reference group is a type of group that people use to evaluate themselves. The main objectives of reference groups are to seek social validation and social comparison. Social validation allows individuals to justify their attitudes and values while social comparison helps individuals evaluate their own actions by comparing themselves to others. Reference groups have a strong influence on members' behavior. Such groups are formed voluntarily. Family, friends, and religious affiliations are strong reference groups for most individuals.

21.8 FACTORS AFFECTING GROUP BEHAVIOUR

The success or failure of a group depends upon so many factors. Group member resources, structure (group size, group roles, group norms, and group cohesiveness), group processes (the communication, group decision making processes, power dynamics, conflicting interactions, etc.) and group tasks (complexity and interdependence).

1. Group Member Resources:

The members' knowledge, abilities, skills; and personality characteristics (sociability, self- reliance, and independence) are the resources the group members bring in with them. The success depends upon these resources as useful to the task.

2. Group Structure:

Group Size:

Group size can vary from 2 people to a very large number of people. Small groups of two to ten are thought to be more effective because each member has ample opportunity to take part and engage actively in the group. Large groups may waste time by deciding on processes and trying to decide who should participate next.

Evidence supports the notion that as the size of the group increases, satisfaction increases up to a certain point. Increasing the size of a group beyond 10-12 members' results in decreased satisfaction. It is increasingly difficult for members of large groups to identify with one another and experience cohesion.

Group Roles:

In formal groups, roles are always predetermined and assigned to members. Each role shall have specific responsibilities and duties. There are, however, emergent roles that develop naturally to meet the needs of the groups.

These emergent roles will often substitute the assigned roles as individuals begin to express themselves and become more assertive. Group roles can then be classified into work roles, maintenance roles, and blocking roles.

Work roles are task-oriented activities that involve accomplishing the group's goals. They involve a variety of specific roles such as initiator, informer, clarifier, summarizer, and reality tester.

Maintenance roles are social-emotional activities that help members maintain their involvement in the group and raise their personal commitment to the group. The maintenance roles are harmonizer, gatekeeper, consensus tester, encourager, and compromiser.

Blocking roles are activities that disrupt the group. Blockers will stubbornly resist the group's ideas, disagree with group members for personal reasons, and will have hidden agendas. They may take the form of dominating discussions, verbally attacking other group members, and distracting the group with trivial information or unnecessary humour.

Often times the blocking behaviour may not be intended as negative. Sometimes a member may share a joke in order to break the tension, or may question a decision in order to force group members to rethink the issue. The blocking roles are aggressor, blocker, dominator, comedian, and avoidance behaviour.

Role conflicts arise when there is ambiguity (confusion about delegation and no specific job descriptions) between the sent role and the received role which leads to frustration and dissatisfaction, ultimately leading to turnover; inconsistency between the perceived role and role behaviour (conflict between work roles and family roles); and conflicting demands from different sources while performing the task.

Group Norms:

Norms define the acceptable standard or boundaries of acceptable and unacceptable behaviour, shared by group members. They are typically created in

order to facilitate group survival, make behaviour more predictable, avoid embarrassing situations, and express the values of the group.

Each group will create its own norms that might determine from the work performance to dress to making comments in a meeting. Groups exert pressure on members to force them to conform to the group's standards and at times not to perform at higher levels. The norms often reflect the level of commitment, motivation, and performance of the group.

The majority of the group must agree that the norms are appropriate in order for the behaviour to be accepted. There must also be a shared understanding that the group supports the norms. It should be noted, however, that members might violate group norms from time to time.

If the majority of members do not adhere to the norms, then they will eventually change and will no longer serve as a standard for evaluating behaviour. Group members who do not conform to the norms will be punished by being excluded, ignored, or asked to leave the group.

Group Cohesiveness:

Cohesiveness refers to the bonding of group members or unity, feelings of attraction for each other and desire to remain part of the group. Many factors influence the amount of group cohesiveness – agreement on group goals, frequency of interaction, personal attractiveness, inter-group competition, favourable evaluation, etc.

The more difficult it is to obtain group membership the more cohesive the group will be. Groups also tend to become cohesive when they are in intense competition with other groups or face a serious external threat to survival. Smaller groups and those who spend considerable time together also tend to be more cohesive.

Cohesiveness in work groups has many positive effects, including worker satisfaction, low turnover and absenteeism, and higher productivity. However, highly cohesive groups may be detrimental to organizational performance if their goals are misaligned with organizational goals.

Highly cohesive groups may also be more vulnerable to groupthink. Groupthink occurs when members of a group exert pressure on each other to come to a consensus in decision making. Groupthink results in careless judgments, unrealistic appraisals of alternative courses of action, and a lack of reality testing.

Evidence suggests that groups typically outperform individuals when the tasks involved require a variety of skills, experience, and decision making. Groups are

often more flexible and can quickly assemble, achieve goals, and disband or move on to another set of objectives.

Many organizations have found that groups have many motivational aspects as well. Group members are more likely to participate in decision-making and problem-solving activities leading to empowerment and increased productivity. Groups complete most of the work in an organization; thus, the effectiveness of the organization is limited by the effectiveness of its groups.

3. Group Processes:

Decision-making by a group is superior, because group generates more information and knowledge, generates diverse alternatives, increases acceptance of a solution, and increases legitimacy. But it is also true, that decision making is like 'munde munde matirbhinna'.

Decisions take longer time, minority is dominated, pressure is applied to conform to group decisions, and none is responsible for the decisions. Group processes also include communication, conflict management and leadership.

21.9 TURNING GROUPS INTO EFFECTIVE TEAMS

All teams are groups but not all groups are teams. Teams often are difficult to form because it takes time for members to learn how to work together. People in every workplace talk about building the team, working as a team, and my team, but few understand how to create the experience of team work or how to develop an effective team. Belonging to a team, in the broadest sense, is a result of feeling part of something larger than oneself. It has a lot to do with your understanding of the mission or objectives of your organization.

In a team-oriented environment, one contributes to the overall success of the organization. One works with fellow members of the organization to produce these results. Even though you have a specific job function and you belong to a specific department, you are unified with other organization members to accomplish the overall objectives. The bigger picture drives your actions; your function exists to serve the bigger picture.

It is on record that teams are better than groups, because they are more flexible and responsive to dynamic environment. A work group has no opportunity to involve in collective works.

It is the work team whose members 'work intensely on a specific, common goal using their positive synergy, individual and mutual accountability, and complementary skills'.

Team-building helps to increase intra-group and inter-group effectiveness to bring members together, make them share their perception of each other and understand each other's point of view.

Thus, resolve problems and work together in a cooperative and collaborative mode. Teams can be of four types – problem-solving teams (only making suggestion), self-managed, teams (operate without a manager), cross-functional teams (a group of experts from different specialities), and virtual team (members collaborate online). In terms of size, teams may be institutional (comprising of hundreds of members) and operational (a small, cooperative group, in regular contact and contributes responsibly to achieve task at hand).

21.10 EIGHT C'S FOR TEAM BUILDING

To show business results and profitability, ways are explored by the executives to improve their productivity.

Successful team building, that creates effective, focused work teams, requires attention to each of the following:

1. Clear Expectations:

The managers must clearly tell the team members of the expected performance and the team members must understand the reason for its creation. For it the organization must support the team with resources of people, time and money.

2. Commitment:

Team members must participate in the team, feel that the team mission is important, and show commitment to accomplishing the team mission and expected outcomes. Commitment will come if team members perceive their service as valuable to the organization and to their own careers.

3. Competence:

Team members must have the knowledge, skill and capabilities, the resources, strategies and support needed to accomplish its mission to address the issues for which the team was formed.

4. Control:

The team must have not only enough freedom and empowerment to feel the ownership necessary to accomplish its charter, but also the accountability. There has to be a defined review process.

5. Collaboration:

The team should understand group processes and work effectively and

cooperatively with other members of the team. For it they have to understand the roles and responsibilities of team members, team leaders, and team recorders.

6. Communication:

To make team members clear about the priority of their tasks, and receive regular feedback, team members must clearly and honestly with each other. Diverse opinions be welcome and conflicts be taken up positively.

7. Creativity:

The team should value creative thinking, unique solutions, and new ideas; and reward members who take reasonable risks to make improvements. If necessary, it should provide the training, education, access to books and films, and field trips to stimulate new thinking.

The creative development of new products, new technologies, new services, or new organizational structures is possible because teams may have variety of skills needed for successful innovation.

Team members can uncover each other's flaws and balance each other's strengths and weaknesses. Managers should empower the team and make it accountable for the innovation process.

8. Co-ordination:

Teams should understand the concept of internal customer to whom they provide a product or a service. Team efforts need to be coordinated by a central leadership team that assists the groups to obtain what they need for success.

The cross- functional and multi-department teams must work together effectively. The organization should develop a customer-focused and process-focused orientation and move away from traditional departmental thinking.

Spend time and attention on each of these eight tips to ensure your work teams contribute most effectively to your business success. Your team members would love you, your business will see new heights, and empowered people will "own" and be responsible to their work processes

21.11 INFORMAL GROUP

In every organisation along with formal groups there exists informal groups which emerge naturally due to the response and common interests of the members who can easily identify with the goals or independent activities of the informal groups.

Sometimes the efforts may be driven by a common goal that may compliment or work against the goals of the formal group. An informal group can be defined as

a group that evolves spontaneously, not shown in the organization's structure, with the objective of fulfilling personal and social need of its members.

An informal group is a voluntary group of people casually acquainted with each other for their own personal fulfillment because they have some common and shared backgrounds, characteristics and concerns (values / interests / hobbies / friendship).

Whilst it is easy to differentiate between a formal group and a formal organisation, the differences between informal group and informal organisation tend to be difficult. The difference between informal organization and informal group is that informal organisation is a larger entity consisting of all informal groups in an organization.

Informal Organisation= Sigma Informal Groups:

An informal group is the nucleus of informal organization. When an informal group adopts a formally defined structure and group processes, it no longer remains an informal group.

21.12 CHARACTERISTICS OF INFORMAL GROUPS

1. **Creation:**

   It is not created by the organisation but springs up spontaneously.

2. **Satisfaction of Needs:**

   The needs which cannot be satisfied within the framework of formal organisation, like social and psychological needs of people, such people create informal groups.

3. **Voluntary Membership:**

   Nobody is compelled to join an informal organization.

4. **Multi-Group Membership:**

   A member of an informal group can be a member of more than one informal group to pursue different interests.

5. **Systems and Processes:**

   Members of such groups follow their own norms, leadership, communication, etc. to remain cohesive. The communication channels are referred to as 'Grapevine'. Grapevine i.e., informal channel runs very fast to spread the information across the organization.

6. Leadership:

Every informal group has a leader, selected by the group, and who is capable of helping to realize their goals. The moment it is realized that the leader is incapable, (s) he is replaced with a new leader.

21.13 REASONS FOR THE EMERGENCE OF INFORMAL GROUPS

1. People working together may come together.

2. People with similar values, beliefs, attitudes, and interests often feel attraction to come together.

3. Need satisfaction – to belong, to associate, etc.

4. Removal of monotony of routine tasks – to get rid of monotony and psychological fatigue, job-related boredom and frustration provides an opportunity to behave in a natural and relaxed manner.

5. Promotion of other interests and pursuit of goals – People join Rotary or Lions Club to expand their contacts which may help them to satisfy their personal goals.

21.14 BENEFITS OF INFORMAL GROUPS

The benefits of an informal group are as follows:

1. Blending with formal group allows people to work for the formal organisation.

2. Informal work group lightens the workload for the formal manager.

3. Brings satisfaction and stability to the organisation as a whole.

4. Provides a useful channel of communication.

5. Encourages managers to plan and act more carefully.

21.15 LIMITATIONS OF INFORMAL GROUPS

The limitations are as follows:

1. Resistance to Change because they do not want to deviate from existing norms and learn new ways.

2. Informal group provides most fertile ground for Rumour Mongering because of maliciousness, lack of proper communication systems and processes and ambiguous circumstances.

3. Since a member of an informal group is also a member of a formal group, at times it creates role conflict.

4. Creativity of group member (s) is restricted because of strong pressure for conformity applied by the group.

21.16 SUMMARY

A group can be defined as one or more individuals interacting together to achieve certain objectives. Groups may be classified into two different types: i) Informal groups and ii) Formal groups.

Group behaviour refers to the situations where people interact in large or small groups. The field of group dynamics deals with small groups that may reach consensus and act in a coordinated way. Groups of a large number of people in a given area may act simultaneously to achieve a goal that differs from what individuals would do acting alone. A large group is likely to show examples of group behaviour when people gathered in a given place and time act in a similar way for example, joining a protest, participating in a fight or acting patriotically.

Formal Group: When two or more individuals join together as a group due to the official job structure and job relationship in an organisation, such a group is called formal group. Group of production manager, materials manager and quality control manager of a company is an example of formal group.

Informal Group: When two or more individuals join together as a group in order to satisfy their social needs but not due to official job structure and organisational requirements, such a group is called informal group. Informal groups are formed out of the common interests, aptitudes, values, opinions, ideas and characteristics of the people. For example, three employees from production department, marketing department and the finance department gather in the company's meeting hall and discuss current economic issues. This is an example of informal group.

Command Group: It is a group of the superior and his/her subordinates. Finance Manager and Assistant Finance Managers of a company form a command group. Thus, the command group is a group of individual employees and the manager to whom they report. Task Group: People working together in order to accomplish a particular task form a task group. Task group boundaries are not limited to the particular department, but they may spread throughout the organisation and sometimes spread even beyond the organisation. For example, Human Resources Manager, Finance Manager and Production Manager form a negotiation group in order to settle a salary dispute of factory workers. This negotiation group is an example of task group.

Interest Group: People with common interests like maintaining and developing working conditions, recreational facilities, providing employee services, etc., form the interest group.

21.17 GLOSSARY

a) Group: A group can be defined as one or more individuals interacting together to achieve certain objectives. Groups may be classified into two different types: i) Informal groups and ii) Formal groups.

b) Group behaviour: Group behaviour refers to the situations where people interact in large or small groups. The field of group dynamics deals with small groups that may reach consensus and act in a coordinated way. Groups of a large number of people in a given area may act simultaneously to achieve a goal that differs from what individuals would do acting alone. A large group is likely to show examples of group behaviour when people gathered in a given place and time act in a similar way for example, joining a protest, participating in a fight or acting patriotically.

c) Formal Group: When two or more individuals join together as a group due to the official job structure and job relationship in an organization, such a group is called formal group. Group of production manager, materials manager and quality control manager of a company is an example of formal group.

d) Informal Group: When two or more individuals join together as a group in order to satisfy their social needs but not due to official job structure and organizational requirements, such a group is called informal group. Informal groups are formed out of the common interests, aptitudes, values, opinions, ideas and characteristics of the people.

e) Command Group: It is a group of the superior and his/her subordinates. Finance Manager and Assistant Finance Managers of a company form a command group. Thus, the command group is a group of individual employees and the manager to whom they report. f) Task Group: People working together in order to accomplish a particular task form a task group. Task group boundaries are not limited to the particular department, but they may spread throughout the organization and sometimes spread even beyond the organization. For example,

21.18 ANSWER TO CHECK YOUR PROGRESS/ POSSIBLE ANSWERS TO SAQ

21.18.1 Short answer questions

1. What is a group?

2. What is formal group?

3. What is informal group?

4. What is group structure?

5. What is a team?

21.18.2 Extended answer questions

1. Explain the need for formation of groups.

2. Discuss the various types of groups and their characteristics.

3. Discuss the different stages of group formation and development.

4. Differentiate formal groups from informal groups.

5. Explain the need for informal groups.

6. What are the favourable outcomes of informal groups?

7. Discuss the group structure.

8. What is group cohesiveness? Explain the factors those affect group cohesiveness.

9. Distinguish between Teams and Group.

10. Explain various types of teams.

21.18.3 True-false

1. The field of group dynamics deals with small groups that may reach consensus and act in a coordinated way.

2. A small group is likely to show examples of group behaviour.

3. When two or more individuals join together as a group due to the official job structure and job relationship in an organisation, such a group is called formal group.

4. Group of production manager, materials manager and quality control manager of a company is an example of formal group.

5. Team is two or more people with complementary skills join together to work interactively as a single unit and achieve a common purpose for which all of them hold collective accountability.

21.18.4 Multiple-choice

1. Which of the following statement is not true?

a) A group can be defined as one or more individuals interacting together to achieve certain objectives.

b) Groups of a large number of people in a given area may act simultaneously to achieve a goal that differs from what individuals would do acting alone.

c) Group behaviour refers to the situations where people interact in small groups only.

d) All the above

2. Which of the following is not a type of group?

a) Formal Group

b) Personal group

c) Informal Group

d) Command Group

3. Which of the following statement is correct?

a) When two or more individuals join together as a group due to the official job structure and job relationship in an organisation, such a group is called formal group.

b) Group behaviour refers to the situations where people interact in large or small groups.

c) Command Group is a group of the superior and his/her subordinates.

d) All the above

4. People working together in order to accomplish a particular task form a................

a) Task group

b) Formal group

c) Informal group

d) None of the above

5. When two or more people with complementary skills join together to work interactively is called as.............

a) Team

b) Group

c) Committee

d) All the above

1.26.5 Fill-in-the-blanks

1. A ....can be defined as one or more individuals interacting together to achieve certain objectives.

2.   Group behaviour refers to the situations where people interact in large or............................

3.   Groups of a ....of people in a given area may act simultaneously to achieve a goal that differs from what individuals would do acting alone.

4.   Command Group is a group of the superior and his/her..........................

5.   People working together in order to accomplish a particular task form a....................

21.19 POSSIBLE ANSWERS TO SELF ASSESSMENT QUESTIONS

21.18.3 1. True 2. False 3. True 4. True 5. True

21.18.4 1. (c) 2. (b) 3. (d) 4. (a) 5. (a)

21.18.51. Group 2. Small groups 3. Large number 4. Subordinates 5. Task group

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4. Understanding Organizations by Charles Handy

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21.22 TERMINAL QUESTIONS

1. Visit any two organizations in your choice and collect information about the stages of group development implemented by that organization.

2.   Students are required to analyze the process of creating high performance
          groups of an organization.

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| UNIT 22 | **ORGANIZATIONAL CLIMATE AND CULTURE** |

STRUCTURE

22.1 INTRODUCTION

Organizational climate is the process of quantifying the "culture" of an organization; it precedes the notion of organizational culture. It 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

22.2 OBJECTIVES

After reading this unit you will be able to understand:

Organizational Climate

Organisational Culture

Creating & Sustaining Organisational Culture

22.3 INTRODUCTION TO ORGANIZATIONAL CLIMATE

The concept of organisational climate was formally introduced by the human relationists in the late 1940s. Now it has become a very useful metaphor for thinking about and describing the social system. Organisational climate is also referred to as the "situational determinants" or "Environmental determinants" which affect the human behaviour.

