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**ORGANIZATIONAL BEHAVIOUR**

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**First Semester MBA Programme 2016-17  
of Mangalore University**

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## CHAPTER 1

### An Overview of Organizational Behaviour :

**Syllabus :** History of Organisational Behaviour and its emergence as a discipline-emerging perspective Organizational Behaviour.

#### 1.1 History of Organisational Behaviour :

Mintzberg (1973) identified ten separate roles in managerial work, each role defined as an organised collection of behaviours belonging to an identifiable function or position. He separated these roles into three subcategories: interpersonal contact, information processing and decision making.

##### (1) Interpersonal contact

FIGUREHEAD: the manager performs ceremonial and symbolic duties as head of the organisation;

LEADER: fosters a proper work atmosphere and motivates and develops subordinates;

LIASION: develops and maintains a network of external contacts to gather information;

##### (2) Information processing

MONITOR: gathers internal and external information relevant to the organisation;

DISSEMINATOR: transmits factual and value based information to subordinates;

SPOKESPERSON: communicates to the outside world on performance and policies.

##### (3) Decision making

ENTREPRENEUR: designs and initiates change in the organisation;

DISTURBANCE HANDLER: deals with unexpected events and operational breakdowns;

RESOURCE ALLOCATOR: controls and authorises the use of organisational resources;

NEGOTIATOR: participates in negotiation activities with other organisations and individuals.

Mintzberg next analysed individual manager's use and mix of the ten roles according to the six work related characteristics. He identified four clusters of independent variables: external, function related, individual and situational. He concluded that eight role combinations were 'natural' configurations of the job:

- (1) contact manager -- figurehead and liaison,
- (2) political manager -- spokesperson and negotiator
- (3) entrepreneur -- entrepreneur and negotiator
- (4) insider -- resource allocator
- (5) real-time manager -- disturbance handler
- (6) team manager -- leader
- (7) expert manager -- monitor and spokesperson
- (8) new manager -- liaison and monitor

For performing these roles, skills required by the managers are:

- Technical Skills-The ability to apply specialized knowledge or expertise
- Human Skills-The ability to work with, understand, and motivate other people, both individually and in groups
- Conceptual Skills-The mental ability to analyze and diagnose complex situations

The managers will be effective in these roles when he possesses the required skills, understands the organization and its employees properly. However some key facts about life at work:

- Organizations are complex systems
- Human behavior in organizations is sometimes unpredictable
- Human behavior in an organization can be partially understood
- There is no perfect solution to organizational problems

- In an Organization, employees do not have the luxury of not working with or relating to other people.

Therefore, to be effective in an organization, it is imperative that an employee learns about human behavior, explore how to improve his/her interpersonal skills and begin to manage his/her relationships with others at work. These are the areas where knowledge of Organizational Behaviour can make a significant contribution to the employee's effectiveness. Organizational behavior is a scientific discipline in which large number of research studies and conceptual developments are constantly adding to its knowledge base. It is also an applied science, in that information about effective practices in one organization is being extended to many others.

Organizational behavior may be traced back thousands of years, as noted in Sterba's analysis of the ancient Mesopotamian temple corporations. However, we will focus on the modern history of organizational behavior, which dates to the late 1800s. One of the more important series of studies conducted during this period was the Hawthorne studies. As these and other studies have unfolded, the six disciplines discussed in Chapter 1 of the text have contributed to the advancement of organizational behavior. An overview of the progress during the past century is presented in Table 1 and the accompanying text. This is followed by a discussion of the Hawthorne studies.

**Table 1 : ONE HUNDRED YEARS OF PROGRESS IN ORGANIZATIONAL BEHAVIOR**

1890s	• Frederick Taylor's development of scientific management
1900s	• Max Weber's concept of bureaucracy and the Protestant ethic
1910s	• Walter Cannon's discovery of the "emergency (stress) response"
1920s	• Elton Mayo's illumination studies in the textile industry
	• The Hawthorne studies at Western Electric Company
1930s	• Kurt Lewin's, Ronald Lippitt's, and Ralph White's early leadership studies
1940s	• Abraham Maslow's need hierarchy motivation theory
	• B. F. Skinner's formulation of the behavioral approach
	• Charles Walker's and Robert Guest's studies of routine work
1950s	• Ralph Stogdill's Ohio State leadership studies
	• Douglas McGregor's examination of the human side of enterprise
	• Frederick Herzberg's two-factor theory of motivation and job enrichment
1960s	• Arthur Turner's and Paul Lawrence's studies of diverse industrial jobs
	• Robert Blake's and Jane Mouton's managerial grid
	• Patricia Cain Smith's studies of satisfaction in work and retirement
	• Fred Fiedler's contingency theory of leadership
1970s	• J. Richard Hackman's and Greg Oldham's job characteristics theory
	• Edward Lawler's approach to pay and organizational effectiveness
	• Robert House's path-goal and charismatic theories of leadership
1980s	• Peter Block's political skills for empowered managers
	• Charles Manz's approach to self-managed work teams
	• Edgar Schein's approach to leadership and organizational culture

## ONE HUNDRED YEARS OF PROGRESS

Progress in any discipline, practice, or field of study is measured by significant events, discoveries, and contributions over time. The history of organizational behavior begins, as noted in Table A.1, with the work of Frederick Taylor in scientific management at Midvale Steel Company, Bethlehem Steel Company, and elsewhere. Taylor applied engineering principles to the study of people and their behavior at work. He pioneered the use of

performance standards for workers, set up differential piece-rate systems of pay, and argued for the scientific selection of employees. His ultimate hope was for an improvement in labor-management relationships in American industry. Taylor's lasting contributions include organizational goal-setting programs, incentive pay systems, and modern employee selection techniques.

The late 1800s also saw the United States make the transition from an agricultural to an industrial society and Taylor was part of this transformation process. About the same time Taylor was developing a uniquely American approach to the design of work, Max Weber was undertaking a classic work on religion and capitalism in Germany. Weber's lasting legacies to management and organizational behavior are found in his notions of bureaucracies and the Protestant ethic, the latter an important feature of Chapter 5 in the text. Another major event of this era, as noted in Table 1, was Walter Cannon's discovery of the stress response in about 1915. This discovery laid a foundation for psychosomatic medicine, industrial hygiene, and an understanding of the emotional components of health at work and play. Finally, the first quarter of the 20th century saw the initiation of the Hawthorne studies, a major research advancement in understanding people at work. The Hawthorne studies are discussed in some depth in the second half of this brief history.

Beginning at the end of the 1930s and extending through the 1950s, as noted in Table 1, came a series of major contributions to the understanding of leadership, motivation, and behavior in organizations. Lewin, Lippitt, and White's early examination of autocratic, democratic, and laissez-faire leadership styles was followed over a decade later by Ralph Stogdill's extensive studies at The Ohio State University focusing on leader behaviors. This marked a point of departure from earlier leadership studies, which had focused on the traits of the leader. Abraham Maslow proposed a need hierarchy of human motivation during the early 1940s, which was one foundation for Douglas McGregor's theorizing in the 1950s about assumptions concerning the human side of a business enterprise. The 1950s was the decade in which Frederick Herzberg developed a new theory of motivation, which he later translated into an approach to job design, called job enrichment. This is quite different from the approach to designing work that Charles Walker and Robert Guest formulated a decade earlier in response to the problems they found with routine work. Attention was also given to group dynamics during this era in an effort to explain small group behavior.