Some persons have used organisational culture and organisational climate interchangeably. But there are some basic differences between these two terms. According to Bowditch and Buono, "Organisational culture is connected with the nature of beliefs and expectations about organisational life, while climate is an indicator of whether these beliefs and expectations are being fulfilled."

Climate of an organisation is somewhat like the personality of a person. Just as every individual has a personality that makes him unique and different from other persons. Each organisation has an organisational climate that clearly distinguishes it from other organisations.

Basically, the organisational climate reflects a person's perception of the organisation to which he belongs. It is a set of unique characteristics and features that are perceived by the employees about their organisations which serves as a major force in influencing their behaviour. Thus, organisational climate in a broad sense, can be understood as the social setting of the organisation.

22.4 MEANING OF ORGANIZATIONAL CLIMATE

Before understanding the meaning of organisational climate, we must first understand the concept of climate. Climate in natural sense is referred to as the average course or condition of the weather at a place over a period of years as exhibited by temperature, wind, velocity and precipitation.

However, it is quite difficult to define organisational climate incorporating the characteristics of natural climate. This is so because the most frustrating feature of an attempt to deal with situational variables in a model of management performance is the enormous complexity of the management itself. People have defined organisational climate on the basis of its potential properties. A few important definitions are as given below.

22.5 DEFINITIONS OF ORGANIZATIONAL CLIMATE

According to **Forehand and Gilmer,** "Climate consists of a set of characteristics that describe an organisation, distinguish it from other organisations are relatively enduring over time and influence the behaviour of people in it."

According to **Campbell,** "Organisational climate can be defined as a set of attributes specific to a particular organisation that may be induced from the way that organisation deals with its members and its environment. For the individual members within the organisation, climate takes the form of a set of attitudes and experiences which describe the organisation in terms of both static characteristics (such as degree of autonomy) and behaviour outcome and outcome- outcome contingencies."

Thus, organisational climate is a relatively enduring quality of the internal environment that is experienced by its members, influences their behaviour and can be described in terms of the value of a particular set of characteristics of the organisation. It may be possible to have as many climates as there are people in the organisation when considered collectively, the actions of the individuals become more meaningful for viewing the total impact upon the climate and determining the stability of the work environment. The climate should be viewed from a total system perspective. While there may be differences in climates within departments these will be integrated to a certain extent to denote overall organisational climate.

22.6 CHARACTERISTICS OF ORGANISATIONAL CLIMATE

The nature of organisational climate will be clear from the following characteristics:

1. General Perception:

Organisational climate is a general expression of what the organisation is. It is the summary perception which people have about the organisation. It conveys the impressions people have of the organisational internal environment within which they work.

2. Abstract and Intangible Concept:

Organisational climate is a qualitative concept. It is very difficult to explain the components of organisational climate in quantitative or measurable units.

3. Unique and District Identity:

Organisational climate gives a distinct identity to the organisation. It explains how one organisation is different from other organisations.

4. Enduring Quality:

Organisational climate built up over a period of time. It represents a relatively enduring quality of the internal environment that is experienced by the organisational members.

5. Multi-Dimensional Concept:

Organisational climate is a multi- dimensional concept. The various dimensions of the organisational climate are individual autonomy, authority structure, leadership style, pattern of communication, degree of conflicts and cooperation etc.

22.7 FACTORS INFLUENCING ORGANISATIONAL CLIMATE

Organisational climate is a manifestation of the attitudes of organisational members towards the organisation. Researchers have used the data relating to individual perception of organisational properties in identifying organisational climate. Even in this context, there is a great amount of diversity.

Litwin and Stringer have included six factors which affect organisational climate. These factors are:

(i) Organisational Structure: Perceptions of the extent of organisational constraints, rules, regulations, red tape,

(ii) Individual Responsibility: Feeling of autonomy of being one's own boss,

(iii) Rewards: Feelings related to being confident of adequate and appropriate rewards,

(iv) Risk and Risk Taking: Perceptions of the degree of challenge and risk in the work situation,

(v) Warmth and Support: Feeling of general good fellowship and helpfulness prevailing in the work setting.

(vi) Tolerance and Conflict: Degree of confidence that the climate can tolerate, differing opinions.

Schneider AND Barlett give a broader and systematic study of climate dimensions.

They include the following factors:

(i) Management Support,

(ii) Management Structure.

(iii) Concern for new employees

(iv) Inter-agency conflict,

(v) Agent dependence and

(vi) General Satisfaction

Taguiri has identified five factors influencing the organizational climate on the basis of information provided by managers.

These are:

(i) Practices relating to providing a sense of direction or purpose to their jobs-setting of objectives, planning and feedback,

(ii) Opportunities for exercising individual initiative,

(iii) Working with a superior who is highly competitive and competent.

(iv) Working with cooperative and pleasant people,

(v) Being with a profit oriented and sales oriented company. KATZ et. al. have identified five factors which affect individual performance in organisation;

(i) Rules orientation,

(ii) The nurturance of subordinates,

(iii) Closeness of Supervision,

(iv) Universalism,

(v) Promotion-achievement orientation.

Lawrence James and Allan Jones have classified the following factors that influence organisational climate:

(i) Organisational Context: Mission, goals and objectives, function etc.

(ii) Organisational Structure: Size, degree of centralisation and operating procedures.

(iii) Leadership Process: Leadership styles, communication, decision making and related processes.

(iv) Physical Environment: Employee safety, environmental stresses and physical space characteristics.

(v) Organisational Values and Norms: Conformity, loyalty, impersonality and reciprocity.

Richard M. Hodgetts has classified organisational climate into two major categories. He has given an analogy with an iceberg where there is a part of the iceberg that can be seen from the surface and another part that is under the water and cannot be seen. The factors in the visible part that can be observed and measured are called OVERT factors and the factors that are not visible and quantifiable are called covert factors.

The results of the above studies show that it is very difficult to generalise the basic contents of organisational climate, based on these studies. However, some broad generalisations can be drawn and it can be concluded that four basic factors are somewhat common to the findings of most studies.

These factors are:

(i) Individual autonomy.

(ii) The degree of structure imposed upon the position.

(iii) Reward Orientation.

(iv) Consideration, warmth and support.

Another common factor can be in respect of conflict and cooperation. But this factor is used in different perspectives by different people.

22.8 IMPACT OF ORGANISATIONAL CLIMATE

Organisational climate influences to a great extent the performance of the employees because it has a major impact on motivation and job satisfaction of individual employees. Organisational climate determines the work environment in which the employee feels satisfied or dissatisfied. Since satisfaction determines or influences the efficiency of the employees, we can say that organisational climate is directly related to the efficiency and performance of the employees.

The organisational climate can affect the human behaviour in the organisation through an impact on their performance, satisfaction and attitudes. There are four mechanisms by which climate affects the behaviour of the employees.

1. Constraint System:

Organisational climate can operate as a constraint system in both the positive and negative sense. This can be done by providing information to the employees about what kind of behaviour will be rewarded, punished or ignored. Thus, behaviour can be influenced by varying degrees of rewards and punishments. Such a constraint system would influence the behaviour of those people who are most interested in those specific values which are assigned to different behavioural outcomes.

2. Evaluation of Self and Others:

Organisational variables may affect behaviour through evaluation of self and others. In this evaluation process both the physiological and psychological variables will be associated. Such evaluation will affect the human behaviour.

3. By Acting as Stimuli:

Organisational factors can influence human behaviour by acting as stimuli. As stimuli they influence individual's arousal level, which is a motivational variable directing human behaviour. The level of arousal will directly affect the level of activation and hence performance.

4. By Helping the Individual to Form a Perception:

Organisational factors influence the behaviour by helping the individual in forming a perception of the organisation. The perception then influences behaviour. Thus, good organisational climate is instrumental to higher employee satisfaction, better human relations and higher productivity, the role of climate can be explained with the help of the following figure.

22.9 ORGANISATIONAL CLIMATE AND EFFECTUALNESS

The factors indicated in the figure represent major determinants of climate in an organisation and as such represent important areas of management concern. If employee's satisfaction and job performance are to be improved, the management must modify these factors so that the employees view climate as favourable to them. Various research studies also confirm the positive relationship between organisational climate and employee performance.

Frederiksen on the basis of laboratory studies involving 260 middle level managers concludes that different organisational climate has different impact on human performance. He summarizes his findings in the following statement.

"It appears that the amount of administrative work in the stimulated job is more predictable in a climate that encourages innovation .than in one that encourages standard procedures and that in an innovative climate, greater productivity can be expected of people with skills and attitudes that are associated with independence of thought and action and the ability to be productive in free unstructured situations."

This study suggests that the performance was more predictable for subjects who worked in a consistent climate than those who had to work in an inconsistent environmental climate. Inconsistent climate was having indirect impact on productivity. Another laboratory study shows that significant differences were found in performance and satisfaction of people in varying organisational climates.

For example, in this study, three types of organisational climates were created:

(i) Authoritarian structured.

(ii) Democratic friendly and

(iii) Achieving business.

It was found that the achieving organisation produced the most in terms of money volumes, numbers of new products and cost saving innovations. People in democratic friendly environment expressed maximum satisfaction with their jobs. However, people in the authoritarian structured organisation produced goods of highest quality because of right specifications put by government orders. Other studies have shown the similar results.

22.10 DIMENSIONS OF ORGANISATIONAL CLIMATE

The important dimensions or components which collectively represent the climate of an organisation are as discussed below:

1. Dominant Orientation:

Dominant orientation of the organisation is an important determinant of climate and it is the major concern of its members. If the dominant orientation is to adhere to established rules and regulations, the climate is characterised by control. If the orientation is to produce excellence the climate will be characterised by achievement.

2. Inter-Personal Relationships:

The interpersonal relationships in the organisations are reflected in the way

informal groups are formed and operated. The informal groups may benefit the organisation also, but in some cases it may displace the goals of the organisation.

3. Conflict Management:

In the organisation, there can always be inter-group as well as intra group conflicts. The organisational climate will depend upon how effectively these conflicts are managed. If they are managed effectively, there will be an atmosphere of cooperation in the organisation. If they are not managed properly there will be an atmosphere of distrust and non-cooperation.

4. Individual Autonomy:

If the individual employees are given sufficient freedom to work and exercises authority, it will result in efficiency in operations. The autonomy will lighten the burden of higher level executives.

5. Organisational Control System:

The control system of the organisation can be either rigid or flexible. Rigid control will lead to impersonal or bureaucratic atmosphere in the organisation. There will be minimum scope for self regulation.

6. Organisational Structure:

The organisational structure serves the basis of inter personal relations between superiors and subordinates. It clarifies as to who is responsible to whom and who is to direct whom. If there is centralisation of authority, the participation in decision making by the subordinates will be very less. On the other hand, if there is decentralisation of authority, there will be an atmosphere of participative decision making.

7. Task Oriented or Relations Oriented Management:

The dominant style of managers will also affect the organisational climate. Task oriented approach means that the leadership style will be autocratic. The employees will have to show results or face the punishment. The employee morale will be low in the long run.

If the managers are relations oriented, the climate will be considerate and supportive. There will be team spirit in the organisation because the needs and aspirations of the workers will be given due importance.

8. Rewards and Punishments:

The system of rewards and punishments is also an important component of organisational climate if the reward system is directly related to performance and productivity, there will be an atmosphere of competition among the employees.

Everybody will like to work hard and earn more reward in the form of promotions and pay rise. If there is biasedness in the distribution of rewards, the meritorious employees will be discouraged.

9. Communication:

The communication system of the organisation will also affect the organisational climate. The flow of information, its direction, its dispersement and its type are all important determinants. Proper communication system means that the subordinates are in a position to express their ideas, suggestions and reactions, otherwise they will feel frustrated.

10. Risk Taking:

How members respond to risks and whose help is sought in situations involving risks are important in any organisation. If individuals feel free to try out new ideas without any fear they will not hesitate in taking risks. Such an atmosphere will be conducive to innovative ideas.

The above dimensions or components are not mutually exclusive, they often overlap each other. The way in which these different dimensions operate an organisation indicates the underlying philosophy of the management.

22.11 DEVELOPING A SOUND ORGANISATIONAL CLIMATE

To develop a sound organisational climate is a long term proposition. Organisational climate depends upon the organisational behaviour system. The organisational climate should represent the goals and philosophies of those who join together to create the organisation. The type of climate that an organisation seeks is contingent upon the type of people it has, the type of technology, level of education and expect actions of people in it.

The following techniques are generally helpful in improving the climate of the organisation:

1. Effective Communication System:

There should be a two way communication in the organisation so that the employees know what is going on and react to it. The manager can modify his decision on the basis of feedback received.

2. Concern for People:

The management should be interested in the human resource development. It should work for the welfare of employees and an improvement in their working

conditions. For developing a sound organisational climate, the management should have show concern for the people.

3. Participative Decision Making:

The management should involve the employees in decision making process, particularly those decisions which are related to goal setting and affect them. Participative decision making will make the employees committed to the organisation and more co-operative also.

4. Change in Policies, Procedures and Rules:

The organisational climate can also be changed by making changes in the policies, procedures and rules. It is a time consuming process but the changes will also be long lasting if the workers see the changes in policies, procedures and rules as favourable to them.

5. Technological Changes:

Generally, the workers and employees resist any innovative changes. But where technological changes improve the working conditions of the employees, the change will be easily accepted. Better climate will be there if the management adopts innovative changes in consultation with the employees.

22.12 PARTICIPATION AND ORGANISATIONAL CLIMATE

As we have emphasised earlier also, participation is a very effective tool to develop sound organisational climate. Thus, every organisation can make an attempt to develop organisational climate based on participation. Participation is based on democratic value of organisational life.

Bennis has given some basic features of democracy as applied to organisational life. According to him, democracy is basically a system of values.

These values include:

(i) Full and free communication regardless of rank and power.

(ii) A reliance on consensus rather than on the more customary forms of coercion or compromise to manage conflict.

(iii) The idea that influence is based on technical competence and knowledge than on the vagaries of personal whims or prerogative of power.

(iv) An atmosphere that permits and even encourages emotional expression as well as task oriented acts.

(v) A basically human bias, one which accepts the inevitability of conflict between the organisation and the individual but which is willing to cope with and mediate in this conflict on rational grounds.

To summarise, we can say that there are three important ideas in this concept of participation:

1. Mental and Emotional Involvement:

The basic feature of participative system is that there should be mental and emotional involvement of the employees in the administration of the organisation. This involvement is psychological rather than physical. A person who participates is ego involved rather than merely task involved. If there is no psychological involvement of the employees, the participation is no participation but just a manipulation. In such a situation, the manager tries to make people think that they are participating and having an influence, while in reality they are not.

2. Acceptance of Responsibility:

A second important characteristic of participation is that people are encouraged to accept responsibility. Since people are mentally and emotionally involved in decision making, they have to undertake responsibilities also. Thus, they become both decision makers and executors.

This is a social process by which people become involved in an organisation and want it to work successfully. When people want to do something, they will find a way. Under participative conditions people perceive managers as supportive contributors to the team. Employees are ready to work actively with managers, rather reactively against them.

3. Motivation to Contribute:

Participation motivates people to contribute to the situation. They are given opportunities to use their initiative and creativity towards the objectives of the organisation. Participation uses the creativity of all persons, thereby all of them contribute something in decision making. Contribution is different from consent because in consent the person only confirms what has already been decided. A consent or does not contribute to decision making rather he merely approves what has been decided by others.

22.13 ORGANISATIONAL CULTURE

Organizational culture is a system of shared assumptions, values, and beliefs, which governs how people behave in organizations. These shared values have a strong influence on the people in the organization and dictate how they dress, act,

and perform their jobs. Every organization develops and maintains a unique culture, which provides guidelines and boundaries for the behavior of the members of the organization. Let's explore what elements make up an organization's culture.

22.14 CHARACTERISTICS OF ORGANIZATIONAL CULTURE

The seven characteristics of organizational culture are:

1. Innovation (Risk Orientation) - Companies with cultures that place a high value on innovation encourage their employees to take risks and innovate in the performance of their jobs. Companies with cultures that place a low value on innovation expect their employees to do their jobs the same way that they have been trained to do them, without looking for ways to improve their performance.

2. Attention to Detail (Precision Orientation) - This characteristic of organizational culture dictates the degree to which employees are expected to be accurate in their work. A culture that places a high value on attention to detail expects their employees to perform their work with precision. A culture that places a low value on this characteristic does not.

3. Emphasis on Outcome (Achievement Orientation) - Companies that focus on results, but not on how the results are achieved, place a high emphasis on this value of organizational culture. A company that instructs its sales force to do whatever it takes to get sales orders has a culture that places a high value on the emphasis on outcome characteristic.

4. Emphasis on People (Fairness Orientation) - Companies that place a high value on this characteristic of organizational culture place a great deal of importance on how their decisions will affect the people in their organizations. For these companies, it is important to treat their employees with respect and dignity.

5. Teamwork (Collaboration Orientation) - Companies that organize work activities around teams instead of individuals place a high value on this characteristic of organizational culture. People who work for these types of companies tend to have a positive relationship with their coworkers and managers.

6. Aggressiveness (Competitive Orientation) - This characteristic of organizational culture dictates whether group members are expected to be assertive or easygoing when dealing with companies they compete with in the marketplace. Companies with an aggressive culture place a high value on competitiveness and outperforming the competition at all costs.

7. Stability (Rule Orientation) - A company whose culture places a high value on stability are rule-oriented, predictable, and bureaucratic in nature. These

types of companies typically provide consistent and predictable levels of output and operate best in non-changing market conditions.

22.15 TYPES OF ORGANIZATION CULTURE

Various types of Organization Culture are:

1. Normative Culture: In such a culture, the norms and procedures of the organization are predefined and the rules and regulations are set as per the existing guidelines. The employees behave in an ideal way and strictly adhere to the policies of the organization. No employee dares to break the rules and sticks to the already laid policies.

2. Pragmatic Culture: In a pragmatic culture, more emphasis is placed on the clients and the external parties. Customer satisfaction is the main motive of the employees in a pragmatic culture. Such organizations treat their clients as Gods and do not follow any set rules.

3. Academy Culture: Organizations following academy culture hire skilled individuals. The roles and responsibilities are delegated according to the back ground, educational qualification and work experience of the employees. Organizations following academy culture are very particular about training the existing employees.

4. Baseball team Culture: A baseball team culture considers the employees as the most treasured possession of the organization. The employees are the true assets of the organization who have a major role in its successful functioning. In such a culture, the individuals always have an upper edge and they do not bother much about their organization. Advertising agencies, event management companies, financial institutions follow such a culture.

5. Club Culture: Organizations following a club culture are very particular about the employees they recruit. The individuals are hired as per their specialization, educational qualification and interests. Each one does what he is best at. The high potential employees are promoted suitably and appraisals are a regular feature of such a culture.

6. Fortress Culture: There are certain organizations where the employees are not very sure about their career and longevity. Such organizations follow fortress culture. The employees are terminated if the organization is not performing well.

7. Tough Guy Culture: In a tough guy culture, feedbacks are essential. The performance of the employees is reviewed from time to time and their work is thoroughly monitored. Team managers are appointed to discuss queries with the team members and guide them whenever required. The employees are under constant watch in such a culture.

8. Bet your company Culture: Organizations which follow bet your company culture take decisions which involve a huge amount of risk and the consequences are also unforeseen. The principles and policies of such an organization are formulated to address sensitive issues and it takes time to get the results.

9. Process Culture: As the name suggests the employees in such a culture adhere to the processes and procedures of the organization. Feedbacks and performance reviews do not matter much in such organizations. The employees abide by the rules and regulations and work according to the ideologies of the workplace. All government organizations follow such a culture.

22.16 CREATING & SUSTAINING ORGANISATIONAL CULTURE

The founder of a business establishes the initial culture of his organization. In order to survive in the marketplace, the founder of a business discovers a distinctive way of providing goods and services to his customer base. Some companies are founded on providing exceptional customer service, and some are founded on providing low prices, but whatever strategy the founder finds success with becomes the right way for this organization to conduct business and is ingrained in the culture of the start-up company.

Once the founder has established a type of culture for his organization, he recruits people to work for him whose values will match the core values of the culture of the organization. This is done through a selection process that places a priority on hiring people who have the ability to perform the job adequately but also places a priority on how well the candidate fits into the culture of the organization. The founder then further reinforces the importance of these core values to the people he has recruited.

22.17 SUMMARY

Organizational climate is the process of quantifying the "culture" of an organization; it precedes the notion of organizational culture. It 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

Some persons have used organisational culture and organisational climate interchangeably. But there are some basic differences between these two terms. According to Bowditch and Buono, "Organisational culture is connected with the nature of beliefs and expectations about organisational life, while climate is an indicator of whether these beliefs and expectations are being fulfilled."

Climate of an organisation is somewhat like the personality of a person. Just as every individual has a personality that makes him unique and different from other persons. Each organisation has an organisational climate that clearly distinguishes it from other organisations.

Organisational climate influences to a great extent the performance of the employees because it has a major impact on motivation and job satisfaction of individual employees. Organisational climate determines the work environment in which the employee feels satisfied or dissatisfied. Since satisfaction determines or influences the efficiency of the employees, we can say that organisational climate is directly related to the efficiency and performance of the employees.

Dominant orientation of the organisation is an important determinant of climate and it is the major concern of its members. If the dominant orientation is to adhere to established rules and regulations, the climate is characterised by control. If the orientation is to produce excellence the climate will be characterised by achievement.

The interpersonal relationships in the organisations are reflected in the way informal groups are formed and operated. The informal groups may benefit the organisation also, but in some cases it may displace the goals of the organisation.

The organisational structure serves the basis of inter personal relations between superiors and subordinates. It clarifies as to who is responsible to whom and who is to direct whom. If there is centralisation of authority, the participation in decision making by the subordinates will be very less. On the other hand, if there is decentralisation of authority, there will be an atmosphere of participative decision making.

Participation motivates people to contribute to the situation. They are given opportunities to use their initiative and creativity towards the objectives of the organisation. Participation uses the creativity of all persons, thereby all of them contribute something in decision making. Contribution is different from consent because in consent the person only confirms what has already been decided. A consent or does not contribute to decision making rather he merely approves what has been decided by others.

Organizational culture is a system of shared assumptions, values, and beliefs, which governs how people behave in organizations. These shared values have a strong influence on the people in the organization and dictate how they dress, act, and perform their jobs. Every organization develops and maintains a unique culture, which provides guidelines and boundaries for the behavior of the members of the organization. Let's explore what elements make up an organization's culture.

Organizational culture is composed of seven characteristics that range in priority from high to low. Every organization has a distinct value for each of these

characteristics, which, when combined, defines the organization's unique culture. Members of organizations make judgments on the value their organization places on these characteristics, and then adjust their behavior to match this perceived set of values.

22.18 GLOSSARY

a) Organizational climate: Organizational climate is the process of quantifying the "culture" of an organization; it precedes the notion of organizational culture. It 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

b) Climate: According to Forehand and Gilmer, "Climate consists of a set of characteristics that describe an organisation, distinguish it from other organisations are relatively enduring over time and influence the behaviour of people in it."

c) Dominant orientation: Dominant orientation of the organisation is an important determinant of climate and it is the major concern of its members. If the dominant orientation is to adhere to established rules and regulations, the climate is characterised by control. If the orientation is to produce excellence the climate will be characterised by achievement.

22.19 ANSWER TO CHECK YOUR PROGRESS/ POSSIBLE ANSWERS TO SAQ

22.19.1 Short answer questions

1. What is Organizational Climate?

2. What is Dominant Orientation?

3. What is Inter-Personal Relationship?

4. What is Conflict Management?

5. What is Individual Autonomy?

22.19.2 Extended answer questions

1. Explain characteristics of Organisational Climate.

2. Discuss various factors influencing Organisational Climate.

3. Discuss impact of Organisational Climate.

4. Explain various dimensions of Organisational Climate.

5. Discuss Organisational Control System.

6. Discuss the process of developing a Sound Organisational Climate.

22.19.3 True-false

1. Organizational climate is the process of quantifying the "culture" of an organization; it precedes the notion of organizational culture.

2. The concept of organisational climate was formally introduced by the human relationists in the late 1930s.

3. The organisational climate can affect the human behaviour in the organisation through an impact on their performance, satisfaction and attitudes.

4. The interpersonal relationships in the organisations are reflected in the way informal groups are formed and operated.

5. The communication system of the organisation will also affect the organisational climate.

22.19.4 Multiple-choice

1. What is the process of quantifying the "culture" of an organization; it precedes the notion of organizational culture?

a) Organizational climate

b) Culture

c) Conflicts

d) All the above

2. The concept of organisational climate was formally introduced by the human relationists in the late………………

a) 1930s

b) 1940s

c) 1950s

d) All the above

22.19.5 Fill-in-the-blanks

1. ……………..is the process of quantifying the "culture" of an organization; it precedes the notion of organizational culture.

2. The concept of organisational climate was formally introduced by the human relationists in the late………………

3. The organisational climate can affect the human behaviour in the organisation through an impact on their performance, satisfaction and…………….

22.20 POSSIBLE ANSWERS TO SELF ASSESSMENT QUESTIONS

22.19.3 1. True 2. False 3. True 4. True 5. True

22.19.4 1. (a) 2. (b)

22.19.5 1. Organizational climate 2. 1940s 3. Attitudes

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22.23 TERMINAL QUESTIONS

1. Discuss characteristics of Organizational Culture.

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UNIT 23   ORGANIZATIONAL CONFLICT

STRUCTURE

23.1 INTRODUCTION

Conflict is a concept in literary studies that seeks to analyze plots by finding their driving sources of conflict. Conflict management involves implementing strategies to limit the negative aspects of conflict and to increase the positive aspects of conflict at a level equal to or higher than where the conflict is taking place. Furthermore, the aim of conflict management is to enhance learning and group outcomes. It is not concerned with eliminating all conflict or avoiding conflict. Conflict can be valuable to groups and organizations. It has been shown to increase group outcomes when managed properly.

23.2 OBJECTIVES

After reading this unit you will be able to understand:

Organizations Conflict

Types of Conflicts

Causes of Conflicts

Measurement of Conflict

23.3 HISTORY OF CONFLICT

Conflict was first described in ancient Greek literature as the agon, or central contest in tragedy. According to Aristotle, in order to hold the interest, the hero must have a single conflict. The agon, or act of conflict, involves the protagonist (the "first fighter") and the antagonist a more recent term, corresponding to the hero and villain. The outcome of the contest cannot be known in advance, and, according to later critics such as Plutarch, the hero's struggle should be ennobling.

Even in contemporary, non-dramatic literature, critics have observed that the agon is the central unit of the plot. The easier it is for the protagonist to triumph, the less value there is in the drama. In internal and external conflict alike, the antagonist must act upon the protagonist and must seem at first to overmatch him or her. For example, in William Faulkner's The Bear, nature might be the antagonist. Even though it is an abstraction, natural creatures and the scenery oppose and resist the protagonist. In the same story, the young boy's doubts about himself provide an internal conflict, and they seem to overwhelm him.

Similarly, when godlike characters enter e.g. Superman, correspondingly great villains have to be created, or natural weaknesses have to be invented, to allow the narrative to have drama. Alternatively, scenarios could be devised in which the character's godlike powers are constrained by some sort of code, or their respective antagonist.

23.4 MEANING OF CONFLICT

Conflict may be defined as a struggle or contest between people with opposing needs, ideas, beliefs, values, or goals. Conflict on teams is inevitable; however, the results of conflict are not predetermined. Conflict might escalate and lead to nonproductive results, or conflict can be beneficially resolved and lead to quality final products.

Therefore, learning to manage conflict is integral to a high-performance team. Although very few people go looking for conflict, more often than not, conflict results because of miscommunication between people with regard to their needs, ideas, beliefs, goals, or values. Conflict management is the principle that all conflicts cannot necessarily be resolved, but learning how to manage conflicts can decrease the odds of nonproductive escalation. Conflict management involves acquiring skills related to conflict resolution, self-awareness about conflict modes, conflict communication skills, and establishing a structure for management of conflict in your environment.

23.5 CONCEPT OF CONFLICT

Conflict is a concept in literary studies that seeks to analyze plots by finding their driving.

Sir Arthur Thomas Quiller-Couch, literary critic and author, was first to classify plots as seven basic conflicts: Man against Man, Man against Nature, Man against Himself, Man against God, Man against Society, Man caught in the Middle, Man & Woman.

This has inspired a variety of similar lists, as follows:

1. Man v. Self: Man v. Self is when the main character in the story has a problem with him or herself. It may involve characters having to make decisions (such as which path to take or what clothes to wear), or involving a "guilty conscience" or moral issues. Journey to the River Sea is an example of this kind of conflict because the protagonist has problems with himself.

2. Man v. Man: A Man vs. Man conflict can be described as a conflict arising between two or more characters of the same kind. An example of this might be a fist fight between two people.

3. Man v. Society: Man vs. Society is a literature theme in fiction in which a main character (or characters) thinks differently from society or has different concepts than what most people think. An example is that society says it's wrong to steal so, you must not steal, but in some man or people stealing is what they do every day but that is not what society believes is right.

4. Man v. Nature: Man v. Nature is the theme in literature that places a character against forces of nature. Many disaster films focus on this theme, which is predominant within many survival stories. It is also strong in stories about struggling for survival in remote locales, such as the novel Hatchet or Jack London's short story "To Build a Fire" or "survivor man".

5. Man v. Supernatural: Man v. Supernatural is a type of literary conflict in which the character is pitted against elements outside of the natural realm. These include encounters with ghosts, extraterrestrials, external spiritual experiences, and other unexplained occurrences. The films The Exorcist and The Blair Witch Project have elements of this form of conflict

6. Man v. Machine/Technology: Man v. Machine/Technology is a conflict between a man and mechanical antagonists or the mechanization of society in general.

7. Man v. Destiny: Man v. Destiny (or Fate) is a theme in which one attempts to break free of a predetermined path before him chosen without his knowledge. It can also be referred to as a conflict between fate and freewill. A common example is Shakespeare's Macbeth.

Workplace Conflict

Workplace conflict is a specific type of conflict that occurs in workplaces. The conflicts that arise in workplaces may be shaped by the unique aspects of this environment, including the long hours many people spend at their workplace, the hierarchical structure of the organization, and the difficulties (e.g. financial consequences) that may be involved in switching to a different workplace. In this respect, workplaces share much in common with schools, especially pre-college educational institutions in which students are less autonomous.

23.6 THE CONCEPT OF CONFLICT MANAGEMENT

A successful workplace conflict management strategy will reduce hostility and aggressiveness at work. Conflict management and resolution must address everyone's needs and concerns, including your own, so in turn you will be more effective and have greater job satisfaction. Learn how to improve your conflict management skills, with this conflict management article.

First let's clarify definitions. We call it "conflict management" because we expect hostile, aggressive behaviour from all parties involved in a discussion or issue, and some kind of moderation is required for things to work out. It doesn't have to be like that.

Using the Conflict Management Model, you can see how behaviour can be expressed in terms of co-operation and assertiveness, and how that approach works (or not!).
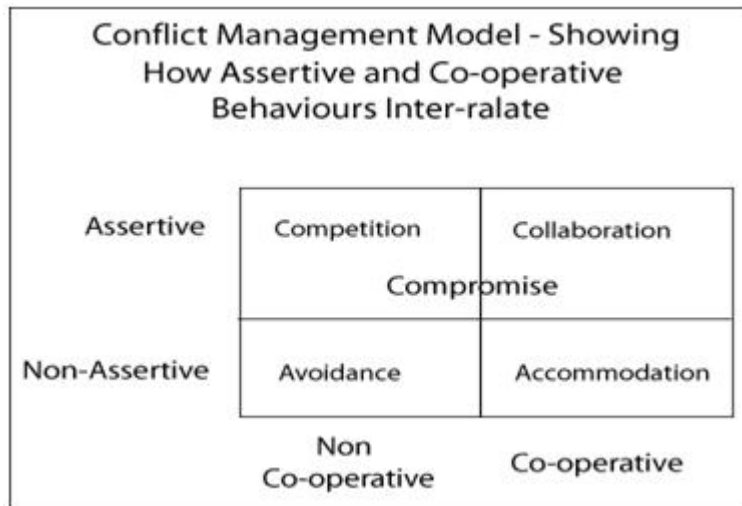
Avoidance - Non assertive, non co-operative

Avoidance is useful, if there is no pressing need to resolve differences now or in the future. Individuals are indifferent to each other's needs, and issues are evaded or ignored completely. Generally, this is not a useful long term conflict management strategy as the workplace is never small enough to avoid someone completely!

Accommodation - Non assertive, co-operative

Accommodation is allowing the other person's needs to be met, usually at the expense of your own. This is a useful conflict management strategy if you don't care about the issue, or if you have little power in the relationship or situation. Also, letting the other person have their way once in a while may preserve or even build a relationship. However, being too accommodating too often can weaken your position to the point where your voice is never heard.

Compromise - Some assertiveness, some cooperation

Compromise is on the path toward collaboration, somewhere between competition and accommodation. It's about giving up some ground in order to gain other ground elsewhere. You win some, you lose some! This is a useful conflict management strategy if time is tight, or if it's not worth exploring things more fully. Also, compromise is useful when one party can't force their solution on the other.

Competition - Assertive, non co-operative

Competition is the flip-side of accommodation - it's about making sure your own needs are met, no matter the cost. This win-lose approach is useful if there is

an important deadline to meet, or if the relationship with the other party is not important. However, steam-rolling your way around the workplace may get things done, but there will be an army of people who won't catch you if you fall.

Collaboration - Assertive, co-operative

Collaboration is a road not often travelled as it can be long, and requires some skill and effort. Collaboration is about assuming positive intent and seeing things from all sides, in detail. It's about acknowledging and accepting differences, and exploring alternative solutions that meet everyone's needs and concerns. It is a useful conflict management strategy when the issues are important to everyone, and all sides need to be committed to the solution.

23.7 CONFLICT MANAGEMENT TECHNIQUES

Conflict situations are an important aspect of the workplace. A conflict is a situation when the interests, needs, goals or values of involved parties interfere with one another. A conflict is a common phenomenon in the workplace. Different stakeholders may have different priorities; conflicts may involve team members, departments, projects, organization and client, boss and subordinate, organization needs vs. personal needs. Often, a conflict is a result of perception. Is conflict a bad thing? Not necessarily. Often, a conflict presents opportunities for improvement. Therefore, it is important to understand (and apply) various conflict resolution techniques.

1. Forcing

An individual firmly pursues his or her own concerns despite the resistance of the other person. This may involve pushing one viewpoint at the expense of another or maintaining firm resistance to another person's actions.

Examples of when forcing may be appropriate

i) In certain situations when all other, less forceful methods, don't work or are ineffective

ii) When you need to stand up for your own rights, resist aggression and pressure

iii) When a quick resolution is required and using force is justified.

iv) As a last resort to resolve a long-lasting conflict.

Possible advantages of forcing:

i) May provide a quick resolution to a conflict

ii) Increases self-esteem and draws respect when firm resistance or actions were a response to an aggression or hostility

Some caveats of forcing:

i) May negatively affect your relationship with the opponent in the long run.

ii) May cause the opponent to react in the same way, even if the opponent did not intend to be forceful originally.

iii) Cannot take advantage of the strong sides of the other side's position.

iv) Taking this approach may require a lot of energy and be exhausting to some individuals

2. Win-Win (Collaborating)

Collaboration involves an attempt to work with the other person to find a win-win solution to the problem in hand - the one that most satisfies the concerns of both parties. The win-win approach sees conflict resolution as an opportunity to come to a mutually beneficial result. It includes identifying the underlying concerns of the opponents and finding an alternative which meets each party's concerns.

Examples of when collaborating may be appropriate:

When consensus and commitment of other parties is important

In a collaborative environment

When it is required to address the interests of multiple stakeholders

When a high level of trust is present

When a long-term relationship is important

When you need to work through hard feelings, animosity, etc

When you don't want to have full responsibility

Possible advantages of collaborating:

Leads to solving the actual problem

Leads to a win-win outcome

Reinforces mutual trust and respect

Builds a foundation for effective collaboration in the future

Shared responsibility of the outcome

You earn the reputation of a good negotiator

For parties involved, the outcome of the conflict resolution is less stressful (however, the process of finding and establishing a win-win solution may be very involed – see the caveats below)

Some caveats of collaborating:

Requires a commitment from all parties to look for a mutually acceptable solution

A win-win solution may not be evident

For the same reason, collaborating may not be practical when timing is crucial and a quick solution or fast response is required

Once one or more parties lose their trust in an opponent, the relationship falls back to other methods of conflict resolution. Therefore, all involved parties must continue collaborative efforts to maintain a collaborative relationship

3. Compromising

Compromising looks for an expedient and mutually acceptable solution which partially satisfies both parties.

Examples of when compromise may be appropriate:

When the goals are moderately important and not worth the use of more assertive or more involving approaches, such as forcing or collaborating

To reach temporary settlement on complex issues

To reach expedient solutions on important issues

As a first step when the involved parties do not know each other well or haven't yet developed a high level of mutual trust

When collaboration or forcing do not work

Possible advantages of compromise:

Faster issue resolution. Compromising may be more practical when time is a factor

Can provide a temporary solution while still looking for a win-win solution

Lowers the levels of tension and stress resulting from the conflict

Some caveats of using compromise:

May result in a situation when both parties are not satisfied with the outcome (a lose-lose situation)

Does not contribute to building trust in the long run

May require close monitoring and control to ensure the agreements are met

4. Withdrawing

This is when a person does not pursue her/his own concerns or those of the opponent. He/she does not address the conflict, sidesteps, postpones or simply withdraws.