The 1960s and 1970s saw continued attention to theories of motivation, leadership, the design of work, and job satisfaction. For example, Arthur Turner and Paul Lawrence's studies of diverse industrial jobs in various industries was a forerunner for the research program of Richard Hackman and Greg Oldham, which led to their job characteristics theory a decade later. Robert Blake and Jane Mouton's managerial grid was a variation on the Ohio State leadership studies of a decade earlier, while Fred Fiedler's contingency theory of leadership was an entirely new approach to leadership that emerged during the 1960s. Robert House proposed path-goal and charismatic theories of leadership during this era, and Edward Lawler drew attention to the importance of pay in performance and organizational effectiveness.

The 1980s saw attention shift to organizational culture, teamwork, and political skills in organizations. Peter Block drew our attention to the political skills required to empower managers in increasingly challenging working environments while Charles Manz directed attention to teamwork and self-managed teams. Leadership continued to be an important topic and Edgar Schein formulated a framework for understanding how leaders created, embedded, and maintained an organizational culture. Throughout the changing and unfolding story of the study of organizational behavior during the twentieth century there has been a common theme: How do we understand people, their psychology, and their behavior in the workplace?

The intention of this brief historical review and time line in Table 1 is to give you a sense of perspective on the drama of unfolding research programs, topics, and investigators who have brought us to the present state of knowledge and practice in organizational behavior. Although the text addresses the field in a topical manner by chapter, we think it important that students of organizational behavior have a sense of historical perspective over the whole field. We now turn to the Hawthorne studies, one of the seminal research programs from the early part of the century.

## **THE HAWTHORNE STUDIES**

Initiated in 1925 with a grant from Western Electric, the Hawthorne studies were among the most significant advances in the understanding of organizational behavior during the past century. They were preceded by a series of studies of illumination conducted by Elton Mayo in the textile industry of Philadelphia. The research at the Hawthorne Works (an industrial manufacturing facility in Cicero, Illinois) was directed by Fritz Roethlisberger and consisted of four separate studies throughout a seven-year period. These studies included (1) experiments in illumination, (2) the relay assembly test room study, (3) experiments in interviewing workers, and (4) the bank wiring room study. We will briefly examine this research program.

### **Experiments in Illumination**

The experiments in illumination were a direct follow-up of Mayo's earlier work in the textile industry. At Hawthorne, the experiments in illumination consisted of a series of studies of test groups, in which the researchers varied illumination levels, and control groups, in which conditions were held constant. The purpose was to examine the relation of the quality and quantity of illumination to the efficiency of industrial workers. The experiments began in 1925 and extended over several years.

The researchers were surprised to discover that productivity increased to roughly the same rate in both test and control groups. It was only in the final experiment, where they decreased illumination levels to 0.06 footcandle (roughly moonlight intensity), that an appreciable decline in output occurred. The anticipated finding of a positive, linear relationship between illumination and industrial efficiency was simply not found. The researchers concluded that the results were "screwy" in the absence of this simple, direct cause-and-effect relationship.

It is from these first experiments that the term *Hawthorne Effect* was coined, referring originally to the fact that people's knowledge that they are being studied leads them to modify their behavior. A closer consideration of the Hawthorne Effect reveals that it is poorly understood and has taken on different meanings with the passage of time.<sup>10</sup> Hence, it has become somewhat an imprecise concept.

### **Relay Assembly Test Room Study**

The researchers next set out to study workers segregated according to a range of working condition variables, such as work room temperature and humidity, work schedule, rest breaks, and food consumption. The researchers chose five women in the relay assembly test room and kept careful records of the predictor variables, as well as output (measuring the time it took each woman to assemble a telephone relay of approximately forty parts).

Again, there was little the researchers were able to conclude from the actual data in this study in terms of a relationship between the predictor variables and industrial efficiency. However, they began to suspect that employee attitudes and sentiments were critically important variables not previously accounted for. Therefore, the researchers underwent a radical change of thought.

### **Experiments in Interviewing Workers**

In 1928, a number of the researchers began a program of going into the work-force, without their normal tools and equipment, for the purpose of getting the workers to talk about what was important to them. Nearly 20,000 workers were interviewed over a period of two years, and in this interviewing process a major breakthrough occurred. The interview study was a form of research in which the investigators did not have a set of preconceptions concerning what they would find, as was the case in the two earlier phases of research. Rather, they set out to sympathetically and skillfully listen to what each worker was saying. As the interviewing progressed, the researchers discovered that the workers would open up and talk freely about what were the most important, and at times problematic, issues on their minds. The researchers discovered a rich and intriguing world previously unexamined within the Hawthorne Works.

Ultimately, Roethlisberger and his colleagues formulated guidelines for the conduct of interviews, and these guidelines became the basis for contemporary interviewing and active listening skills. The discovery of the informal organization and its relationship to the formal organization began during the interview study. This led to a richer understanding of the social, interpersonal dynamics of people at work.

### **Bank Wiring Room Study**

The concluding study at Hawthorne was significant because it confirmed the importance of one aspect of the informal organization on worker productivity. Specifically, the researchers studied workers in the bank wiring room and found that the behavioral norms set by the work group had a powerful influence over the productivity of the group. The higher the norms, the greater the productivity. The lower the norms, the lower the productivity. The power of the peer group and the importance of group influence on individual behavior and productivity were confirmed in the bank wiring room. The Hawthorne studies laid a foundation for understanding people's social and psychological behavior in the workplace. Some of the methods used at Hawthorne, such as the experimental design methods and the interviewing technique, are used today for research in organizations. However, the discipline of organizational behavior is more than the psychology of people at work and more than the sociology of their behavior in organizations. Organizational behavior emerges from a wide range of interdisciplinary influences.

## **1.2 Emergence of OB as a discipline :**

### **Meaning of Organizational behaviour**

Organizational behavior is the systematic study of human behavior, attitudes and performance within an organizational setting; drawing on theory methods and principles from such disciplines as psychology, sociology and cultural anthropology to learn about individual perceptions, values, learning capacities and actions while working in groups and careful application of knowledge about how people- as individuals and as groups- act within the total organization; analyzing the external environment's effect on the organization and its human resources, missions, objectives and strategies.

The above definition of OB highlights on its several aspects like:

- (a) **Way of thinking** —requires clearly identifying the level of analysis (individual, group, organizational).
- (b) **Multi-disciplinary** —draws principles, theories, and models from psychology, sociology and cultural anthropology.
- (c) **Humanistic orientation** —assumes that individual feelings, attitudes, perceptions, goals, etc., are important to the organization.
- (d) **Performance-oriented** —focusing on whether and why individual/group/organization performance is high, moderate, or low.