Examples of when withdrawing may be appropriate:

When the issue is trivial and not worth the effort

When more important issues are pressing, and you don't have time to deal with it

In situations where postponing the response is beneficial to you, for example

When it is not the right time or place to confront the issue

When you need time to think and collect information before you act.

When you see no chance of getting your concerns met or you would have to put forth unreasonable efforts

When you would have to deal with hostility

When you are unable to handle the conflict

Possible advantages of withdrawing:

When the opponent is forcing / attempts aggression, you may choose to withdraw and postpone your response until you are in a more favorable circumstance for you to push back

Withdrawing is a low stress approach when the conflict is short

Gives the ability/time to focus on more important or more urgent issues instead

Gives you time to better prepare and collect information before you act

Some caveats of withdrawing:

May lead to weakening or losing your position; not acting may be interpreted as an agreement. Using withdrawing strategies without negatively affecting your own position requires certain skill and experience

When multiple parties are involved, withdrawing may negatively affect your relationship with a party that expects your action

5. Smoothing

Smoothing is accommodating the concerns of other people first of all, rather than one's own concerns.

Examples of when smoothing may be appropriate:

When it is important to provide a temporary relief from the conflict or buy time until you are in a better position to respond/push back

When the issue is not as important to you as it is to the other person

When you accept that you are wrong

When you have no choice or when continued competition would be detrimental

Possible advantages of smoothing:

In some cases smoothing will help to protect more important interests while giving up on some less important ones

Gives an opportunity to reassess the situation from a different angle

Some caveats of smoothing:

There is a risk to be abused, i.e. the opponent may constantly try to take advantage of your tendency toward smoothing/accommodating. Therefore it is important to keep the right balance and this requires some skill.

May negatively affect your confidence in your ability to respond to an aggressive opponent

It makes it more difficult to transition to a win-win solution in the future

Some of your supporters may not like your smoothing response and be turned off

23.8 MODELS OF CONFLICT MANAGEMENT

There have been many styles of conflict management behavior that have been researched in the past century. One of the earliest, Mary Parker Follett (1926/1940) found that conflict was managed by individuals in three main ways: domination, compromise, and integration. She also found other ways of handling conflict that were employed by organizations, such as avoidance and suppression.

Early Conflict Management Models

Blake and Mouton (1964) were among the first to present a conceptual scheme for classifying the modes (styles) for handling interpersonal conflicts into five types: forcing, withdrawing, smoothing, compromising, and problem solving.

In the 1970's and 1980's, researchers began using the intentions of the parties involved to classify the styles of conflict management that they would include in their models. Both Thomas (1976) and Pruitt (1983) put forth a model based on the concerns of the parties involved in the conflict. The combination of the parties concern for their own interests (i.e. assertiveness) and their concern for the interests of those across the table (i.e cooperativeness) would yield a particular conflict management style. Pruitt called these styles yielding (low assertiveness/high cooperativeness), problem solving (high assertiveness/high cooperativeness), inaction (low assertiveness/low cooperativeness), and contending (high assertiveness/low cooperativeness). Pruitt argues that problem-solving is the preferred method when seeking mutually beneficial options.

1. Khun and Poole's Model

Khun and Poole (2000) established a similar system of group conflict management. In their system, they split Kozan's confrontational model into two sub models: distributive and integrative.

- Distributive - Here conflict is approached as a distribution of a fixed amount of positive outcomes or resources, where one side will end up winning and the other losing, even if they do win some concessions.

- Integrative - Groups utilizing the integrative model see conflict as a chance to integrate the needs and concerns of both groups and make the best outcome possible. This model has a heavier emphasis on compromise than the distributive model. Kuhun and Poole found that the integrative model resulted in consistently better task related outcomes than those using the distributive model.

2. DeChurch and Marks's Meta-Taxonomy

DeChurch and Marks (2001) examined the literature available on conflict management at the time and established what they claimed was a "meta-taxonomy" that encompasses all other models. They argued that all other styles have inherent in them into two dimensions - activeness ("the extent to which conflict behaviors make a responsive and direct rather than inert and indirect impression") and agreeableness ("the extent to which conflict behaviors make a pleasant and relaxed rather than unpleasant and strainful impression"). High activeness is characterized by openly discussing differences of opinion while fully going after their own interest. High agreeableness is characterized by attempting to satisfy all parties involved

In the study they conducted to validate this division, activeness did not have a significant effect on the effectiveness of conflict resolution, but the agreeableness of the conflict management style, whatever it was, did in fact have a positive impact on how groups felt about the way the conflict was managed, regardless of the outcome.

23.9 CHARACTERISTICS OF CONFLICT

1. Interpersonal conflict requires at least two people. (Conflict within one's self, or intrapersonal conflict, generally is studied by psychologists. Communication students and scholars are interested in communication between people.)

2. Conflict inherently involves some sense of struggle or incompatibility or perceived difference among values, goals, or desires.

3. Action, whether overt or covert, is key to interpersonal conflict. Until action or expression occurs, conflict is latent, lurking below the surface.

4. Power or attempts to influence inevitably occur within conflicts. If the parties really don't care about the outcome, the discussion probably doesn't rise to the level where we call it a conflict. When people argue without caring about what happens next or without a sense of involvement and struggle, it probably is just a disagreement.

Conflict also can be understood by examining what it is not:

1. Conflict is not a breakdown in communication, but a process that is ongoing. The communication process is not like a car that can break or cease to function. Conflict entails communication about disagreements.

2. Conflict is not inherently good or bad. While people may tend to remember only the conflicts that were painful, conflict itself is a normal part of being human. Harmony is neither normal nor necessarily desirable as a permanent state of being. It is normal in relationships for differences to occur occasionally, just as it is normal in businesses for changes in goals and directions to occur. Conflict is normal.

3. Conflict is not automatically resolved by communication. Managing conflicts productively is a skill.

23.10 TYPES OF CONFLICTS

Conflict is classified into the following four types:

1. Interpersonal conflict refers to a conflict between two individuals. This occurs typically due to how people are different from one another. We have varied personalities which usually results to incompatible choices and opinions. Apparently, it is a natural occurrence which can eventually help in personal growth or developing your relationships with others. In addition, coming up with adjustments is necessary for managing this type of conflict. However, when interpersonal conflict gets too destructive, calling in a mediator would help so as to have it resolved.

2. Intrapersonal conflict occurs within an individual. The experience takes place in the person's mind. Hence, it is a type of conflict that is psychological involving the individual's thoughts, values, principles and emotions. Interpersonal conflict may come in different scales, from the simpler mundane ones like deciding whether or not to go organic for lunch to ones that can affect major decisions such as choosing a career path. Furthermore, this type of conflict can be quite difficult to handle if you find it hard to decipher your inner struggles. It leads to restlessness and uneasiness, or can even cause depression. In such occasions, it would be best to seek a way to let go of the anxiety through communicating with other people. Eventually, when you find yourself out of the situation, you can become more empowered as a person. Thus, the experience evoked a positive change which will help you in your own personal growth.

3. Intragroup conflict is a type of conflict that happens among individuals within a team. The incompatibilities and misunderstandings among these individuals lead to an intragroup conflict. It is arises from interpersonal disagreements (e.g. team members have different personalities which may lead to tension) or differences in views and ideas (e.g. in a presentation, members of the team might find the notions presented by the one presiding to be erroneous due to their differences in opinion). Within a team, conflict can be helpful in coming up with decisions which will eventually allow them to reach their objectives as a team. However, if the degree of conflict disrupts harmony among the members, then some serious guidance from a different party will be needed for it to be settled.

4. Intergroup conflict takes place when a misunderstanding arises among different teams within an organization. For instance, the sales department of an organization can come in conflict with the customer support department. This is due to the varied sets of goals and interests of these different groups. In addition, competition also contributes for intergroup conflict to arise. There are other factors which fuel this type of conflict. Some of these factors may include a rivalry in resources or the boundaries set by a group to others which establishes their own identity as a team.

23.11 CAUSES OF CONFLICTS

Various Causes of Conflicts are:

1. Lack of Information

Conflict can arise when one party feels it lacks important information, according to the Free Management Library website. When employees are continually experiencing changes that they were not informed about, or if there are decisions being made that the staff feels it should be involved in, this can bring about conflict between employees and managers.

2. Lack of Resources

The University of Colorado at Boulder points out that a lack of necessary resources can cause conflict among employees, and between employees and management. If employees feel there is a lack of resources needed to do their job, competition will arise among employees for the available resources. The employees who are unable to obtain what they need to perform their duties will begin to blame management for the lack of necessary resources.

3. Personal Relationships

A work environment can be a stressful place, and it can be made worse when personal differences begin to develop between employees. Of the major causes of

workplace conflict, personal relationships can be particularly counterproductive, because problems may be generated both at home and in the office. Professional employment mediator website Mediate.com notes that some employees bring stress from their home life to work, and this can cause conflicts among co-workers and managers. The University of Colorado suggests that some personal conflicts arise when employees are unable to accept personal differences, which can involve such things as race, religion or ethnic background.

4. Incompetent Management

According to the Free Management Library, incompetent managers can create conflict in the workplace. A manager who does not understand the job tasks of his subordinates, or is uninformed about the job duties that each employee is supposed to perform, can be responsible for tension and conflict in the workplace. Employees who lose confidence in managers due to inconsistent decisions or bad planning can also become a source of conflict.

23.12 MEASUREMENT OF CONFLICT

1. Quick Stress Relief: Stress is an individual's adaptive response to a situation which is challenging or threatening. The researcher, Han Segal, found out that people have a fairly consistent psychological response to stressful situations. This response was called "general adaptation syndrome". It provides an autonomic defense system which helps to cope with environmental demands.

2. Emotional Awareness: Emotional awareness is very useful for understanding yourself and others. If a person doesn't know how he feels in a certain way, he/she will not have effective and productive communication.

3. Non-Verbal Communication: Non-Verbal communication plays a big role in conflict resolution as during the conflict process the most important information is exchanged in a non-verbal way. The elements of non-verbal communication are emotionally-driven facial expressions, posture, gesture, pace tone and intensity of voice. The most important communication is wordless because sometimes words cannot reflect all the issues. In the middle of a conflict it is useful to pay attention to the other person's nonverbal signals. It may help to figure out what the other party is really saying and to respond in the right way to build trust, and get to the root of the problem.

23.13 SUMMARY

Conflict is a concept in literary studies that seeks to analyze plots by finding their driving sources of conflict. Conflict management involves implementing

strategies to limit the negative aspects of conflict and to increase the positive aspects of conflict at a level equal to or higher than where the conflict is taking place.

Conflict may be defined as a struggle or contest between people with opposing needs, ideas, beliefs, values, or goals. Conflict on teams is inevitable; however, the results of conflict are not predetermined. Conflict might escalate and lead to nonproductive results, or conflict can be beneficially resolved and lead to quality final products.

Sir Arthur Thomas Quiller-Couch, literary critic and author, was first to classify plots as seven basic conflicts: Man against Man, Man against Nature, Man against Himself, Man against God, Man against Society, Man caught in the Middle, Man & Woman.

According to Boston University FSAO, "Causes for workplace conflict can be personality or style differences and personal problems such as substance abuse, childcare issues, and family problems. Organizational factors such as leadership, management, budget, and disagreement about core values can also contribute." University of Colorado–Boulder cites as primary causes of workplace conflict poor communication, different values, differing interests, scarce resources, personality clashes, and poor performance.

Passive aggressive behavior is a common response from workers and managers which is particularly noxious to team unity and productivity. In workers, it can lead to sabotage of projects and the creation of a hostile environment. In managers, it can end up stifling team's creativity.

Unresolved conflict in the workplace has been linked to miscommunication resulting from confusion or refusal to cooperate, quality problems, missed deadlines or delays, increased stress among employees, reduced creative collaboration and team problem solving, disruption to work flow, decreased customer satisfaction, distrust, split camps, and gossip.

Organizational conflict, whether it be substantive or affective, can be divided into intra organizational and inter organizational. Inter organizational conflict occurs between two or more organizations.

Interpersonal conflict can be divided into intra group and intergroup conflict. While the former intra-group occurs between members of a group (or between subgroups within a group), the latter intergroup occurs between groups or UN it's in an organization.

Conflict situations are an important aspect of the workplace. A conflict is a situation when the interests, needs, goals or values of involved parties interfere with one another. A conflict is a common phenomenon in the workplace. Different stakeholders may have different priorities; conflicts may involve team members,

departments, projects, organization and client, boss and subordinate, organization needs vs. personal needs. Often, a conflict is a result of perception. Is conflict a bad thing? Not necessarily. Often, a conflict presents opportunities for improvement. Therefore, it is important to understand (and apply) various conflict resolution techniques.

An individual firmly pursues his or her own concerns despite the resistance of the other person. This may involve pushing one viewpoint at the expense of another or maintaining firm resistance to another person's actions.

Collaboration involves an attempt to work with the other person to find a win-win solution to the problem in hand - the one that most satisfies the concerns of both parties. The win-win approach sees conflict resolution as an opportunity to come to a mutually beneficial result. It includes identifying the underlying concerns of the opponents and finding an alternative which meets each party's concerns.

Khun and Poole (2000) established a similar system of group conflict management. In their system, they split Kozan's confrontational model into two sub models: distributive and integrative.

Constructive conflicts contain an element of creative adaptation born from a realization that one must know both one's own and the other's interests and goals to be able to find a road both parties are willing to walk to discover a mutually acceptable outcome. Focusing on the process, not just the outcome one person desires, is key to productive conflict management.

23.14 GLOSSARY

a) Conflict: Conflict is a concept in literary studies that seeks to analyze plots by finding their driving sources of conflict. Conflict management involves implementing strategies to limit the negative aspects of conflict and to increase the positive aspects of conflict at a level equal to or higher than where the conflict is taking place.

b) Passive aggressive behavior: Passive aggressive behavior is a common response from workers and managers which is particularly noxious to team unity and productivity. In workers, it can lead to sabotage of projects and the creation of a hostile environment. In managers, it can end up stifling team's creativity.

c) Unresolved conflict: Unresolved conflict in the workplace has been linked to miscommunication resulting from confusion or refusal to cooperate, quality problems, missed deadlines or delays, increased stress among employees, reduced creative collaboration and team problem solving, disruption to work flow, decreased customer satisfaction, distrust, split camps, and gossip.

d) Workplace conflict: Workplace conflict management strategy will reduce hostility and aggressiveness at work. Conflict management and resolution must address everyone's needs and concerns, including your own, so in turn you will be more effective and have greater job satisfaction.

e) Destructive conflicts: Destructive conflicts may degenerate sufficiently so the conflict parties forget the substantive issues and transform their purposes to getting even, retaliating or hurting the other person.

f) Constructive conflicts: Constructive conflicts contain an element of creative adaptation born from a realization that one must know both one's own and the other's interests and goals to be able to find a road both parties are willing to walk to discover a mutually acceptable outcome. Focusing on the process, not just the outcome one person desires, is key to productive conflict management.

23.15 ANSWER TO CHECK YOUR PROGRESS/ POSSIBLE ANSWERS TO SAQ

23.15.1 Short answer questions

1. Define the term conflict.

2. What is Workplace conflict?

3. What is Conflict Management?

4. What is International Conflict Management?

23.15.2 Extended answer questions

1. Discuss the concept conflict.

2. Discuss the History of Conflict

3. Discuss the Workplace conflict

4. What are the causes of Workplace conflict?

5. Explain the concept of Conflict Management.

6. Discuss the organizational and Interpersonal Conflict

7. Explain the conflict Resolution vs. Conflict Management

8. Discuss the conflict Management Techniques.

9. Explain the Models of Conflict Management.

10. Explain the International Conflict Management

11. Explain the conflict Management and Conflict Styles

12. State the Characteristics of conflict.

13. Explain Destructive and Constructive Conflict

14. Discuss the various types of Managerial Actions That Cause Workplace Conflicts

23.15.3 True-false

1. The first stage of conflict resolution is to define the problem.

2. Goals drive conflict.

3. The issue can resurface in another guise is the most likely consequence of avoiding a conflict.

4. When a conflict is defined, the relationship needs to be attended to in addition to any obvious issues.

5. Active listening is a conflict resolution skill.

23.15.4 Multiple-choice

1. One of the advantages of conflict is that it forces you to examine problems and work toward a potential……….

i) Experience

ii) Relationship

iii) Solution

iv) Outcome

2. What type of approach to conflict is "avoiding"?

i) I lose - you lose

ii) I lose -- you lose, and then I win

iii) I win -- you win

iv) I win - you lose.

3. Recognizing that your partner has legitimate feelings demonstrates

i) Imagining

ii) Empathy

iii) Mind reading.

iv) Sympathy

4. Conflict that refers to a disagreement among connected individuals is………..

i) Friendly conflict

ii) Intrapersonal conflict

iii) Negative conflict

iv) Interpersonal conflict

5. What is a part of every interpersonal relationship?

i) Communication

ii) Stress

iii) Conflict

iv) Love

23.15.5 Fill-in-the-blanks

1. A competing conflict style might be best suited for which environment…………..

2. One reason people might give for selecting an accommodating approach to conflict is to……………………..

3. A person using an "avoiding" style of engaging in conflict is likely……………

4. Collaborating is ………………

5. Understanding exactly why one is angry can help one to……………..

23.16 POSSIBLE ANSWERS TO SELF ASSESSMENT QUESTIONS

23.15.3 1. True 2. True 3. True 4. True 5. True

23.15.4 1. (iii) 2. (i) 3. (ii) 4. (5. (iii)

23.15.5 1. A courtroom 2. Keep the peace 3. Trying to ignore a problem 4. Other-oriented 5. Manage it

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4. Understanding Organizations by Charles Handy

5. Organisational behaviour by Ian Brooks

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23.19 TERMINAL QUESTIONS

1. Explain various characteristics of conflict.

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UNIT 24   ORGANIZATIONAL CHANGE

STRUCTURE

24.1 INTRODUCTION

Organizational change is both the process in which an organization changes its structure, strategies, operational methods, technologies, or organizational culture to affect change within the organization and the effects of these changes on the organization. Organizational change can be continuous or occur for distinct periods of time.

24.2 OBJECTIVES

After reading this unit you will be able to understand:

Organisational Change

Causes of Organisational Change

Resistance to Change

Measures to Overcome Resistance

24.3 ORGANIZATIONAL CHANGE

Change is one reality with which individual, groups and organization must constantly cope in order to survive. Change is one of the most critical aspects of effective management. Change is the coping process of moving from the present state to a desired state that individuals, groups and organizations undertake in response to dynamic internal and external factors that alter current realties. Today organizations are existing in a constantly changing and complex environment. Moreover, understanding and managing organizational change poses challenges before the organization and the manager.

We live in an age of transition. One of the few things of real permanence in our world is change. It has become an inescapable fact of life; a fundamental aspect of historical evolution. It is reported that half of all the energy consumed by man in the past two thousand years has been consumed within the last hundred years. We are told that twenty five percent of all the people who ever lived are living now. The amount of technical information available doubles every ten years. Change is inevitable in a progressive culture. Change in fact is accelerating the society. Revolutions are taking place in the political, scientific,, technological and institutional areas. Sophisticated communication capabilities have increased 'telemarketing', 'robotics' taking over some jobs currently performed by employees; man conquering the wonderland moon; are some examples that bear testimony of fast paced, rapidly changing organization. The unprecentdented rate of change in recent years is such that change is viewed as a fire storms that continues

to gather force. Organizations cannot completely buffer themselves from this environmental instability

Organization is a man made system working through individuals for accomplishing objectives. Individuals joining organization also form informal groups on the basis of their personal and social relations. These groups affect functioning of organization. An individual, informal groups and organization working for a longer period of time develop particular way of life. With the passage of time it gets established and they feel comfortable with it. When variations take place in it due to internal or external reasons, it is known as change. It may also be regarded as change in the status-quo of an individual, group or organization. The change is inevitable and unavoidable in every organization. The organization which fails to change is sure to fail, because change is required to maintain stability to some extent in the functioning of organization.

Significant organizational change occurs, for example, when an organization changes its overall strategy for success, adds or removes a major section or practice, and/or wants to change the very nature by which it operates. It also occurs when an organization evolves through various life cycles, just like people must successfully evolve through life cycles. For organizations to develop, they often must undergo significant change at various points in their development. That's why the topic of organizational change and development has become widespread in communications about business, organizations, leadership and management.

Change will not disappear or dissipate. Technology an ever expanding list of applications and the spontaneous combustion of creative thoughts will maintain their ever-accelerating drive onwards. Managers and the enterprises they serve, be they public or private, service or manufacturing, will continue to be judged by their ability to effectively and efficiently manage change. Unfortunately for the early twenty-first century, their ability to handle complex situations will be judged over ever decreasing time scales.

24.4 CHARACTERISTICS OF CHANGES

1. It can be complex and unstructured and plagued by uncertainty.

2. It results from the pressure of both external and internal forces in the organization. It disturbs the existing equilibrium or status quo in the organization.

3. It will affect the various parts of the organization in varying rates of speed and degrees of significance.

4. Change may affect people, structure, technology and other elements of the organization.

5. Change may be reactive or proactive. When change is brought about due to the pressure of external forces, it is called reactive change. Proactive change is initiated by the management on its own to increase organizational effectiveness.

6. Change is a political process.

24.5 ORGANIZATIONAL CHANGE

According to **Meyer and Botha** Organisational change as "the movement of people from a current state to a defined state, different, improved and desired new state a set of planned and integrated interventions"

According to **Stephen P. Robbins,** change is concerned with making things different things must be different because they change constantly.

24.6 FORCES OF CHANGE

Change may be of any nature or magnitude but it is necessary fro the manager to identify the forces change. These forces may act as stimulants to change and may be external or internal.

1. External forces: These include all those factors of macro-environment and task environment which directly or indirectly affect the functioning of an organization. The organization has hardly any control on these factors. If there is any change the organization has to align with it. There are many external forces which may bring change in organization and some of them are as under.

a) Socio-cultural forces: These forces mainly includes changing cultural values and norms, social objectives pattern of education, population dynamics, rate of urbanization, social traditions and customs etc.

b) Economic forces: These forces are very complex. They include general economic conditions of the country or region to which the organization belongs. In addition economic forces also includes, market dynamics like demand, completion, price mechanism, buying capacity, distribution of income, cost, quality and availability of various resources and their distribution among various sectors of the economy.

c) Political forces and legal forces: Functioning of organization is guided by wide ranging political and legal factors. These factors include political system ideology of ruling and major opposition party, political stability, morality and values.

d) Technological forces: Many organizations have utilized technology as means to improve productivity and market competitiveness, atomization and computer technology is two well-known developments in this regard.

Easier information transfer

Facilitates global structures

Requires new competencies and expectations

Facilitates telecommuting, new employment relations

More emphasis on knowledge management

e) Work environment forces: In addition, there are some work environment forces which may also necessitate change in organization. These force may include, customers, suppliers, community and the society etc. customers loyalty, supplier's regularity, community attitude and recognition of society etc. are the major forces of work environment.

2. Internal forces: These forces may either be derived from the change in external environment or may be because of management induced forces. For example if the management decodes to provide a day service for the children of working women as to motivate them, it may be regarded as management induced force and if as per the agreement with trade union the management is forced to construct houses for its employees it may considered as derivative force. Internal forces mainly include the following:

1. Top management and its philosophy and cooperate policy.

2. Retirement, promotion, resignation and transfer of key functionaries of the organization.

3. Change in the perception, attitude, feelings, beliefs and expectations of the employees working in the organization.

4. Change in work schedule, allocation of duties, job-contents duty hours and composition of work group etc.

5. Change internal environment of the organization.

24.7 TYPES OF CHANGE

1. Changes in knowledge, information and technique: The profession of management has its deep roots in the engineering problems of production. The technique aspect of the management filed is advancing greatly. New techniques of production are being invented. Now a great deal of research is also being conducted in various institutions of the world on behavioral science. It is recognized that wherever a manger must deal with other persons, some aspect of behavioral science comes into play. Therefore the application of behavioral science to the management field getting top priority.

2. Changes in the scope of management: The writings of early management thinkers were primarily concerned with technical problems and their solutions. But

with the passage of time, it was found that the process of management has universal application. Many problems in different types of organizations like industrial, educational, religious, hospital etc. are common and they call for the application of certain management principles. This broadened the scope of management and given birth to the demand for specialization of the application of management knowledge.

3. Changes in the issues and problems before managers: There has been a greater change both in magnitude and number in the problems before present-day mangers. These changes are caused by the emergence of large scale organizations and the separation of management from ownership. Moreover there has been an awaking of the working class. Trade unionism has spread throughout the world. Consumers have also become conscious about their power over the organizations

4. Changes in environment: The world is changing fast. Population changes are becoming extremely significant to mangers. Other changes can be viewed as changes in consumption patterns, factors of production, social conditions, political conditions and economic trends. The increase in the size of consumer markets and the segmentation of markets into strata has created new problems. Consumption patterns are changing widely and mangers continually search for market information to help them make sound decisions.

24.8 RESISTANCE TO CHANGE

Forces for change are a recurring feature of school life. It is also inevitable that change will be resisted, at least to some extent by both school leaders and staff. There is a human tendency to resist change, because it forces people to adopt new ways of doing things. In order to cope with this recurring problem, school leaders must understand why people resist change. The most powerful impediments to change include uncertainty, concern over personal loss, group resistance, dependence, trust in administration and awareness of weaknesses in the proposed change.

Uncertainty

Some professionals teachers may resist change because they are worried about how their work and lives will be affected by the proposed change. Even if they have some appreciable dissatisfaction with their present jobs, they have learned what their range of responsibilities is and what their administrator's reaction to their behavior will be in certain situations. Any change creates some potential uncertainties.

Concern over Personal Loss

Appropriate change should benefit the school district/school as a whole, but for some staff members, the cost of change in terms of lost power, prestige, salary, quality of work, or other benefits will not be sufficiently offset by the rewards of change. Organization members may feel change will diminish their decision-making authority, accessibility to information, autonomy, and the inherent characteristics of the job.

Group Resistance

Groups establish norms of behavior and performance that are communicated to members. This communication establishes the boundaries of expected behaviors. Failure to comply with such norms usually results in sanctions against group members by the group. If school leaders initiate changes that are viewed as threatening to the staffs' norms, they are likely to meet with resistance. The more cohesive the staff is, the greater their resistance to change will be. This may explain partially what causes wildcat strikes by teachers when school districts introduce changes without proper notification and preparation.

Dependence

All humans begin life in a dependent state. Thus, dependence is instilled in all people to a certain extent. Dependency, in and of itself, is not all bad; but if carried to extremes, dependency on others can lead to resistance to change. For instance, staff members who are highly dependent on their leader for feedback on their performance will probably not adopt any new methods or strategies unless the leader personally endorses their behavior and indicates how the proposed changes will improve the staff member's performance.

Trust in Administration

Schools vary substantially in the degree to which organization members trust the leader. On the one hand, if a change is proposed when trust is low, a natural first reaction is to resist it. On the other hand, when trust is high, organization members are more likely to support a proposed change. Further, under conditions of distrust staff members often resist changes, even when they are understood and they can benefit from them.

Awareness of Weaknesses in the Proposed Change

Organization members may resist change because they are aware of potential problems in the proposed change. If staff express their reasons for resistance to the leader clearly along with adequate substantiation, this form of resistance can be beneficial to the school district/school. Leaders can use these suggestions to make their change proposals more effective.

24.9 WHY DO EMPLOYEES RESIST CHANGE?

Resistance to change implies human lags in understanding changes, in willingness and ability to absorb the volume and pace of change and to make the necessary psychological and other adjustments while meeting the requirements of change. There is nothing unusual about such lags. Any changes are likely to destabilize a persona existing alignment with his environment. It can be observed that "people develop as established set of relations with their environment. They learn how to deal with each other, how to perform their jobs and what to expect next. Equilibrium exists, individuals are adjusted. When change comes along, it requires individuals to make new adjustments as the organization seeks a new equilibrium. When employees are unable to make adequate adjustments to changes which occur, the organization is in a state of imbalance or disequilibrium. Management's general human relations objective regarding change is to restore and maintain the group equilibrium and personal adjustment which change upsets.

All changes are not necessarily resisted. Some are liked by the workers. For instance, if the workers have to stand before a machine throughout the shift, they will like the introduction o f anew machine which will allow them to sit while like the introduction of a new machine which will allow them to sit while working. Thus resistance to change is offset by their desire to have better working conditions. Sometimes people themselves want change and new experience as they are fed up with the old practices and procedures.

Top Ten Reasons People Resist Change:

1. The Risk of Change Is Seen As Greater Than the Risk of Standing Still

Making a change requires a kind of leap of faith: You decide to move in the direction of the unknown on the promise that something will be better for you. But you have no proof. Taking that leap of faith is risky, and people will only take active steps toward the unknown if they genuinely believe and perhaps more importantly, feel that the risks of standing still are greater than those of moving forward in a new direction. Making a change is all about managing risk. If you are making the case for change, be sure to set out in stark, truthful terms why you believe the risk situation favors change. Use numbers whenever you can, because we in the West pay attention to numbers. At the very least, they get our attention, and then when the rational mind is engaged, the emotional mind (which is typically most decisive) can begin to grapple with the prospect of change. But if you only sell your idea of change based on idealistic, unseen promises of reward, you won't be nearly as effective in moving people to action. The power of the human fight-

or-flight response can be activated to fight for change, but that begins with the perception of risk.

2. People Feel Connected to other People who are identified With the Old Way

We are a social species. We become and like to remains connected to those we know those who have taught us, those with whom we are familiar even at times to our own detriment. Loyalty certainly helped our ancestors hunt antelope and defend against the aggressions of hostile tribes, and so we are hard wired, I believe, to form emotional bonds of loyalty, generally speaking. If you ask people in an organization to do things in a new way, as rational as that new way may seem to you, you will be setting yourself up against all that hard wiring, all those emotional connections to those who taught your audience the old way - and that's not trivial. At the very least, as you craft your change message, you should make statements that honor the work and contributions of those who brought such success to the organization in the past, because on a very human but seldom articulated level, your audience will feel asked to betray their former mentors (whether those people remain in the organization or not). A little good diplomacy at the outset can stave off a lot of resistance.

3. People Have No Role Models for the New Activity

Never underestimate the power of observational learning. If you see yourself as a change agent, you probably are something of a dreamer, someone who uses the imagination to create new possibilities that do not currently exist. Well, most people don't operate that way. It's great to be a visionary, but communicating a vision is not enough. Get some people on board with your idea, so that you or they can demonstrate how the new way can work. Operationally, this can mean setting up effective pilot programs that model a change and work out the kinks before taking your innovation "on the road." For most people, seeing believes. Less rhetoric and more demonstration can go a long way toward overcoming resistance, changing people's objections from the "It can't be done!" variety to the "How can we get it done?" category.

4. People Fear They Lack the Competence To Change

This is a fear people will seldom admit. But sometimes, change in organizations necessitates changes in skills, and some people will feel that they won't be able to make the transition very well. They don't think they, as individuals, can do it. The hard part is that some of them may be right. But in many cases, their fears will be unfounded, and that's why part of moving people toward change requires you to be an effective motivator. Even more, a successful change campaign includes effective new training programs, typically staged from the broad to the specific.

By this mean that initial events should be town-hall type information events, presenting the rationale and plan for change, specifying the next steps, outlining future communications channels for questions, etc., and specifying how people will learn the specifics of what will be required of them, from whom, and when. Then, training programs must be implemented and evaluated over time. In this way, you can minimize the initial fear of a lack of personal competence for change by showing how people will be brought to competence throughout the change process. Then you have to deliver.

5. People Feel Overloaded and Overwhelmed

Fatigue can really kill a change effort, for an individual or for an organization. If, for example, you believe you should quit smoking, but you've got ten projects going and four kids to keep up with, it can be easy to put off your personal health improvement project (until your first heart attack or cancer scare, when suddenly the risks of standing still seem greater than the risks of change!). When you're introducing a change effort, be aware of fatigue as a factor in keeping people from moving forward, even if they are telling you they believe in the wisdom of your idea. If an organization has been through a lot of upheaval, people may resist change just because they are tired and overwhelmed, perhaps at precisely the time when more radical change is most needed! That's when you need to do two things: re-emphasize the risk scenario that forms the rationale for change (as in my cancer scare example), and also be very generous and continuously attentive with praise, and with understanding for people's complaints, throughout the change process. When you reemphasize the risk scenario, you're activating people's fears, the basic fight-or-flight response we all possess. But that's not enough, and fear can produce its own fatigue. You've got to motivate and praise accomplishments as well, and be patient enough to let people vent (without getting too caught up in attending to unproductive negativity).

6. People Have a Healthy Skepticism and Want To Be Sure New Ideas Are Sound

It's important to remember that few worthwhile changes are conceived in their final, best form at the outset. Healthy skeptics perform an important social function: to vet the change idea or process so that it can be improved upon along the road to becoming reality. So listen to your skeptics, and pay attention, because some percentage of what they have to say will prompt genuine improvements to your change idea (even if some of the criticism you will hear will be based more on fear and anger than substance).

7. People Fear Hidden Agendas among Would-Be Reformers

Let's face it; reformers can be a motley lot. Not all are to be trusted. Perhaps

even more frightening, some of the worst atrocities modern history has known were begun by earnest people who really believed they knew what was best for everyone else. Reformers, as a group, share a blemished past . . . And so, you can hardly blame those you might seek to move toward change for mistrusting your motives, or for thinking you have another agenda to follow shortly. If you seek to promote change in an organization, not only can you expect to encounter resentment for upsetting the established order and for thinking you know better than everyone else, but you may also be suspected of wanted to increase your own power, or even eliminate potential opposition through later stages of change.

We saw this in a recent change management project for which I consulted, when management faced a lingering and inextinguishable suspicion in some quarters that the whole affair was a prelude to far-reaching layoffs. It was not the case, but no amount of reason or reassurance sufficed to quell the fears of some people. What's the solution? Well, you'd better be interested in change for the right reasons, and not for personal or factional advantage, if you want to minimize and overcome resistance. And you'd better be as open with information and communication as you possibly can be, without reacting unduly to accusations and provocations, in order to show your good faith, and your genuine interest in the greater good of the organization. And if your change project will imply reductions in workforce, then be open about that and create an orderly process for outplacement and in-house retraining. Avoid the drip-drip-drip of bad news coming out in stages, or through indirect communication or rumor. Get as much information out there as fast as you can and create a process to allow everyone to move on and stay focused on the change effort.

8. People Feel the Proposed Change Threatens Their Notions of Themselves

Sometimes change on the job gets right to a person's sense of identity. When a factory worker begins to do less with her hands and more with the monitoring of automated instruments, she may lose her sense of herself as a craftsperson, and may genuinely feel that the very things that attracted her to the work in the first place have been lost. We saw this among many medical people and psychologists during my graduate training, as the structures of medical reimbursement in this country changed in favor of the insurance companies, HMO's and managed care organizations. Medical professionals felt they had less say in the treatment of their patients, and felt answerable to less well trained people in the insurance companies to approve treatments the doctors felt were necessary. And so, the doctors felt they had lost control of their profession, and lost the ability to do what they thought best for patients.

My point is not to take sides in that argument, but to point out how change can get right to a person's sense of identity, the sense of self as a professional. As a result, people may feel that the intrinsic rewards that brought them to a particular line of work will be lost with the change. And in some cases, they may be absolutely right. The only answer is to help people see and understand the new rewards that may come with a new work process, or to see how their own underlying sense of mission and values can still be realized under the new way of operating. When resistance springs from these identity-related roots, it is deep and powerful, and to minimize its force, change leaders must be able to understand it and then address it, acknowledging that change does have costs, but also, (hopefully) larger benefits.

9. People Anticipate a Loss of Status or Quality Of Life

Real change reshuffles the deck a bit. Reshuffling the deck can bring winners and losers. Some people, most likely, will gain in status, job security, quality of life, etc. with the proposed change, and some will likely lose a bit. Change does not have to be a zero sum game, and change can and should bring more advantage to more people than disadvantage. But we all live in the real world, and let's face it if there were no obstacles aligned against change, then special efforts to promote change would be unnecessary.

Some people will, in part, be aligned against change because they will clearly, and in some cases correctly, view the change as being contrary to their interests. There are various strategies for minimizing this, and for dealing with steadfast obstacles to change in the form of people and their interests, but the short answer for dealing with this problem is to do what you can to present the inevitability of the change given the risk landscape, and offer to help people to adjust. Having said that, I've never seen a real organizational change effort that did not result in some people choosing to leave the organization, and sometimes that's best for all concerned. When the organization changes, it won't be to everyone likes, and in that case, it's best for everyone to be adult about it and move on.

10. People Genuinely Believe That the Proposed Change is a Bad Idea

We'll never forget what a supervisor of mine said to be, during the year after I had graduated from college, secure as I was in the knowledge of my well earned, pedigreed wisdom at age twenty-two. We were in a meeting, and I made the comment, in response to some piece of information, "Oh, I didn't know that!" Ricky, my boss, looked at me sideways, and commented dryly, "Things you don't know fill libraries." The truth is, sometimes someone's (even – gasp! – my) idea of change is just not a good idea. Sometimes people are not being recalcitrant, or afraid, or muddle-headed, or nasty, or foolish when they resist. They just see that we're wrong. And even if we're not all wrong, but only half wrong, or even if

we're right, it's important not to ignore when people have genuine, rational reservations or objections.

24.10 CAUSES OF RESISTANCE TO CHANGE

Resistance to change is caused by the attitudes of people which are influenced by many economic psychological and social factors.