- (e) **External environment** —substantially impacts organizational behavior.
- (f) **Scientific method** —plays a critical role in OB research.
- (g) **Applications oriented** —concerned with providing useful/applicable answers to management problems.

### **Contribution of Behavioural Science**

The disciplines of psychology, social psychology, sociology and cultural anthropology contribute heavily to the subject matter of OB. The exhibit (**Exhibit 1-3 from Organizational Behaviour, Stephen P.Robbins, Timothy A.Judge and Seema Sanghi, 12<sup>th</sup> ed, PHI, pp 13**) represents the various contributions of Behavioural science in understanding the three unit of analysis of OB.

### **Fundamental concepts connected with Organizational behavior**

Fundamental concepts are basic principles that form a strong foundation for OB. OB has a set of fundamental concepts revolving around the nature of people and organizations.

#### ***The Nature of People***

The six basic concepts relevant to the nature of people are:

**Law of individual differences**-Each person is substantially different from all others in terms of their personalities, needs, demographic factors and past experiences and/or because they are placed in different physical settings, time periods or social surroundings. This diversity needs to be recognized and viewed as a valuable asset to organizations.

**Perception**- Perception is the unique way in which each person sees, organizes and interprets things based on their background of individual differences. Each person reacts not to an objective world, but to a world judged in terms of his/her own beliefs, values and expectations. Sometimes it may lead to selective perception in which people tend to pay attention to only those things that are consistent with or reinforce their own expectations. Selective perceptions may lead to misinterpretation of single events at work or create a barrier in the search for new experience. Managers need to recognize the perceptual differences among the employees and manage them accordingly.

**A whole person**- People function as total human beings. People are physical, mental, social and spiritual beings and the organization actually employs the whole person rather than certain characteristics. There are spillover effects between the work life and life outside work and management's focus should be in developing not only a better employee but also a better person in terms of growth and fulfillment. If the whole person can be developed, then benefits will extend beyond the firm into the larger society in which each employee lives.

**Motivated behaviour**- Individual's behavior are guided by their needs and the consequences that results from their acts. In case of needs, people are motivated not by what others think they ought to have but by what they themselves want. Motivation of employees is essential to the operation of organizations and the biggest challenge faced by managers.

**Desire for Involvement**-Many employees actively seek opportunities at work to become involved in relevant decisions, thereby contributing their talents and ideas to the organization's success. Consequently, organizations need to provide opportunities to the employees for meaningful involvement.

**Value of the Person**- People want to be treated with care, dignity and respect and increasingly they are demanding such treatment from their employers. They want to be valued for their skills and abilities and to be provided with opportunities to develop themselves.

#### ***The Nature of Organizations***

The three key concepts related to the nature of organizations are:

**Social systems**- Sociology tells that organizations are social systems. Just have people have

psychological needs they also have social roles and status. Their behavior is influenced by their group as well as their individual drives. Two types of social systems exist side by side in the organization- the formal (official) social system and the informal social system- each influencing and getting influenced by the other.

**Mutual Interest-**There is a mutuality of interest between the organization and its employees. Organization needs employees to reach its objectives and people need organizations to help them reach individual objectives. Mutual interest provides a superordinate goal – one that can be attained only through the integrated efforts of individuals and their employees.

**Ethics-** Ethics is the use of moral principles and values to affect the behavior of individuals and organizations with regard to choices between what is right and wrong. In order to ensure a higher standard of ethical performance by managers and employees companies have established codes of ethics, publicized statements of ethical values and set up internal procedures to handle misconduct. Since Organizational behavior involves people, ethical philosophy is involved in one way or another in each action they take. When organization's goals and actions are ethical, individual, organizational and social objectives are more likely to be met.

### **Basic approaches of Organizational behaviour**

The four basic approaches of OB are:

- (1) Human Resources (supportive) approach- Employee growth and development toward higher levels of competency, creativity and fulfillment are encouraged and supported because people are the central resource in any organization and society.
- (2) Contingency approach-Different managerial behaviours are required by different environments for effectiveness.
- (3) Results-oriented approach-Outcomes of organizational behavior programs are assessed in terms of their efficiency.
- (4) Systems approach- All parts of an organization interact in a complex relationship. Systems approach takes an across-the-board view of people in organizations and analyses issues in terms of total situations and as many factors as possible that may affect people's behaviour.

### **Framing the study of Organizational behaviour**

The study of OB involves

#### **A. The Organization's Environment**

Forces present in the environment outside the organization like needs of the society, demands of customers or clients, legal and political constraints, economic and technological changes and developments interact with the organization and the management of an organization must respond appropriately to it.

#### **B. The Individual in the Organization**

Individual performance forms the basis of organizational performance. The four key influences on individual's behaviour and motivation are:

- a. Individual characteristics—e.g., personality, attitudes, perceptions, values.
- b. Individual motivation—interacts with ability to work to determine individual performance.
- c. Rewards/punishment—use of behaviour modification techniques to enhance performance and control misbehaviour.
- d. Stress.

#### **C. Interpersonal Influence and Group Behaviour**

Interpersonal influence and group behaviour affect organizational performance in the following way:

- a. Group Behaviour—the dynamics of formal groups (created by managerial decisions) and

informal groups (developing around members' common interests and friendship) have an impact on the functioning of the organization

b. Intergroup Behaviour and Conflict—groups can cooperate and/or compete with each other in organizations; conflict resulting from competition may be either functional or dysfunctional, depending on the organization.

c. Power and Politics—the dynamics and effects of power, authority and politics in the organization.

#### ***D. Organizational Processes, Structure and Design***

A formal pattern of activities and interrelationship among the various subunits of the organization. It includes:

a. Organizational Structure—the components of the organization and how these components fit together.

b. Job Design—the processes managers use to specify the contents, methods, and relationships of jobs and specific task assignments.

c. Organizational Processes—four behavioural processes that contribute to effective organizational performance are:

1. Leadership—important for obtaining individual, group and organizational performance. Defined by some in terms of specific traits and behaviours; the combination of those behaviours; or dependent upon the specific situation in which the leading is occurring.

2. Communication Process—links the organization to its environment and links parts within the organization to each other.

3. Decision-Making Process—the dynamics, variety and techniques of both individual and group decision-making.

4. Organizational Change and Development Processes—planned attempts to implement change that will improve overall individual, group, and organizational performance. It involves the study of Organizational structure and Design and Managing change and Innovation.

#### **Basic OB Model**

Model is an abstraction of reality and a simplified representation of some real-world phenomenon.