Economic factor

These factors relate to the basic economic needs of the workers like necessaries of life, job security and safety. These factors are:

1. Workers apprehend technological unemployment. Generally, new technology is expected to reduce the proportion of labor input and therefore people resist such a change is it will affect the security of their jobs

2. Workers fear that they will be idle for much of their due to increased efficiency of new technology.

Psychological factors

These factors arise when workers perceive that factors relating to their psychological needs will be affected adversely by the proposed changes. These needs are sense of pride, of achievement, of self-fulfillment. The following factors are:

1. Workers may not like criticism implied in a change that the present method is inadequate and unsuitable.

2. Workers may apprehend boredom and monotony in the new jobs as a result of specialization brought by the new technology.

3. They may fear that harder work will be required to learn and adapt to new ideas.

4. Workers may resist a change because they do not want to take trouble in relearning the new things.

5. Workers may not have the knowledge of entire change or they may be incapable of understanding the implications of new ideas or methods.

6. Workers may fear that will be fewer opportunities for developing their personal skills because new work changes will do away with the need for much manual work. This will lead to reduction of their personal pride.

Social factors

Individuals do have certain social needs like friendship, belongingness etc. for the fulfillment of which develop informal relations in the organization. They

become members of certain informal groups and act as members of the group to resist change. The social reasons for resistance to change are:

1. New organizational set up requires new social adjustments which are not liked by people because these involve stresses and strains. This also means discarding old social ties which is not tolerable to the workers.

2. Workers are carried by the fear that the new social set-up arising out of the change will be less satisfying than the present set-up.

3. Workers oppose the people who sponsor and implement the change as they are strangers to them.

4. Workers also resist the changes which are brought abruptly and without consulting them.

5. Workers may feel that changes being introduced will benefit the organization or the employer rather than themselves or the general public.

24.11 TYPES OF RESISTANCE

Psychological Resistance

1. Fear of the unknown:

No one can say precisely about the consequences of change, and this uncertainty builds up discomfort. The uncertainty and discomfort cause negative reactions among people and they are encouraged to resist change.

2. Fear of failure:

The change may require advanced skill and abilities that may be beyond employees' capabilities. In such situation, the employee may feel that his interests regarding jobs, power or status in an organization are at risk and this fear lead him to resist the change.

Logical Resistance to Change

1. Power and Conflict:

Resistance to change also occurs when a change may benefit one department within the organization while harming another.

2. Misinterpretation of change:

People resist change when they do not understand it. Such situation occurs when the proposed change is not consulted with the employees and supposed to be enforced as an order. People like to know what going on in their organization, especially if something is related with their jobs.

3. Not agreed with the impact of changes:

When employees feel that the change would increase their working hours and duties and disturb but the benefits and rewards are not seen as adequate, they resist.

Sociological Resistance

1. Group Norms:

Over a period of time, the members of a group develop understanding and interpersonal relationship. The group members resist the change when they believe that it will alter interpersonal relation and coordination among group.

2. Disturbance in established pattern:

The employees and management are tending to develop a pattern of working. When they recognize that the proposed change can force them to modify their established pattern, they resist the change.

24.12 LEWIN'S FORCE-FIELD THEORY OF CHANGE

To better understand resistance to change, Kurt Lewin developed the concept of force-field analysis. He looks on a level of behavior within a school organization not as a static custom but as a dynamic balance of forces working in opposite directions within the organization. He believes that we should think about any change situation in terms of driving forces or factors acting to change the current condition (forces for change) and resisting forces or factors acting to inhibit change. These forces may originate in the internal or external environment of the organization or in the behavior of the school leader.

School leaders must play an active role in initiating change and in attempting to reduce resistance to change. School leaders can think of the current condition in a school organization as an equilibrium that is the result of driving forces and resisting forces working against each other. School leaders must assess the change potential and resistance and attempt to change the balance of forces so that there will be movement toward a desired condition. There are three ways school leaders can do this: increasing the driving forces, reducing the resisting forces, or considering new driving forces.

Lewin points out that increasing one set of forces without decreasing the other set of forces will increase tension and conflict in the organization. Reducing the other set of forces may reduce the amount of tension. Although increasing driving forces is sometimes effective, it is usually better to reduce the resisting

forces because increasing driving forces often tends to be offset by increased resistance. Put another way, when we push people, they are likely to push back. Figure illustrates the two sets of forces discussed earlier: forces for change and resistance to change. These are the types of situations that school leaders face and must work with on a daily basis when attempting to effect change. Resisting Forces Equilibrium Pressures for Change Driving Forces Current Condition Resistance to Change Resisting Forces Desired Condition
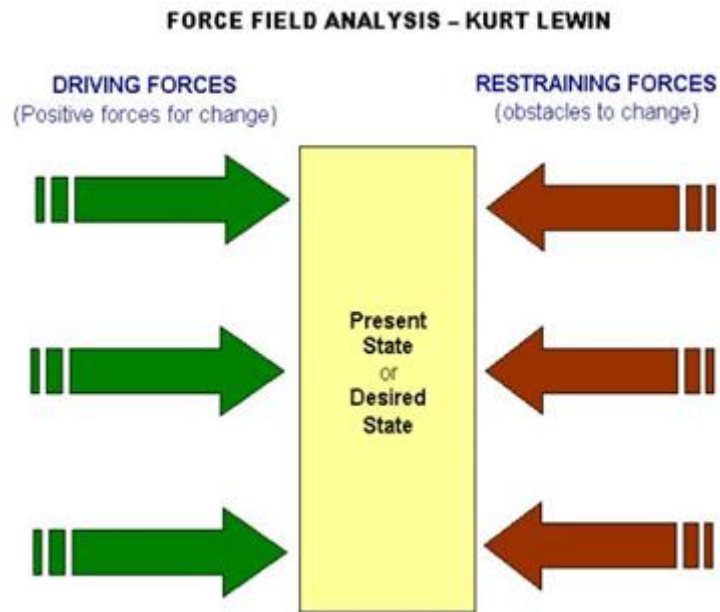

Fig: Lewin's force-field theory of change.

As Figure depicts, change results when an imbalance occurs between the ratio of driving forces and resisting forces. Such an imbalance alters the current condition (equilibrium) it is hoped in the direction planned by the school leader into a new and desired condition. Once the new, desired condition is reached, the opposing forces are again brought into equilibrium. An imbalance may occur through a change in the velocity of any force, a change in the direction of a force, or the introduction of a new force.

Moreover, change involves a sequence of organizational processes that occurs over time. Lewin suggests this process typically requires three steps: unfreezing, moving, and refreezing.

Unfreezing:

This step usually means reducing the forces acting to keep the organization in its current condition. Unfreezing might be accomplished by introducing new information that points out inadequacies in the current state or by decreasing the strength of current values, attitudes, and behaviors. Crises often stimulate unfreezing.

Examples of crises are significant increases in the student dropout rate; dramatic enrollment declines; demographic shifts in population within a school district/school; a sudden increase in staff or leader turnover; a costly lawsuit; and an unexpected teacher strike. Unfreezing may occur without crises as well. Climate surveys, financial data, and enrollment projections can be used to determine problem areas in a school and initiate change to alleviate problems before crises erupt.

Moving:

Once the organization is unfrozen, it can be changed by moving. This step usually involves the development of new values, attitudes, and behaviors through internalization, identification, or change in structure. Some changes may be minor and involve a few members such as changes in recruitment and selection procedures and others may be major, involving many participants. Examples of the latter include a new evaluation system, restructuring of jobs and duties performed by staff, or restructuring the school district, which necessitates relocating faculty to different school sites within the system.

Refreezing:

The final step in the change process involves stabilizing the change at a new quasi-stationary equilibrium, which is called refreezing. Changes in school culture, changes in staff norms, changes in school policy, or modifications in school structure often accomplish this.

24.13 OVERCOMING RESISTANCE TO CHANGE

There are a number of specific ways that resistance to change may be overcome. Six of the most popular and frequently used approaches to overcome resistance to change include the following: education and communication, participation and involvement, facilitation and support, negotiation and agreement, manipulation and co-optation, and explicit and implicit coercion.

Education and Communication

Resistance can be reduced when school leaders communicate with organization members to help them see the need for change as well as the logic behind it. This can be achieved through face-to-face discussions, formal group presentations, or special reports or publications. The approach works providing the source of resistance is inadequate communication and that leader-member relations are characterized by mutual trust. If trust does not exist, the change is unlikely to succeed.

Participation and Involvement

Organization members who participate in planning and implementing a change are less likely to resist it. Prior to making a change, leaders can allow those who oppose the change to express their view on the change, indicate potential problems, and suggest modifications. Such participant involvement can reduce resistance, obtain commitment, and increase the quality of the change decision.

Facilitation and Support

It is important for leaders to manifest supportive and facilitative leadership behaviors when change is being implemented. This type of leader behavior includes listening to organization member's ideas, being approachable, and using member's ideas that have merit. Supportive leaders go out of their way to make the work environment more pleasant and enjoyable. For example, difficult changes may require staff development to acquire new skills necessary to implement the change. Such training will likely diminish resistance to the change.

Negotiation and Agreement

Leaders can neutralize potential or actual resistance by providing incentives for cooperation. For example, during collective bargaining between the school board and various employee unions, certain concessions can be given to employees in exchange for support of a new program desired by school leaders. Such concessions may include salary increases, bonuses, or more union representation in decision making. School leaders can also use standard rewards such as recognition, increased responsibility, praise, and status symbols.

Manipulation and Cooptation

Manipulation occurs when school leaders choose to be selective about who gets what information and how much information, how accurate the information is, and when to disseminate the information to increase the chance that change will be successful. Cooptation involves giving the leaders of a resistance group (e.g., teachers or other staff members who represent their work group) a key role in the change decision. The leaders' advice is sought, not to arrive at a better decision, but to get their endorsement. Both manipulation and cooptation are inexpensive ways to influence potential resisters to accept change, but these techniques can backfire if the targets become aware they are being tricked. Once discovered, the leader's credibility may suffer drastically.

Explicit and Implicit Coercion

When other approaches have failed, coercion can be used as a last resort. Some changes require immediate implementation. And change initiators may have

considerable power. Such instances lend themselves more readily to the use of coercion to gain compliance to proposed changes. Organization members can be threatened with job loss, decreased promotional opportunities, salary freeze (this technique is used infrequently in public schools), or a job transfer. There are, however, negative effects of using coercion including frustration, fear, revenge, and alienation, which in turn may lead to poor performance, dissatisfaction, and turnover.

Both external and internal forces can create the need for change in school organizations. These include factors such as the marketplace, government laws and regulations, technology, labor markets, economic changes, administrative processes, and people problems. Organization members often resist change because of the uncertainty it creates, concern over personal loss, group norms, the need for dependence, trust in the leader, and awareness of weaknesses in the proposed change. Force-field analysis can help school leaders understand resistance to change. School leaders must encourage driving forces for change and reduce resisting forces to change. The change process also passes through three stages: refreezing, moving, and unfreezing. School leaders also can use specific tactics for overcoming resistance to change including education and communication, participation and involvement, facilitation and support, negotiation and agreement, manipulation and co-optation, and explicit and implicit coercion.

24.14 CHANGE PROCESS

Resistance to change could be overcome on an ending basis by systematically planning and implementing the process of change. Kurt Lewin proposed a three stage theory of change commonly referred to as Unfreeze, Change, Freeze (or Refreeze). It is possible to take these stages to quite complicated levels but I don't believe this is necessary to be able to work with the theory. But be aware that the theory has been criticized for being too simplistic.

Stage 1: Unfreezing

A basic tendency of people is to seek a context in which they have relative safety and feel a sense of control. In establishing themselves, they attach their sense of identity to their environment. This creates a comfortable stasis from which any alternatives, even those which may offer significant benefit, will cause discomfort.

Talking about the future thus is seldom enough to move them from this 'frozen' state and significant effort may be required to 'unfreeze' them and get them moving. This usually requires Push methods to get them moving, after which Pull methods can be used to keep them going.

The term 'change ready' is often used to describe people who are unfrozen and ready to take the next step. Some people come ready for change whilst others take a long time to let go of their comfortable current realities.

The manger as a change agent has to assume the responsibility to break open the shell of complacency and self-righteousness among his subordinates. He has to identify the background factors contributing to resistance. Subordinates may resist change for economic, social or personal reasons. The interplays among the several factors responsible for resistance have to be isolated. Through a series of discussions with the subordinates, it should be possible to explain to them the problems with the present state of affairs, the need for change, the pace and volume of proposed change, the direction and the implications of such change. This is a process of mutual learning between the manger and his subordinates. The manager should clear all the nagging doubt of the subordinates about the proposed change.

The Unfreezing stage is probably one of the more important stages to understand in the world of change we live in today. This stage is about getting ready to change. It involves getting to a point of understanding that change is necessary and getting ready to move away from our current comfort zone.

This first stage is about preparing ourselves, or others, before the change (and ideally creating a situation in which we want the change).

The more we feel that change is necessary, the more urgent it is, the more motivated we are to make the change. Yes, of course! If you understand procrastination then you'd recognize that the closer the deadline, the more likely you are to snap into action and actually get the job started!

With the deadline comes some sort of reward or punishment linked to the job. If there's no deadline, then the urge to change is lower than the need to change. There's much lower motivation to make a change and get on with it.

Unfreezing and getting motivated for the change is all about weighing up the 'pro's' and 'con's' and deciding if the 'pro's' outnumber the 'con's' before you take any action. This is the basis of what Kurt Lewin called the Force Field Analysis.

Force Field Analysis as shown in the fig above is a fancy way of saying that there are lots of different factors (forces) for and against making change that we need to be aware of (analysis). If the factors for change outweigh the factors against change we'll make the change. If not, then there's low motivation to change – and if we feel pushed to change we're likely to get grumpy and dig in our heels.

This first 'Unfreezing' stage involves moving ourselves, or a department, or an entire business towards motivation for change. The Kurt Lewin Force Field Analysis is a useful way to understand this process and there are plenty of ideas of how this can be done.

Stage 2: Change or Transition

Kurt Lewin was aware that change is not an event, but rather a process. He called that process a transition. Transition is the inner movement or journey we make in reaction to a change. This second stage occurs as we make the changes that are needed.

People are 'unfrozen' and moving towards a new way of being.

That said this stage is often the hardest as people are unsure or even fearful. Imagine bungey jumping or parachuting. You may have convinced yourself that there is a great benefit for you to make the jump, but now you find yourself on the edge looking down. Scary stuff! But when you do it you may learn a lot about yourself. This is not an easy time as people are learning about the changes and need to be given time to understand and work with them. Support is really important here and can be in the form of training, coaching, and expecting mistakes as part of the process.

Using role models and allowing people to develop their own solutions also help to make the changes. It's also really useful to keep communicating a clear picture of the desired change and the benefits to people so they don't lose sight of where they are heading.

Once the subordinates become receptive to change, the manager as a change agent should introduce the proposed change in a systematic manner with the full cooperation of subordinates. They should be given intensive orientation as to the behavioral changes necessary for successful introduction of the proposed change so that adaptation to the new environment takes shape as desired. Several problems crop up during the process of implementation, some of which might be totally unforeseen. These are to be handled by the manager in consultation with his subordinates.

Stage 3: Freezing or Refreezing

Kurt Lewin refers to this stage as freezing although a lot of people refer to it as 'refreezing'. As the name suggests this stage is about establishing stability once the changes have been made. The changes are accepted and become the new norm. People form new relationships and become comfortable with their routines. This can take time.

It's often at this point that people laugh and tell me that practically there is never time for this 'freezing' stage. And it's just this that's drawn criticism to the Kurt Lewin model.

In today's world of change the next new change could happen in weeks or less. There is just no time to settle into comfortable routines. This rigidity of freezing

does not fit with modern thinking about change being a continuous, sometimes chaotic process in which great flexibility is demanded.

Instead, we should think about this final stage as being more flexible, something like a milkshake or soft serve ice-cream, in the current favorite flavor, rather than a rigid frozen block. This way 'Unfreezing' for the next change might be easier.

24.15 MANAGING ORGANISATIONAL CHANGE SITUATION AND STRESS

Two ways the expert can manage the Organisational change situation and Stress which are given below:

1. Individual Approaches

i) Implementing time management

ii) Increasing physical exercise

iii) Relaxation training

iv) Expanding social support network

2. Organizational Approaches

i) Improved personnel selection and job placement

ii) Training

iii) Use of realistic goal setting

iv) Redesigning of jobs

v) Increased employee involvement

vi) Improved organizational communication

vii) Offering employee sabbaticals

viii) Establishment of corporate wellness programs

24.16 SUMMARY

Organizational change is both the process in which an organization changes its structure, strategies, operational methods, technologies, or organizational culture to affect change within the organization and the effects of these changes on the organization. Organizational change can be continuous or occur for distinct periods of time.

Change is one reality with which individual, groups and organization must constantly cope in order to survive. Change is one of the most critical aspects of effective management. Change is the coping process of moving from the present

state to a desired state that individuals, groups and organizations undertake in response to dynamic internal and external factors that alter current realties. Today organizations are existing in a constantly changing and complex environment. Moreover, understanding and managing organizational change poses challenges before the organization and the manager.

We live in an age of transition. One of the few things of real permanence in our world is change. It has become an inescapable fact of life; a fundamental aspect of historical evolution. It is reported that half of all the energy consumed by man in the past two thousand years has been consumed within the last hundred years. We are told that twenty five percent of all the people who ever lived are living now. The amount of technical information available doubles every ten years. Change is inevitable in a progressive culture. Change in fact is accelerating the society. Revolutions are taking place in the political, scientific,, technological and institutional areas. Sophisticated communication capabilities have increased 'telemarketing', 'robotics' taking over some jobs currently performed by employees; man conquering the wonderland moon; are some examples that bear testimony of fast paced, rapidly changing organization. The unprecentdented rate of change in recent years is such that change is viewed as a fire storms that continues to gather force. Organizations cannot completely buffer themselves from this environmental instability

Organization is a man made system working through individuals for accomplishing objectives. Individuals joining organization also form informal groups on the basis of their personal and social relations. These groups affect functioning of organization. An individual, informal groups and organization working for a longer period of time develop particular way of life. With the passage of time it gets established and they feel comfortable with it. When variations take place in it due to internal or external reasons, it is known as change. It may also be regarded as change in the status-quo of an individual, group or organization. The change is inevitable and unavoidable in every organization. The organization which fails to change is sure to fail, because change is required to maintain stability to some extent in the functioning of organization.

Groups establish norms of behavior and performance that are communicated to members. This communication establishes the boundaries of expected behaviors. Failure to comply with such norms usually results in sanctions against group members by the group. If school leaders initiate changes that are viewed as threatening to the staffs' norms, they are likely to meet with resistance. The more cohesive the staff is, the greater their resistance to change will be. This may explain partially what causes wildcat strikes by teachers when school districts introduce changes without proper notification and preparation.