Three theoretical frameworks- the cognitive, behavioristic and social learning frameworks form the basis of an organizational behavior model. The cognitive approach is based on the expectancy, demand and incentive concepts. Edward Tolman has made significant contributions to this approach. Behavioristic framework focuses on observable behaviors. Ivan Pavlov and John B. Watson were the pioneers of the behavioristic theory. They explained human behavior on the basis of the connection between stimulus and response. The social learning approach incorporates the concepts and principles of both the cognitive and behavioristic frameworks. In this approach, behavior is explained as a continuous reciprocal interaction between cognitive, behavioral and environmental determinants. The organization behavior model (S, O, B, C) has incorporated the best aspects from the three frameworks of human behavior. In this model, the letters S, O, B, C represent situation, organism, behavior and consequences, respectively. Allbert Bandura, Julian Rotter, Salancik and Pfeffer are the main proponents of this framework.

In the OB Model there are some dependent variables like productivity, absenteeism, turnover, job satisfaction, deviant workplace behaviour, organizational citizenship behaviour etc -the reasons of which people try to understand. The cause of these outcomes like with some variables at individual, group and individual level-these variables are called independent variables. In the context of the organizational environment the independent variables at different levels interact between and amongst each other giving rise to a complex dynamics which leads to the various outcome variables

as mentioned above. For this reason there are few absolutes in OB as everything is contingent on situation and what holds good for one situation may not hold good for another situation. For further reading please refer ( Exhibit from Organizational Behaviour, Stephen P. Robbins, Timothy A. Judge and Seema Sanghi, 12<sup>th</sup> ed, PHI, pp 39)

### **The goals of organizational behaviour.**

The four goals of Organizational behavior are:

- (1) To describe systematically how people behave under variety of conditions
- (2) To understand why people behave as they do
- (3) Predicting future employee behavior
- (4) Control at least partially and develop some human activity at work.

### **Importance of Organizational behaviour for the managers**

Organizational behavior provides a useful set of tools at five levels of analysis.

- (1) It helps managers to look at the behavior of individuals within an organization.
- (2) It aids their understanding of the complexities involved in interpersonal relations, when two people (two coworkers or a superior-subordinate pair) interact.
- (3) Organizational Behaviour is valuable for examining the dynamics of relationships within small groups, both formal teams and informal groups.
- (4) When two or more groups need to coordinate their efforts, managers become interested in the intergroup relations that emerge.
- (5) Organizations can also be viewed and managed as whole systems that have inter organizational relationships.

## **1.3 Emerging perspective of Organizational Behaviour (OB) :**

### **Models of Organizational Behaviour**

Models of Organizational Behaviour constitute the belief system that dominates management's thought and affects management's actions in each organization. It is very important for the managers to recognize the nature, significance and effectiveness of their own models as well as the models of others around them.

Assumptions about Employees- Theory X and Theory Y by Mc Gregor (1957)

#### **THEORY X**

The typical person dislikes work and avoid it if possible

The typical person lacks responsibility, has little ambition and seeks security above all

Most people must be coerced, controlled, and threatened with punishment to get them to work

With these assumptions the managerial role is to coerce and control employees

#### **THEORY Y**

Work is as natural as play or rest .People are not inherently lazy. They have become that way as a result of experience.

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

People have potential. Under proper condition they learn to accept and seek responsibility. They have imagination, ingenuity and creativity that can be applied to work.

With these assumptions the managerial role is to develop the potential in employees and help them release that potential toward common objectives.

**Five Models of Organizational Behaviour :**

The five models of Organizational Behaviour – Autocratic, Custodial, Supportive, Collegial and System, in the order mentioned , represent the historical evolution in management practice. Organizations differ amongst themselves in the model practiced by it. The practices may vary within the departments or branches of one organization. Also, the practices of individual managers may differ from their organization’s prevailing model because of the manager’s personal preference or different conditions in their department.

The models of organizational behaviour

(Source : from Organizational behaviour-Human behaviour at work by John W Newstrom, 12th edition, McGrawHill Publication, pp30).

	Autocratic	Custodial	Supportive	Collegial	System
Basis of Model	Power	Economic resources	Leadership	Partnership	Trust, Community, Meaning
Managerial Orientation	Authority	Money	Support	Teamwork	Caring, compassion
Employee Orientation	Obedience	Security and	Job performance	Responsible behaviour	Psychological ownership
Employee psychological result	Dependence on boss	Dependence on organization	Participation	Self discipline	Self motivation
Employee needs met	Subsistence	Security	Status and	Self actualization	Wide range
Performance result	Minimum	Passive cooperation	Awakened drives	Moderate enthusiasm	Passion and commitment to organization

**Effectiveness in Organizations**

Levi Strauss, an effective company practices the following value principles:

- Behaviors—management exemplifies directness, openness to influence, commitment to others’ success, and willingness to acknowledge employees’ contributions to problems.
- Diversity—Levi’s values a diverse workforce at all levels. Differing points of views are sought and not suppressed.”
- Recognition—Levi’s provide multiple forms of recognition for individuals and teams that contribute to the company’s success.
- Ethical Practices—management epitomizes the stated standards of ethical behavior.
- Empowerment—managers increase the authority and responsibility of those closest to the products and the customers.

The starting point for understanding of effectiveness begins with Frederick Taylor's theory of scientific management. Since then effectiveness research has looked at two kinds of attributes:

- a. Variables that predict effectiveness.
- b. Variables that indicate effectiveness.

Ivancevich, Konopaske and Matteson in their book *Organizational behavior and management* -7th edition (TMH) have highlighted two approaches of studying effectiveness-the goal approach and the systems theory approach.

### **The Goal Approach**

It is the oldest and most widely used approach to defining and measuring effectiveness. It assumes that organizations exist to accomplish goals which reflects purpose, rationality, and achievement. Several management practices (e.g., management by objectives) are based on the goal approach. However, the shortcomings of the goal approach are:

- a. Goal achievement for organizations with intangible outputs (e.g., a liberal arts college) may be difficult to measure.
- b. Goal conflict frequently occurs as organizations strive to achieve many goals (e.g., how can a company produce high quality products while minimizing production costs?).
- c. Organizational members rarely achieve consensus on a set of goals to pursue.
- d. Goal achievement does not guarantee organizational effectiveness.

Despite shortcomings, the goal approach exerts a powerful influence on OB theory and management.

### **The Systems Theory Approach**

It defines effectiveness in the broader context of the internal and external environment. It emphasizes that managers must deal with the internal and external aspects of organizational behavior and views the organization as one of many interdependent elements. The organization depends on the external environment for two kinds of inputs, which it transforms into outputs, and then releases in the hope that the external environment will accept them. These two inputs are:

- a. Human Inputs—employees and natural resources
- b. Non-human inputs (e.g., equipment, information, raw materials).

An important aspect of the systems theory is the feedback. Feedback, or information that reflects the outcomes of an act or series of acts, enables the organization to adjust to environmental demands. (Feedback would include market research, financial reports, customer complaints, etc.)

Systems theory emphasizes two important considerations:

- a. An organization's ability to adapt to environmental demands;
- b. Management's ability to focus on the input-process-output cycle and maintain this three-part flows of activity.

The idea of the "learning organization," which evolves from the systems theory, suggests that organizations learn, adapt, and change by acquiring knowledge, distributing information, and interpreting information. Two types of learning are:

- a. Generative learning—learning how to learn.
- b. Facilitative learning—learning to learn through teaching.