Resistance to change implies human lags in understanding changes, in willingness and ability to absorb the volume and pace of change and to make the necessary psychological and other adjustments while meeting the requirements of change. There is nothing unusual about such lags. Any changes are likely to destabilize a persona existing alignment with his environment. It can be observed that "people develop as established set of relations with their environment. They learn how to deal with each other, how to perform their jobs and what to expect next. Equilibrium exists, individuals are adjusted. When change comes along, it requires individuals to make new adjustments as the organization seeks a new equilibrium. When employees are unable to make adequate adjustments to changes which occur, the organization is in a state of imbalance or disequilibrium. Management's general human relations objective regarding change is to restore and maintain the group equilibrium and personal adjustment which change upsets.

Resistance can be reduced when school leaders communicate with organization members to help them see the need for change as well as the logic behind it. This can be achieved through face-to-face discussions, formal group presentations, or special reports or publications. The approach works providing the source of resistance is inadequate communication and that leader-member relations are characterized by mutual trust. If trust does not exist, the change is unlikely to succeed.

Organization members who participate in planning and implementing a change are less likely to resist it. Prior to making a change, leaders can allow those who oppose the change to express their view on the change, indicate potential problems, and suggest modifications. Such participant involvement can reduce resistance, obtain commitment, and increase the quality of the change decision.

Resistance to change could be overcome on an ending basis by systematically planning and implementing the process of change. Kurt Lewin proposed a three stage theory of change commonly referred to as Unfreeze, Change, Freeze (or Refreeze). It is possible to take these stages to quite complicated levels but I don't believe this is necessary to be able to work with the theory. But be aware that the theory has been criticized for being too simplistic.

24.17 GLOSSARY

a) Organizational change: Organizational change is both the process in which an organization changes its structure, strategies, operational methods, technologies, or organizational culture to affect change within the organization and the effects of these changes on the organization.

b) Change: Change is one reality with which individual, groups and

organization must constantly cope in order to survive. Change is one of the most critical aspects of effective management.

c) Groups establish norms: Groups establish norms of behavior and performance that are communicated to members. This communication establishes the boundaries of expected behaviors. Failure to comply with such norms usually results in sanctions against group members by the group.

d) Resistance to change: Resistance to change implies human lags in understanding changes, in willingness and ability to absorb the volume and pace of change and to make the necessary psychological and other adjustments while meeting the requirements of change.

24.18 ANSWER TO CHECK YOUR PROGRESS/ POSSIBLE ANSWERS TO SAQ

24.18.1 Short answer questions

1. What is Organizational Change?

2. What is Resistance to Change?

3. State any two types of Resistance.

4. What is Change Process?

24.18.2 Extended answer questions

1. Discuss characteristics of Changes.

2. Explain in details about Forces of change.

3. Explain various types of Change.

4. Why do employees resist change?

5. Explain various causes of Resistance to change.

6. Discuss the process of overcoming Resistance to Change.

24.18.3 True-false

1. Organizational change is both the process in which an organization changes its structure, strategies and operational methods.

2. Conflict is the coping process of moving from the present state to a desired state that individuals, groups and organizations undertake in response to dynamic internal and external factors that alter current realties.

3. Groups establish norms of behavior and performance that are communicated to members.

4. Resistance to change implies human lags in understanding changes, in willingness and ability to absorb the volume and pace of change and to make the necessary psychological and other adjustments while meeting the requirements of change.

24.18.4 Multiple-choice

1. Organizational change is both the process in which an organization changes its………………

   a) Structure

   b) Strategies

   c) Operational methods

   d) All the above

2. What implies human lags in understanding changes, in willingness and ability to absorb the volume and pace of change and to make the necessary psychological and other adjustments while meeting the requirements of change?

   a) Resistance to change

   b) Strategies

   c) Operational methods

   d) All the above

24.18.5 Fill-in-the-blanks

1. ……………is both the process in which an organization changes its structure, strategies and operational methods.

2. Groups establish norms of behavior and performance that are communicated to……………….

3. …………………………implies human lags in understanding changes, in willingness and ability to absorb the volume and pace of change and to make the necessary psychological and other adjustments while meeting the requirements of change.

24.19 POSSIBLE ANSWERS TO SELF ASSESSMENT QUESTIONS

24.18.3 1. True 2. False 3. True 4. True

2418.4 1. (d) 2. (a)

24.18.5 1. Organizational change 2. Members 3. Resistance to change

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24.22 TERMINAL QUESTIONS

1. Prepare a statement on relationship between the stress and organizational change.

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UNIT 25	ORGANIZATIONAL DEVELOPMENT

STRUCTURE

25.1 INTRODUCTION

Organizational Development (OD) is a field of research, theory, and practice dedicated to expanding the knowledge and effectiveness of people to accomplish more successful organizational change and performance.

25.2 OBJECTIVES

After studying this chapter you will be able to:

- Understand meaning, objectives and types of organisational development.
- Describe role of values in organisational development.
- Explain techniques of organisational development.

25.3 HISTORY OF ORGANIZATIONAL DEVELOPMENT

The term "Organization Development" (OD) was coined by Richard Beckhard in the mid 1950s, as a response to the need for integrating organizational needs with individual needs. OD came into prominence in the 1960s. OD arose in response to needs. Organizational development is an intervention strategy that uses group processes to focus on the whole culture of an organization in order to bring about planned change. According to Harold M. F. Rush, OD "seeks to change beliefs, attitudes, values, structures, and practices so that the organization can better adapt to technology and live with the fast pace of change". It seeks to use behavioural science knowledge to help organization and to adjust more rapidly to change.

25.4 ORGANIZATION DEVELOPMENT: AN INTRODUCTION

Organizational development is an intervention strategy that uses group processes to focus on the whole culture of an organizational development in order to bring about a planned change. It makes heavy uses of laboratory training approaches such as role playing, gaming and sensitivity training. It is important from the points of view of society, customers and workers themselves because overall costs are reduced that may be a result of reduction of wastage of human efforts and machine etc. In addition to that quality of the product improves and more effective organizational climate is developed. Wendell L. French and Cecil H. Bell Jr., traces the development of OD to the pioneering effort of The National Training Laboratories and Esso Standard Oil Company who began working on

the problem of building better organizations and eventually OD evolved from their effort. There are mainly two causes that made OD necessary:

1.0 The reward structure on the job did not adequately reinforce conventional training, so it often failed to carry over to the job.

1.1 The second cause is the fast pace of change itself, which requires organizations to be extremely effective in order to survive and prosper.

OD attempts to develop the whole organization so that it can respond to change more uniformly and capable. OD is not without its shortfall Beckhard described the dilemma of integrating organizational needs with individual needs in the following words:

"If we are talking about the basic dilemma of managing work, the management problem has two horns, one horn is, how do you take all that human energy and channel it towards the organization's mission? The other horn is , how do you organize the work, the communication patterns, the decision-making, the norms and values, the ground rules so that people's individual needs for self-worth, achievement, satisfaction and so on are significantly met at the work place?

A great deal of attention has been given to the second horn of the dilemma. But that alone does not solve the problem anymore than the other way around. So the dilemma is, how do you manage the dilemma and not how you manage one horn of it. OD tries to work out and organize the interaction between the two".

25.5 DEFINITION OF ORGANIZATION DEVELOPMENT (OD)

According to **Wendell L. French and Cecil H. Bell, Jr.** "Organization Development is a systematic process for applying behavioural science principles and practices in organizations to increase individual and organizational effectiveness"

According to **Cummings and Worly** - Organization Development is "a systematic application of behavioural science knowledge to the planned development and reinforcement of organizational strategies, structures, and processes for improving an organization's effectiveness."

In the words of **Burke** "Organization development is a planned process of change in an organization's culture through the utilization of behavioural science technologies research and theory".

According to **Schmuck and Miles** "OD can be defined as a planned and sustained effort to apply behavioural science for system improvement, using reflexive, self-analytic methods".

According to **Burk and Hornstien** "Organization development is a process of planned change - change of an organization's culture from one which avoids an examination of social processes (especially decision making, planning and communication) to one which institutionalizes and legitimizes this examination".

According to **Warren Bennis** - "Organization development is a response to change, a complex educational strategy intended to change the beliefs, attitudes and structure of organization so that they can better adapt to new technologies, markets and challenges".

American Society for Training and Development, defined OD as, "An effort (a) planned, (b) organization wide, (c) managed from the top, in order to (d) increase organizational effectiveness and health, through (e) planned intervention in the organizations "processes" using behavioural science knowledge".

From the above definitions we can say that organization development is an organizational improvement strategy. The term "Organization Development" (OD) may be defined as a technique for bringing change in the entire organization.

In the late 1950s and early 1960s it emerged out of insights from group dynamics and from the theory and practice of planned change. Organization development is about how people and organizations function and how to get them to function better. OD programmes are long-term, planned, sustained efforts. It is based on knowledge from behavioural science disciplines such as psychology, social psychology, sociology, anthropology, systems theory, organizational behaviour, organization theory and management. The two major goals of OD programmes are:

(i) To improve the functioning of individuals, teams and the total organization, and

(ii) To teach organization members how to continuously improve their own functioning.

It is a modern approach to the management of change and the development of human resource. It is an organization wide planned change for improvement through the use of behavioural science techniques. Organizational Development programmes lead to improved organization performance through an improved decision making climate.

25.6 OBJECTIVES OF OD PROGRAMMES

The objectives of OD as given by Wendell French are given below:-

(i) To build and enhance interpersonal trust, communication, co-operation and support among all individuals and group through the organization.

(ii) To encourage an analytical problem solving approach in a team spirit.

(iii) To enhance the sense of belonging of individuals to the organization so that the individual and organizational goals are synchronized.

(iv) To extend the process of decision making to the lowest operational level.

(v) To increase personal responsibility for planning and implementing the plan.

25.7 BASIC ASSUMPTIONS OF OD

The assumptions underlying OD programmes are:

Assumptions of dealing with Individuals: The two basic assumptions about individuals in organizations are:

Most individuals have drives towards personal growth and development. They want to develop their potential and therefore should be provided with an environment that is both supportive and challenging. In other words, individuals want personal growth and development, which can be attained in a supportive and challenging work situation.

Most people desire to make, and are capable of making, a greater contribution to attain organization goals than most organizational environments permit. The implication of this assumption is that people are experts. Organizations must remove obstacles and barriers and reward success.

Assumptions of dealing with Groups: These assumptions relate to the importance of work teams.

The most psychologically relevant reference groups for most people are the work group. The work group greatly influences feelings of satisfaction and competence. Therefore, individual goals should be integrated with group goals.

Most people interact co-operatively with at least one small reference group.

Work groups are the best way to satisfy social and emotional needs at work. Therefore, the growth of individual members is facilitated by relationships, which are open, supportive and trusting.

The suppression of feelings adversely affects problem solving personal growth and satisfaction with one's work. Attitudinal and motivational problems in organizations require interactive and transactional solutions. Such problems have the greatest chance of constructive solution if all parties in the system alter their mutual relationship, co-operation is always more effective than conflict.

(a) Assumptions for designing Organizations: These assumptions relate to the importance of designing organizations.

Traditional hierarchical forms of organizations are obsolete. Therefore, experimenting with new organizational structures and new forms of authority is imperative (very important/ essential). Creating cooperative rather than competitive organizational dynamics is a primary task of the organization.

An optimistic, developmental set of assumptions about people is likely to reap rewards beneficial to both the organization and its members. Co-operation is always more beneficial.

People are an organization's most important resource. They are the source of productivity and profits and should be treated with care. An organization can achieve higher productivity only when the individual goals are integrated with organizational goals.

Goals of Organization Development

Edwin B. Flippo has given the following seven specific goals of OD. They are:

Decision-making on the basis of competence rather than authority.

Creatively resolving conflicts through confrontation designed to replace win-lose situations with win-win types.

Reducing dysfunctional competition and maximizing collaboration.

Increasing commitment and a sense of "ownership" of organizational objectives throughout the work force.

Increasing the degree of interpersonal trust and support.

Creating a climate in which an growth, development and renewal are a natural part of the enterprise's daily operation.

Developing a communication system characterized by mutual openness and condor in solving organizational problems

25.8 PURPOSE OF ORGANIZATIONAL DEVELOPMENT

The main purpose of OD according to Burton is "to bring about a system of organizational renewal that can effectively cope with environmental changes. In doing so, OD strives to maximize organizational effectiveness as well as individual work satisfaction". Organizational development is the most comprehensive strategy for intervention. It involves all the activities and levels of management in ongoing problems that respond to external and internal sources. The OD process is cyclic as shown in the figure below:
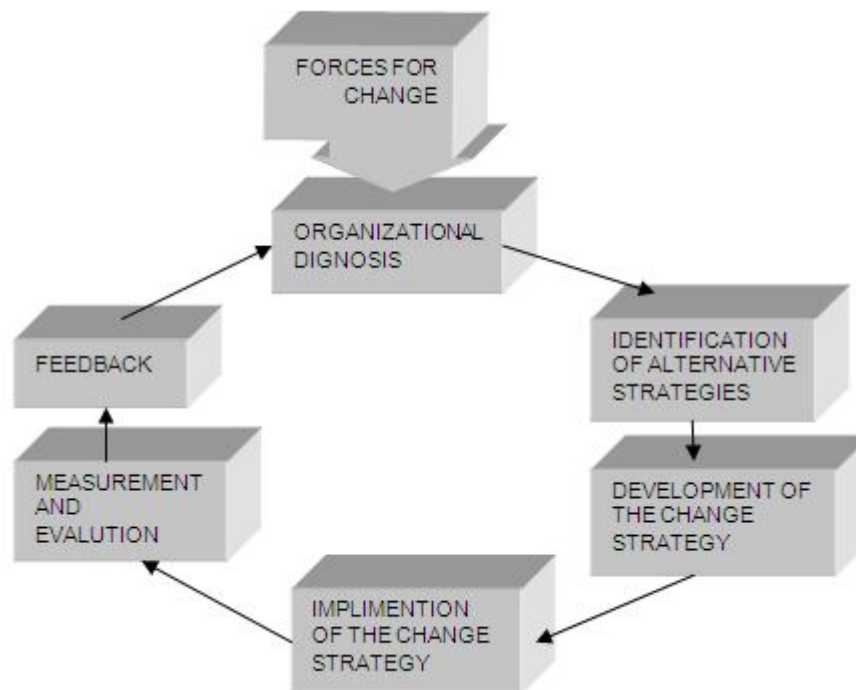
Source: Gene F. Burton, "Organizational Development - A Systematic Process", Management World (March 1975).

Fig: OD Process Cycle

25.9 TYPES OF OD ACTIVITIES

The different types of OD activities may be divided into the following classification:

1. OD for the Individual

Sensitivity Training: Sensitivity training was an early and fairly widespread OD technique. The purpose of sensitivity training sessions or T-groups (T for training) is to change the behaviour of the people through unstructured group interactions. In "T" groups, about ten participants are guided by a trained leader to increase their sensitivity and skills in handling interpersonal relationships. Members are brought together in a free and open environment, away from work places, in which participants discuss freely, aided by facilitator. No formal agenda is provided. The role of the facilitator is to create an opportunity for members to express their ideas, beliefs, and attitudes.

The objectives of sensitivity training are to provide the participants with increased awareness of their own behaviour and greater sensitivity to the behaviour of others.

Sensitivity training is less frequently used by organizations nowadays, and participants are usually screened to make sure that they can withstand the anxiety raised by a T group. Precautions are also taken to ensure that attendance is truly voluntary.

2. OD for Two or Three People

Transactional Analysis (TA): When two people interact with each other there results a social transaction. TA was pioneered by Eric Berne. TA encourages people to recognize the context of their communications. It encourages people to be more open and honest and to address the context of their messages. TA was popularised by Thomas Harris in the 1960s.

Transactional Analysis concentrates on styles and content of communication (transactions or messages) between people. It teaches people to send messages that are clear and responsible. Transactional analysis attempts to reduce destructive communication habits or "games" in which the intent or full meaning of messages is obscured.

TA has found its acceptance everywhere because of several advantages associated with it.

Eric Berne uses simple day-to-day language to explain the dynamics of personality and its application for human development. His theory has the following components:

Structural Analysis: A personality according to Berne consists of three ego states. He defines an ego state as "a consistent pattern of feeling and experience directly related to a corresponding consistent pattern of behaviour". Berne calls these three ego states as: Parent, Adult, and Child.

The parent ego-state - is "a set of feelings attitudes and behaviour patterns which resemble those of the parental figure". The parent ego state is authoritative, dogmatic, overprotective, controlling, nurturing, critical, and righteous.

The Adult ego-state - is "an autonomous set of feelings, attitudes and behaviour patterns which are adapted to the current reality". The adult is the "thinking" ego state. In dealing with other people the adult state is characterised by fairness and objectivity.

The Child ego-state - is "a set of feelings, attitudes and behaviour patterns which are relics of the individual's own childhood". The child ego state represents the childish, dependent, and immature part of a person's personality.

(a) Transactional Analysis: A transaction is the act of communication or interaction between two people. A transaction starts with a stimulus and ends with a response to the stimulus. Since each individual involved in the transaction has three ego-states; the transactions are between the various ego-states.

Depending on the kinds of ego states involved, the interaction can be complimentary, crossed or ulterior.

(b) Complimentary Transactions: These occur when the message sent or the behaviour exhibited by one person's ego state receives the appropriate or expected response from the other person's ego state. Since, these transactions meet the needs and expectations of the initiators, communications flow freely, interactions will continue as inter-personal relations will improve. There is, therefore, no scope for conflict in complimentary transactions. Examples of complimentary transactions are parent-parent, adult-adult, parent-adult, and child-child transactions.

(c) Crossed Transactions: Crossed transactions are the source of much inter-personal conflict in organization. The result can be hurt feelings and frustrations on the part of the parties involved and possible dysfunctional consequences for the organization.

(d) Ulterior Transactions: A message sent may have two targets (ego states). There may be an overt message (open and expressed), but it may also contain a covert message (a hidden one). Transactions with such messages are called ulterior transactions. Ulterior transactions cause much damage to inter-personal relations.

Life-position Analysis: Life position comprises certain deeply ingrained convictions about the worth of the self and others. A person's conviction about himself/herself may either be 'I'm OK' or "I'm not OK'. Similarly he/ she may look at others and think: 'You're OK' or "You're not OK'. Combining these, we have four life positions:

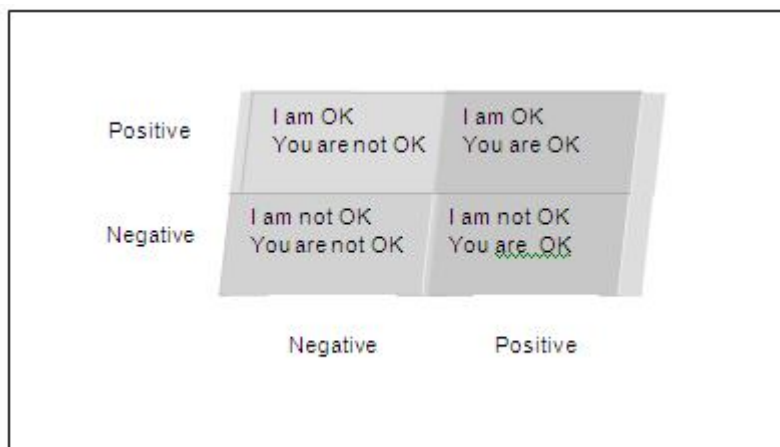
Fig: Life Positions

"I'm OK, you're OK". This is the healthy position.