### **Time dimension of Organizational effectiveness :**

Systems theory is used to integrate organizational effectiveness and time. In Systems theory the organization is considered as one element of a larger system of number of elements, the environment, that act interdependently. The organization takes resources (inputs) from the

external environment, processes these resources and returns them in changed form (output). According to Systems theory, effectiveness criteria must reflect the entire input-process-output cycle, not simply output and must also reflect the interrelationships between the organization and its outside environment. In relation to environmental circumstances organization passes through different phases of lifecycle like forming, developing, maturing and declining and the appropriate criteria of effectiveness must reflect the stage of the organization's life cycle.

The criteria of effectiveness are also time based like Short run ( results of actions concluded in a year or less), Intermediate run ( when effectiveness of individual, group or organization is considered for a longer period, perhaps five years) and Long run ( for this the time frame is indefinite future). Four Short run effectiveness criteria are quality, productivity, efficiency and satisfaction. Three intermediate criteria are quality, adaptiveness, efficiency and satisfaction. The two long run criteria are quality and survival.

### Criteria of Effectiveness

Effectiveness criteria must reflect the stage of the organization's life-cycle (which includes stages of growth, maturation and decline) and short, intermediate, and long-term perspectives.

**1. Quality**—overarching criteria of effectiveness that involves meeting customers' needs and expectations. Statistical Quality Control (SQC) and Total Quality Control (TQC) rank among the most used programs for building quality throughout organizations, as well as in their products and services.

**2. Productivity**—reflects the relationship between inputs and outputs. It excludes consideration of efficiency. Measures of productivity include profit, sales, market share, patients released, clients served.

**3. Efficiency**— it is the ratio of outputs to inputs. Efficiency focuses on the entire input-process-output cycle, emphasizing input and process. Measures of efficiency include rate of return on capital or assets, unit cost, scrappage and waste, downtime, occupancy rates and cost per patient/student/client etc.

**4. Satisfaction**—the extent to which the organization meets employee needs. It recognizes the organization as a social system that must benefit its participants. Measures of satisfaction include turnover, absenteeism, and employee attitudes.

**5. Adaptiveness**—degree to which the organization can and does respond to internal and external changes. It relates to management's ability to sense environmental changes and changes within the organization. There are no specific, concrete measures of adaptiveness, but certain programs (e.g., employee training and career counseling) increase its capacity to deal with it.

**6. Development**—ability of the organization to increase its capacity to deal with environmental demands. It means that an organization must invest in itself to increase its chances of survival in the long run. Training programs and organizational development programs represent the organization's investment in survival.

An organization can be effective in the short run but the organization's adaptation with the external environment and its efforts for development at each of the lifecycle stages will ensure the survival of the organization in the environment—the ultimate criterion of organizational effectiveness in the long run.

### Limitations of Organizational Behaviour

The three major limitations of Organizational behaviour are:

**Behavioural Bias**- A narrow viewpoint that emphasizes satisfying employee experiences while overlooking the broader system of the organization in relation to all its public. Sound OB should recognize a social system in which many types of human needs are served in many ways.

**The Law of diminishing returns-** More of a good thing is not necessarily good. For any situation there is an optimum amount of desirable practice. Organizational effectiveness is achieved not by maximizing human variable but by combining all system variables together in a balanced way.

**Unethical Manipulation of people-** Knowledge and techniques can be used to manipulate people unethically.

**Key forces affecting organizations and continuing challenges**

A complex set of four forces affects the nature of organizations today. They are:

**People-** People are the living, thinking and feeling beings who work in the organization to achieve their objectives. People make up the internal social system of the organization. The internal social system consists of individuals and groups which are dynamic in nature, large as well as small in size, unofficial, informal and more official formal ones.

**Structure-** Structure defines the formal relationship and use of people in organizations. When people work together in an organization to accomplish an objective, some kind of structure of formal relationships is required so that their work can be effectively coordinated.

**Technology-** Technology consists of the intellectual and mechanical processes used by an organization to transform inputs into products or services that meet organizational goals. Technology provides the resources with which people work and affects the tasks that they perform.

**Environment-** All organizations operate within an internal and external environment. It is a part of larger system that contains many other elements, such as government, family, society at large and other organizations. Numerous changes in the environment create demands on organizations. All these factors influence one another in a complex system that creates a dynamic even chaotic context for a group of people which influences the attitudes of people, affects working conditions and provides competition for resources and power.

*Based on these four forces, the different challenges faced by the managers today are:*

**Managing in a global environment-** Changes in the global marketplace have brought the need to think globally. For any company competing in the global marketplace it is essential to understand the diverse cultures of the individuals involved and develop cross cultural sensitivity. Hofstede(1983) found five dimensions of cultural differences that formed the basis for work related attitudes. These are Individualism (a cultural orientation in which people belong to loose social framework and their primary concern is for themselves and their families) versus collectivism(a cultural orientation in which people belong to tightly knit social framework and they depend strongly on large extended families or clans); power distance(the degree to which culture accepts unequal distribution of power); uncertainty avoidance(the degree to which a culture tolerates ambiguity and uncertainty); masculinity(the cultural orientation in which assertiveness and materialism are valued) versus femininity(the cultural orientation in which relationships and concern for others are valued) and time dimension(whether a culture's values are oriented towards the future or towards the past and present). It is also required for these companies to bring in structural changes as and when required based on the demands of the global environment. Many organizational structures have become flatter as a measure of lowering cost and remaining competitive while some structures have grown more complex as a result of mergers, acquisitions and new ventures. Several organizations are hiring contingent workforces while others are moving from a traditional to a team based structure.

**Managing workforce diversity-** Workforce diversity has always been an important issue for organizations. Diversity encompasses all forms of differences among individuals, including culture, gender, age, ability, religious affiliation, personality, economic class, social status, military attachment and sexual orientation. Today the workforce has become richly diverse in terms of age, gender, educational backgrounds, talents and perspectives to their jobs. New labour

force has emerged and management's leadership practices must change to match the new conditions. These fast moving developments have given new emphasis to leadership ability. Some companies are discovering that demonstrating a sense of caring, really listening to employees and being concerned with both competence and relationships are among the keys to the motivation of the present workforce. Other companies are urging their managers to respond to a diverse workforce by building pride without devaluing others, empowering some without exploiting others, and demonstrating openness, confidence, authentic compassion and vulnerability. Diversity can enhance organizational performance but five problems are particularly important: resistance to change, cohesiveness, communication problems, conflicts and decision making.

**Managing Technological Innovation-** Examples of the impact of technology includes the increasing use of robots and automated control system in the assembly lines, shift from manufacturing to service economy, widespread use of Internet and the need to respond to societal demands for improved quality of goods and services at acceptable prices. The great benefit of technology is that it allows people to do more and better work, but it also restricts people in many ways-thus having both benefits as well as costs. Each of the technological advancements places increased pressure on OB to maintain a delicate balance between technical and social systems. Technological innovations like expert systems, robotics, world wide web etc have been responsible to large extent for the advent of alternative work arrangements like Telecommuting, Hoteling and Satellite offices and also has started affecting the very nature of the management job like developing technical competency of themselves and also of the workers, motivating employees for reinvention, dealing with employee stress, depression, anxiety and helping employees to adjust to technological changes.

**Managing ethical issues at work-** Formal relationships create complex problems of cooperation, negotiation and decision making due to differences in resource power. This may give rise to many ethical issues in the organization like employee theft, comparable worth of employees, conflict of interest, sexual harassment, romantic involvements, organizational justice, whistle blowing. Managers must confront these ethical challenges of individual and group level and also those ethical issues that are encountered in organizational level like environmental issues and corporate social responsibility and handle them successfully.

**Value of OB in developing competencies for facing the challenges:** These four challenges are important because the way managers handle them shapes employee behaviour. Organizational behaviour can be used to do this effectively. OB helps people attain the competencies (an interrelated set of abilities, behaviors, attitudes, and knowledge needed by an individual to be effective in most professional and managerial positions) needed to become effective employees, team leaders/members, or managers. Seven Foundation Competencies are:

- Managing Self
- Managing Communication
- Managing Diversity
- Managing Ethics
- Managing Across Cultures
- Managing Teams
- Managing Change

However the field of Organizational Behaviour faces two continuing challenges while doing this. These two continuing challenges are:

**Seeking quick fix-** Tendency for business firms to have short time horizons for the expected payoff

from behavioural programs.

**Varying environment-** Failure of managers to recognize the impact of different environment and modifying the OB concepts accordingly.

Management have to be conscious of these two challenges and overcome them so that the knowledge of OB can be utilized properly for increasing organizational effectiveness.

## **SOCIAL SYSTEMS AND ORGANIZATIONAL CULTURE**

### **Understanding a social system**

A social system is a complex set of human relationships interacting in many ways. Each small group is a subsystem within larger groups that are subsystem within even larger groups. Two points are important in the complex interactions among people in a social system (a) The behaviour of any one member can have an impact which is large or small, directly or indirectly on the behaviour of any other as all parts of the system are mutually interdependent. (b) Any social system engages in exchanges with its environment, receiving input from it and providing output to it. A system is said to be in social equilibrium when its interdependent parts are in dynamic working balance. When minor changes occur in the social system they are soon absorbed by adjustments within the system and equilibrium is regained but single significant change or a series of smaller rapid changes may throw the organization out of balance. Any actual or proposed change in the social system or any behaviour of employee may have a short term and long term effect on the system and its stakeholders as measured by the soft and hard criteria .When these effects are favourable for the system it is said to have a functional effect, but when the effects are unfavourable in nature it is said to have dysfunctional effect.

### **Psychological contract**

The interaction among people in the organization specially between employer and employee depends to a large extent on the psychological contract- the perception of employer and employee, of what their mutual obligations are towards each other (Guest 2002).

### **Important Reading-Psychological contract :**

For detailed reading on Psychological contract please refer to <http://www.cipd.co.uk/subjects/empreltns/psycntrct/psycontr.htm>

### **□ Social Culture :**

A society is an interdependent community, while culture is an attribute of a particular community. Every society has its own culture. Culture is a complex of features held by a social group, which may be as small as a family or a tribe, or as large as a racial or ethnic group, a nation, or in the age of globalization, by people all over the world. Culture has been called "the way of life for an entire society." Culture at the social level includes the codes of manners, dress, language, religion, rituals, norms of behavior such as law and morality, and systems of belief that are commonly shared by people of society. Thus, social values, being shared values, affect people's individual values by affecting value formation process of family, education system, and social groups. The elements of culture are first adopted by members of the social group, found to be useful, and then transmitted or propagated to others. In this way, culture is both defined by the social activities of the group and also defines the behavior of the members of the society and a cultural identity of an individual develops.

### **Important Reading- Cultural diversity**

Chapter 20 Cultural Diversity at Work The Effects of Diversity Perspectives on Work Group Processes and Outcomes *Robin J. Ely and David A.Thomas*

(<http://www.roxbury.net/images/pdfs/soachap20.pdf>),

□ **Role :**

Role is a character or part played by an individual

A function or position

Expected social behaviour of an individual as perceived by others and also by the individual himself/herself.

Organizational role is a complex concept and comprises of all the above.

Important Reading for detailed understanding of Organizational Role- A Framework for Consulting to Organizational Role by James Krantz and Marc Maltz <http://www.worklab.com/wp-content/uploads/2009/12/Role-Consultation-Article2.pdf>

□ **Status :**

The Meaning of Status

Status is the social rank of a person in a group. It is a mark of the amount of recognition, honor, esteem, and acceptance given to a person. Within groups, differences in status apparently have been recognized ever since civilization began. Wherever people gather into groups, status distinctions are likely to arise, because they enable people to affirm the different characteristics and abilities of group members.

Individuals are bound together in status systems, or status hierarchies, which define their rank relative to others in the group. If they become seriously upset over their status, they are said to feel status anxiety.

Loss of status-sometimes called "losing face" or status deprivation-is a serious event for most people; it is considered a much more devastating condition, however, in certain societies. People, therefore, become quite responsible in order to protect and develop their status. One of management's pioneers, Chester Barnard, stated, "The desire for improvement of status and especially the desire to protect status appears to be the basis of a sense of general responsibility."

Since status is important to people, they will work hard to earn it. If it can be tied to actions that further the company's goals, then employees are strongly motivated to support their company.

**Status Symbols**

The status system reaches its ultimate end with status symbols. These are the visible, external things that attach to a person or workplace and serve as evidence of social rank. They exist in the office, shop, warehouse, refinery, or wherever work groups congregate. They are most in evidence among different levels of managers, because each successive level usually has the authority to provide itself with surroundings just a little different from those of people lower in the structure.

There are a variety of symbols of status, depending on what employees feel is important. For example, in one office the type of wastebasket is a mark of distinction. In another, significant symbols are type of desk and telephones. In the executive offices, such items of rank as rugs, bookcases, curtains, and pictures on the wall are important. Another classic symbol of much significance is a corner office, because those offices are often larger and have windows on two sides. There may even be distinctions between an office with windows and one with no windows. Outside the office, the truck driver who operates the newest or largest truck has a symbol of status.

Facilities at workplace, such as a computer terminal or fax machine ;Quality and newness of equipment used, such as a new vehicle or tools ;Type of clothes normally worn, such as a suit ;Privileges given, such as a club membership or company automobile; Job title or organizational

level, such as vice president; Employees assigned, such as a private secretary; Degree of financial discretion; Organizational membership, such as a position on the executive committee are all status symbols.

All this concern for symbols of status may seem amusing, but status symbols are a serious matter. They may endanger job satisfaction because employees who do not have a certain symbol, and think they should, can become preoccupied with that need. When, for example, an employee gives unreasonable attention to status symbols, there is evidence of status, anxiety, and this situation requires management attention.