"I'm OK, you're not OK". This is the paranoid position.

I'm not OK, you're OK". This is the depressive position.

I'm not OK, you're not OK". This is the futility position.

Of the four life positions, the ideal one is I am OK, you are OK. It shows healthy acceptance of self and others. This life position can be learnt. The other life positions are less psychologically mature and less effective. They have potential for interpersonal conflict.

Games Analysis: A game is "a series of ulterior transactions with a gimmick, leading to a well-defined pay-off". Bern's in his book "Games People Play" describes more than 30 games people habitually play.

Script Analysis: Script analysis is detailing of specific life dramas that people compulsively play out. Script analysis is a sophisticated and complex part of TA. The following four most popular elements in the script apparatus is discussed below:

Pay-off or curse: This is the way the parents tell the child to end its life. According to Berne, the script pay-off will not take effect unless it is accepted by the child.

Stoppers: Stoppers are injunctions or unfair negative commend from the parent.

Counter script: Counter script messages are in the forms of slogans; proverbs for example, work hard. These counter scripts determine the person's style.

Programme: Programme is what the parent teaches the child to do in order to live out the script.

3. OD for Teams and Groups

In process consultation, a consultant works with organization's members to help them understand the dynamics of their working relationships in group or team situations. The consultant helps the group members to change the ways they work together and to develop the diagnostic and problem-solving skills they need for more effective problem solving.

Teams: Teams are also known by other terms such as empowered teams, self directed teams and self management teams. Katzenbach and Smith have defined a team as "a small number of people with complementary skills who are committed to a common purpose, common performance goals, and an approach for which they held themselves mutually accountable". The most common types of teams are work teams, problem-solving teams, management teams and virtual teams.

Work teams: Work teams are primarily concerned with the work done by the organization. Their principal focus is on using the organization's resources effectively.

Problem-solving teams: Problem-solving teams are temporary teams established to attack specific problems in the work place. These teams generally

offer recommendations for others to implement. In problem solving teams, members share ideas or offer suggestions on how work processes and methods can be improved.

Management teams: The primary job of management teams is to coach and counsel other teams to be self managing by making decisions within the teams. These teams consist of managers from various areas and coordinate work teams.

Virtual teams: Virtual teams are the teams that may never actually meet together in the same room – their activities take place on the computer via teleconferencing and other electronic information systems. Virtual teams use computer technology to tie together physically dispersed members in order to achieve a common goal.

Groups: A work group is a group that interacts primarily to share information and to make decisions to help each member perform within his or her area of responsibility. The work group is an even stronger source of satisfaction when members have similar attitudes and values. The work group provides group members with opportunities for interaction with each other.

Team Building: Team building utilizes high-interaction group activities to increase trust and openness among team members. Team building is a process of diagnosing and improving the effectiveness of a work group with particular attention to work procedures and inter-personal relationship within it.
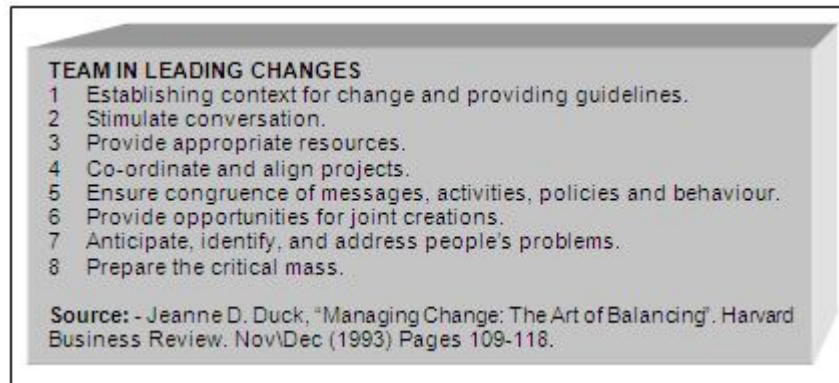
A related approach, analyzes the activities, resource allocations, and relationships of a group or team to improve its effectiveness. This technique can be used, for example, to develop a sense of unity among members of a new committee. Team building can be directed at two different types of teams or working groups: an existing or permanent team made up of a manager and his or her employees, often called a family group; or a new group that either has been formed to solve a specific problem or has been created through a merger or other structural change in the organization, which we will call a special group.

For both kinds of groups, team-building activities aim at diagnosing barriers to effective team performance, improving task accomplishment, improving relationship between team members, and improving processes operative in the team, such as communication and task assignment. The table below summarizes these activities for both family and special groups.

Diagnostic meetings may involve the total group or several subgroups and require only a brief time – a day or less – to identify strengths and problem areas. Actual team building requires a subsequent longer meeting, ideally held away from the workplace. The consultant interviews participants beforehand and organizes the meetings around common themes. The group proceeds to examine the issues,

rank them in order of importance, study their underlying dynamics, and decide on a course of action to bring about those changes perceived as necessary. A follow-up meeting at a later time may then evaluate the success of the action steps.

TEAM IN LEADING CHANGES
1 Establishing context for change and providing guidelines.
2 Stimulate conversation.
3 Provide appropriate resources.
4 Co-ordinate and align projects.
5 Ensure congruence of messages, activities, policies and behaviour.
6 Provide opportunities for joint creations.
7 Anticipate, identify, and address people's problems.
8 Prepare the critical mass.

Source: - Jeanne D. Duck, "Managing Change: The Art of Balancing". Harvard Business Review. Nov\Dec (1993) Pages 109-118.

Box: Eight Tasks of Transition Management

4. Organization Development for Inter-group Relations

Inter-group development seeks to change the attitudes, stereotypes and perceptions that groups have of each other. Such stereotypes can have an obviously negative impact on the coordinative efforts between the departments. To permit an organization's managers to assess the health of the organization and set up plans of action for improving it, the confrontation meeting may be used. This is a one-day meeting of all of an organization's managers in which they discuss problems, analyze the underlying causes, and plan remedial actions. The confrontation meeting is typically used after a major organizational change, such as a merger or the introduction of a new technology.

Although there are several approaches for improving inter-group relations, the most sought after method is problem solving. In this method, each group meets independently to develop lists of its perception of itself, the other group and how it believes the other group perceives it. Differences are clearly articulated, and the groups look for the causes of disparities. Subgroups, with members from each of the conflicting groups, can now be created for further diagnosis and to begin to formulate possible alternative actions that will improve relations.

5. Organization Development for the Total Organization

OD attempts to develop the whole organization so that it can respond to change effectively. Change is so abundant in modern society that organizations need all their parts working together in order to solve problems. OD is a comprehensive programme that is intended to assure that all parts of the organization are well coordinated.

The survey feedback technique can be used to improve the operations of the total organization. It involves conducting attitude and other surveys and

systematically reporting the results to organization members. Members then determine what actions need to be taken to solve the problems and exploit the opportunities uncovered in the surveys. Everyone in an organization can participate in survey feedback. The data from the survey feedback is collected through a questionnaire and tabulated. The data so collected then become the springboard for identifying problems and clarifying issues that may be creating difficulties for people.

25.10 VALUES OD

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

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

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

Provide standards of competence and morality.

Are fewer in number than attitudes.

Transcend specific objects, situations or persons.

Are relatively permanent and resistant to change, and

Are more central to the core of a person.

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

1. Importance of Values

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

2. Formation of Values

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

25.11 TYPES OF VALUES

Allport and his associates categorized values into six types.

1. Theoretical: Interested in the discovery of truth through reasoning and systematic thinking.

2. Economic: Interest in usefulness and practicality, including the accumulation of wealth.

3. Aesthetic: Interest in beauty, form and artistic harmony.

4. Social: Interest in people and love as a human relationship.

5. Political: Interest in graining power and influencing people.

6. Religious: Interest in unity and understanding the cosmos as a whol

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

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

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

Terminal Value: Terminal values, in contrast, represent the goals to be achieved, or the end states of existence. Rokeach identified happiness, love, pleasure, self-respect, and freedom among the terminal values.

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

Work Values: Work values are important because they affect how individuals behave on their jobs in terms of what is right and wrong. The work values most relevant to individuals are:

(A) Achievement: Achievement is a concern for the advancement of one's career. This is shown in such behaviours as working hard and seeking opportunities to develop new skills.

(B) Concern for Others: Concern for others reflects caring, compassionate behaviour such as encouraging other employees or helping others work on difficult tasks. These behaviours constitute organizational citizenship.

(C) Honesty: Honesty is accurately providing information and refusing to mislead others for personal gain.

(D) Fairness: Fairness emphasizes impartiality and recognises different points of view.

25.12 OD INTERVENTIONS OR TECHNIQUES

OD interventions are sets of structured activities in which selected organizational units (target groups or individuals) engage in a task or a sequence of tasks with the goals of organizational improvement and individual development. The term organizational development (OD) essentially focuses on techniques or programmes to change people and the nature and quality of interpersonal work relationships. The most popular OD techniques are described in the figure hereunder:

The common thread in these techniques is that each seeks to bring about changes in or among organization's people's. Some of the O.D interventions are explained below:

1. Sensitivity Training: Sensitivity training is also known as laboratory training, encounter groups, and T-groups. It is a method of changing behaviour

through unstructured group interaction. If individuals lack awareness of how others perceive them, then the successful T-group can affect more realistic self-perceptions, greater group cohesiveness, and a reduction in dysfunctional interpersonal conflicts.

2. Survey Feedback: Survey feedback makes use of questionnaires to identify discrepancies among member perceptions and attempts to solve these differences.

3. Process Consultation: The purpose of process consultation is for an outside consultant to assist a client (usually a manager) to perceive, understand and act upon process events. The consultant gives a client insight into what is going on around him (the client), within him, and between him and other people. The consultant then goes to identify the processes that need improvement.

4. Team Building: Team building utilizes high-interaction group activities to increase trust and openness among team members. Team building can be applied within groups or at the inter-group level where activities are interdependent.

5. Inter-group Development: Inter-group development seeks to change the attitudes, stereotypes, and perceptions that groups have of each other.

Evaluating the Effectiveness of OD: Since OD requires an ongoing, long-term effort to bring about lasting change in an organization's technology, structure and people, a successful OD programme takes a significant investment of money and time. Both are needed for managers to adequately diagnose the problem, select the strategy, and evaluate the effectiveness of the programme.

Managers can measure the effectiveness by comparing the results of the programme to the goals before it was implemented. Were the goals met? If not, why not? Perhaps they were too rigid and too hard to achieve. Perhaps the problems were inadequately defined, and the inadequate definition resulted in the choice of an inappropriate solution. Perhaps managers tried to institute changes before people were prepared for them. Regardless of the cause, the results of the OD analysis will provide feedback needed for later changes.

OD is an expression of manager's efforts to stay flexible. Managers recognize that events inside and outside the organization can happen quite suddenly and can create pressure for change. OD provides the personnel and mechanism to deal with change; control its evolution; and direct its impact on organizational structure, technology, and people.

The Future and OD: The environment in which organizations operate is increasingly turbulent in an era if global, national and regional commercial competitiveness. Yesterday's strategies are not likely to work in tomorrow's workplaces. Top-down autocratically directed, rigidly hierarchical, fear-generating organizations are giving way to something new. Increasingly, organizations will be

flatter, with smaller groups and units. OD will be a major player in assisting organizations to shift to and sustain this new paradigm which proclaims that the most innovative and successful organizations will be those that derive their strength and vitality from adaptable, committed team players. Thus, the OD process should include:

Careful tuning in to the perceptions and feelings of people.

Creating safe conditions for surfacing perceptions and feelings.

Involving people in diagnosing the strengths and weaknesses of their organizations and making action plans for improvement.

Using qualified third parties consultants.

Redesigning work so that it is more meaningful and motivating.

Focusing on team work.

25.13 SUMMARY

Organizational Development (OD) is a field of research, theory, and practice dedicated to expanding the knowledge and effectiveness of people to accomplish more successful organizational change and performance.

The term "Organization Development" (OD) was coined by Richard Beckhard in the mid 1950s, as a response to the need for integrating organizational needs with individual needs. OD came into prominence in the 1960s. OD arose in response to needs. Organizational development is an intervention strategy that uses group processes to focus on the whole culture of an organization in order to bring about planned change. According to Harold M. F. Rush, OD "seeks to change beliefs, attitudes, values, structures, and practices so that the organization can better adapt to technology and live with the fast pace of change". It seeks to use behavioural science knowledge to help organization and to adjust more rapidly to change.

Organizational development is an intervention strategy that uses group processes to focus on the whole culture of an organizational development in order to bring about a planned change. It makes heavy uses of laboratory training approaches such as role playing, gaming and sensitivity training. It is important from the points of view of society, customers and workers themselves because overall costs are reduced that may be a result of reduction of wastage of human efforts and machine etc.

This strategy consists of bringing in objective outsiders (consultants to analyze and conduct audits of existing policies, procedures, and problems. Consultants can be individuals or groups and may act as change agents as well.

Surveys consist of interviews or questionnaires used to assess the attitudes, complaints, problems and unmet needs of employees. Surveys are usually conducted by outsiders and guarantee anonymity to participants

Group discussions are periodic meetings conducted by managers to uncover problems and sources of their subordinates' discomfort and dissatisfaction.

Training programs are ongoing or special efforts to improve or increase skill levels change or install attitudes, or increase the knowledge needed to perform present jobs more effectively and efficiently.

As change strategies, meetings or seminars are gatherings help to explore mutual problems and seek mutually agreeable solutions. Such group sessions may be chaired by insiders or outsiders and may be used to prepare people for changes in advance of implementation.

Sensitivity Training: Sensitivity training was an early and fairly widespread OD technique. The purpose of sensitivity training sessions or T-groups (T for training) is to change the behaviour of the people through unstructured group interactions.

Sensitivity training is less frequently used by organizations nowadays, and participants are usually screened to make sure that they can withstand the anxiety raised by a T group. Precautions are also taken to ensure that attendance is truly voluntary.

Transactional Analysis (TA): When two people interact with each other there results a social transaction. TA was pioneered by Eric Berne. TA encourages people to recognize the context of their communications. It encourages people to be more open and honest and to address the context of their messages. TA was popularised by Thomas Harris in the 1960s.

Transactional Analysis concentrates on styles and content of communication (transactions or messages) between people. It teaches people to send messages that are clear and responsible. Structural Analysis: A personality according to Berne consists of three ego states. He defines an ego state as "a consistent pattern of feeling and experience directly related to a corresponding consistent pattern of behaviour". Berne calls these three ego states as: Parent, Adult, and Child.

Life-position Analysis: Life position comprises certain deeply ingrained convictions about the worth of the self and others. A person's conviction about himself/herself may either be 'I'm OK' or "I'm not OK'.

Values are learned and acquired primarily through experiences with people and institutions. Parents, for example, will have substantial influence on their children's values. A parent's reaction to everyday events demonstrates what is

good and bad, acceptable and unacceptable and important and unimportant. Values are also taught and reinforced in schools, religious organizations, and social groups. As we grow and develop, each source of influence contributes to our definition what is important in life. Cultural mores have influence of the formation of values. Basic convictions of what is good or bad are derived from one's own culture.

25.14 GLOSSARY

a) Organizational Development: Organizational Development (OD) is a field of research, theory, and practice dedicated to expanding the knowledge and effectiveness of people to accomplish more successful organizational change and performance.

b) Consultants: This strategy consists of bringing in objective outsiders (consultants to analyze and conduct audits of existing policies, procedures, and problems. Consultants can be individuals or groups and may act as change agents as well.

c) Surveys: Surveys consist of interviews or questionnaires used to assess the attitudes, complaints, problems and unmet needs of employees. Surveys are usually conducted by outsiders and guarantee anonymity to participants

d) Group Discussions: Group discussions are periodic meetings conducted by managers to uncover problems and sources of their subordinates' discomfort and dissatisfaction.

e) Sensitivity Training: Sensitivity training was an early and fairly widespread OD technique. The purpose of sensitivity training sessions or T-groups (T for training) is to change the behaviour of the people through unstructured group interactions.

f) Crossed Transactions: Crossed transactions are the source of much inter-personal conflict in organization. The result can be hurt feelings and frustrations on the part of the parties involved and possible dysfunctional consequences for the organization.

25.15 ANSWER TO CHECK YOUR PROGRESS/ POSSIBLE ANSWERS TO SAQ

25.15.1 Short answer questions

1. What is organizational development?

2. State any two objectives of OD.

3. State any two basic assumptions of OD.

4. What is value?

5. What is Team Building?

25.15.2 Extended answer questions

1. Discuss history of organizational development.

2. Explain organization development: an introduction.

3. Discuss objectives of OD programmes.

4. Explain the purpose of organizational development.

5. Discuss types of OD activities.

25.15.3 True-false

1. Organizational change is a field of research, theory, and practice dedicated to expanding the knowledge and effectiveness of people to accomplish more successful organizational change and performance.

2. Surveys consist of interviews or questionnaires used to assess the attitudes, complaints, problems and unmet needs of employees.

3. Group discussions are periodic meetings conducted by managers to uncover problems and sources of their subordinates' discomfort and dissatisfaction.

4. Sensitivity training was an early and fairly widespread OD technique.

5. Crossed transactions are the source of much inter-personal conflict in organization.

25.15.4 Multiple-choice

1. What is a field of research, theory, and practice dedicated to expanding the knowledge and effectiveness of people to accomplish more successful organizational change and performance?

a) Organizational Development (OD)

b) Organizational Conflict (OC)

c) Organizational Change

d) All the above

2. What are periodic meetings conducted by managers to uncover problems and sources of their subordinates' discomfort and dissatisfaction?

a) Group discussions

b) Organizational Conflict (OC)

c) Organizational Change

d) All the above

25.15.5 Fill-in-the-blanks

1. ……………….is a field of research, theory, and practice dedicated to expanding the knowledge and effectiveness of people to accomplish more successful organizational change and performance.

2. …………..consist of interviews or questionnaires used to assess the attitudes, complaints, problems and unmet needs of employees.

3. ………………are periodic meetings conducted by managers to uncover problems and sources of their subordinates' discomfort and dissatisfaction.

4. Crossed transactions are the source of much inter-personal conflict in……………..

25.16 POSSIBLE ANSWERS TO SELF ASSESSMENT QUESTIONS

25.15.3 1. False 2. True 3. True 4. True 5. True

25.15.4 1. (a) 2. (a)

25.15.5 1. Organizational Development (OD) 2. Surveys 3. Group discussions 4. Organization

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25.19 TERMINAL QUESTIONS

1. Discuss about Organization Development for the Total Organization.

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