Many organizations have a policy that persons of equal rank in the same department should receive approximately equal status symbols. There may be some variation between departments, such as production and sales, because the work is different and rank is not directly comparable. In any case, managers need to face the fact that status differences exist and must be managed successfully. Managers have the power to influence and control status relationships somewhat. The organization gives some status, and it can take some away.

### **Sources of Status**

The sources of status are numerous, but in a typical work situation several sources are easily identified. Education and job level are two important sources of higher status. A person's abilities, job skills, and type of work also are major sources of status.

Other sources of status are amount of pay, seniority, age, and stock options. Pay gives economic recognition and an opportunity to have more of the amenities of life, such as travel. Seniority and age often earn for their holder certain privileges, such as first choice of vacation dates, or the respect of co-workers for their longevity at work. Method of pay (hourly versus salary) and working conditions also provide important status distinctions, such as distinguishing blue-collar and white-collar work. Stock options provide employees with the opportunity to share the financial success of the firm.

### **Significance of Status**

Status is significant to organizational behavior in several ways. When employees are consumed by the desire for status, it often is the source of employee problems and conflicts that management needs to solve. It influences the kinds of transfers that employees will take, because they don't want a low-status location or job assignment. It helps determine who will be an informal leader of a group, and it definitely serves to motivate those seeking to advance in the organization. Some people are status seekers, wanting a job of high status regardless of other working conditions. These people can be encouraged to qualify themselves for high-status jobs so that they will feel rewarded.

### **□ Organizational Culture :**

Organizational culture is the specific collection of values and norms shared by people and groups in an organization and it controls the way that they interact with each other and stakeholders outside the organization.

Deal and Kennedy defined organizational culture as the way things get done around here. They measured organizations in terms of Feedback and risk.

Edgar Schein defines organizational culture as a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and therefore to be taught to new members as the correct way you perceive, think and feel in relation to those problems. He described three levels of organizational culture- at the cursory level is the organizational attributes collectively known as artifacts. The next level deals with the professed culture of an organization's members- values. At

the deepest level are the organization's tacit assumptions.

(For details please refer to Wikipedia, the free encyclopedia([http://en.wikipedia.org/wiki/Organizational\\_culture](http://en.wikipedia.org/wiki/Organizational_culture)))

### **Different Types of Organizational Culture**

- Strong culture vs weak culture
- Tough-Guy Macho Culture
- The work hard/play hard culture
- Bet your company culture
- Process culture
- Power culture
- Role culture
- Task culture
- Person Culture
- Blame culture
- Multidirectional culture
- Live and Let live culture
- Brand congruent culture
- Leadership enriched culture
- Constructive culture
- Passive defensive culture
- Aggressive/ defensive culture
- Constructive culture
- Entrepreneurial culture

Important Reading- For details of the above types of Organizational culture please refer to- Wikipedia, the free encyclopedia([http://en.wikipedia.org/wiki/Organizational\\_culture](http://en.wikipedia.org/wiki/Organizational_culture))

### **How Organization Cultures Form :**

#### **Organizational Socialization :**

##### ***Prearrival Stage***

The period of learning in the socialization process that occurs before a new employee joins the organization

##### ***Encounter Stage***

The stage in the socialization process in which a new employee sees what the organization is really like and confronts the possibility that expectations and reality may diverge

##### ***Metamorphosis Stage***

The stage in the socialization process in which a new employee changes and adjusts to the work, work group, and organization

##### ***Entry Socialization Options***

- *Formal versus Informal*
- *Individual versus Collective*
- *Fixed versus Variable*
- *Serial versus Random*

- *Investiture versus Divestiture*

Source: Based on J. Van Maanen, "People Processing: Strategies of Organizational Socialization," *Organizational Dynamics*, Summer 1978, pp. 19–36; and E. H. Schein, *Organizational Culture*, "American Psychologist, February 1990, p. 116.

### Important reading-

#### 1. Organizational Socialization: Making Sense of the Past and Present as a Prologue for the Future

Alan M. Saks and Blake E. Ashforth (JOURNAL OF VOCATIONAL BEHAVIOR 51, 234–279 (1997) ARTICLE NO. VB971614)

<http://www.uv.es/gonzalev/PSI%20ORG%2006-07/ARTICULOS%20SOCIALIZACION%20ORG/ARTICULO%203%20REVISION-ORG%20SOCIALIZATION.pdf>

#### 2. Organizational socialization-A new theoretical model and recommendations for future research and HRM practices in organizations

Accessed from <http://www.emeraldinsight.com/journals.htm?articleid=1563117&show=html>

### How Organizational Cultures Have an Impact on Performance and Satisfaction :

The objective factors in the organization like importance given to innovation and risk taking, attention to details, outcome orientation, people orientation, team orientation, aggressiveness and stability are perceived by the employee as organization culture or personality. The favourable or unfavourable perception of organizational culture affects performance of employees and satisfaction. The effect is greater in case of strong cultures. For further details

(Exhibit 17-8 from *Organizational Behaviour*, Stephen P. Robbins, Timothy A. Judge and Seema Sanghi, 12th ed, PHI, pp 657)

### Creating An Ethical Organizational Culture :

Characteristics of Organizations that develop high ethical standards are: high tolerance for risk; low to moderate in aggressiveness and focus on means as well as outcomes.

Managerial Practices promoting an ethical culture are ; being a visible role model; communicating ethical expectations; providing ethical training; rewarding ethical acts and punishing unethical ones and providing protective mechanisms.

### Creating a Customer-Responsive Culture

- Key Variables Shaping Customer-Responsive Cultures
- 1. The types of employees hired by the organization
- 2. Low formalization: the freedom to meet customer service requirements
- 3. Empowering employees with decision-making discretion to please the customer
- 4. Good listening skills to understand customer messages
- 5. Role clarity that allows service employees to act as "boundary spanners"
- 6. Employees who engage in organizational citizenship behaviors

### Managerial Actions

- Select new employees with personality and attitudes consistent with high service orientation
- Train and socialize current employees to be more customer focused
- Change organizational structure to give employees more control
- Empower employees to make decisions about their jobs
- Lead by conveying a customer-focused vision and demonstrating commitment to customers

- Conduct performance appraisals based on customer-focused employee behaviors
- Provide ongoing recognition for employees who make special efforts to please customers

## Spirituality and Organizational Culture

### *Workplace Spirituality*

The recognition that people have an inner life that nourishes and is nourished by meaningful work that takes place in the context of the community

### *Characteristics*

- Strong sense of purpose
- Focus on individual development
- Trust and openness
- Employee empowerment
- Toleration of employee expression

### Reasons for the Growing Interest in Spirituality

- As a counterbalance to the pressures and stress of a turbulent pace of life and the lack of community many people feel and their increased need for involvement and connection.
- Formalized religion hasn't worked for many people.
- Job demands have made the workplace dominant in many people's lives, yet they continue to question the meaning of work.
- The desire to integrate personal life values with one's professional life
- An increasing number of people are finding that the pursuit of more material acquisitions leaves them unfulfilled.

## Organizational culture and change

Cummings & Worley (2005, p. 491 – 492) give the following six guidelines for cultural change, these changes are in line with the eight distinct stages mentioned by Kotter (1995, p. 2)3:

### 1. Formulate a clear strategic vision (stage 1,2 & 3 of Kotter, 1995, p. 2)

In order to make a cultural change effective a clear vision of the firm's new strategy, shared values and behaviours is needed. This vision provides the intention and direction for the culture change (Cummings & Worley, 2005, p.490).

### 2. Display Top-management commitment (stage 4 of Kotter, 1995, p. 2)

It is very important to keep in mind that culture change must be managed from the top of the organization, as willingness to change of the senior management is an important indicator (Cummings & Worley, 2005, page 490). The top of the organization should be very much in favour of the change in order to actually implement the change in the rest of the organization. De Caluwé & Vermaak (2004, p. 9) provide a framework with five different ways of thinking about change.

### 3. Model culture change at the highest level (stage 5 of Kotter, 1995, p. 2)

In order to show that the management team is in favour of the change, the change has to be notable at first at this level. The behaviour of the management needs to symbolize the kinds of values and behaviours that should be realized in the rest of the company. It is important that the management shows the strengths of the current culture as well, it must be made clear that the current organizational does not need radical changes, but just a few adjustments. (See for more: (Deal & Kennedy, 1982; Sathe, 1983; Schall; 1983; Weick, 1985; DiTomaso, 1987)

### 4. Modify the organization to support organizational change

The fourth step is to modify the organization to support organizational change.

5. Select and socialize newcomers and terminate deviants (stage 7 & 8 of Kotter, 1995, p. 2)

A way to implement a culture is to connect it to organizational membership, people can be selected and terminate in terms of their fit with the new culture (Cummings & Worley, 2005, p. 491).

6. Develop ethical and legal sensitivity

Changes in culture can lead to tensions between organizational and individual interests, which can result in ethical and legal problems for practitioners. This is particularly relevant for changes in employee integrity, control, equitable treatment and job security (Cummings & Worley, 2005, p. 491).

Change of culture in the organizations is very important and inevitable. Culture innovations is bound to be because it entails introducing something new and substantially different from what prevails in existing cultures. Cultural innovation is bound to be more difficult than cultural maintenance. People often resist changes hence it is the duty of the management to convince people that likely gain will outweigh the losses. Besides institutionalization, deification is another process that tends to occur in strongly developed organizational cultures. The organization itself may come to be regarded as precious in itself, as a source of pride, and in some sense unique. Organizational members begin to feel a strong bond with it that transcends material returns given by the organization, and they begin to identify with in. The organization turns into a sort of clan.

### **Mergers, organizational culture, and cultural leadership**

One of the biggest obstacles in the way of the merging of two organizations is organizational culture. Each organization has its own unique culture and most often, when brought together, these cultures clash. When mergers fail employees point to issues such as identity, communication problems, human resources problems, ego clashes, and inter-group conflicts, which all fall under the category of “cultural differences”. One way to combat such difficulties is through cultural leadership. Organizational leaders must also be cultural leaders and help facilitate the change from the two old cultures into the one new culture. This is done through cultural innovation followed by cultural maintenance.

Cultural innovation includes:

Creating a new culture: recognizing past cultural differences and setting realistic expectations for change

Changing the culture: weakening and replacing the old cultures

Cultural maintenance includes:

Integrating the new culture: reconciling the differences between the old cultures and the new one

Embodying the new culture: Establishing, affirming, and keeping the new culture

### **1.4 Assignment Questions :**

(1) What is the meaning of Organizational behaviour?

(2) Explain the contributions made by various behavioural science discipline to OB.

(3) Describe the fundamental concepts connected with Organizational behaviour.

(4) What are the four basic approaches of Organizational behaviour?

(5) Describe the framework of the study of Organizational behaviour with reference to the basic OB model.

(6) Describe the goals of organizational behaviour.

(7) Justify with examples the importance of the knowledge of Organizational behaviour for the managers.

(8) What is the meaning of Organizational behaviour?

(9) Explain the contributions made by various behavioural science discipline to OB. Describe the fundamental concepts connected with Organizational behaviour. What are the four basic approaches

of Organizational behaviour?

- (10) Describe the framework of the study of Organizational behaviour with reference to the basic OB model.
- (11) Describe the goals of organizational behaviour.
- (12) Justify with examples the importance of the knowledge of Organizational behaviour for the managers.
- (13) What are the various models of Organizational Behaviour ? Discuss the similarities and differences among five models of organizational behavior.
- (14) What is organizational effectiveness? Critically evaluate the goal approach and systems theory approach of defining effectiveness.
- (15) Discuss the criteria of effectiveness with reference to the time dimension of effectiveness.
- (16) Describe with examples the limitations of Organizational Behaviour
- (17) What are the key forces affecting Organizational Behaviour?
- (18) What are the continuing challenges of Organizational Behaviour? Describe how the seven competencies help in facing these challenges.
- (19) Define organizational culture. Critically evaluate the different typologies of organizational culture.
- (20) Define social system. How the psychological contract affects the social system of organization?
- (21) What is Cultural diversity? Explain with suitable examples the relationship between cultural identity diversity and work group functioning.
- (22) What is Role and Role perception? Describe a systematic framework for organizational role highlighting the effect of role conflict and role ambiguity on organizational performance.
- (23) What are status symbols? What is the significance of status for OB?
- (24) What is Organizational socialization? State the different perspectives on organizational socialization with special reference to a multilevel process model of organizational socialization.
- (25) What is the role of learning in organizational socialization-explain with examples and a suitable model.
- (26) Critically evaluate the role of individual in the organizational socialization process.
- (27) State with reasons if it is possible to change culture? If yes, how?
- (28) Write a note on Historical Development of Organisational Behaviour

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## 1.5 Business cases :

### CASE STUDY 1

Rudely shaken, Vijay came home in the evening. He didn't have mind to talk to his wife. Bolted from inside, he sat in his room, lit a cigarette and brooded over his experience with a company he loved most.

Vijay, an M.Com. and an ICWA, joined the finance department of a Bangalore based electric company (Unit 1) which boasts of an annual turnover of Rs. 400 crores. He is smart, intelligent but conscientious. He introduced several new systems in records keeping and was responsible for cost reduction in several areas. Being a loner, Vijay developed few friends in and outside the organisation. He also missed promotions four times though he richly deserved them.

GM, Finance saw to it that Vijay was shifted to Unit 2 where he was posted to purchasing. Though purchasing was not his cup of tea, Vijay went whole hog, streamlined the purchasing function and introduced new systems, particularly in vendor development. Being honest himself, Vijay ensured that no body else made money through questionable means.

After two years in purchasing, Vijay was shifted to stores. From finance to purchasing to stores was too much for Vijay to swallow. He burst out before the Unit Head and unable to control his anger, Vijay put in his papers too. Unit Head was aghast at this development but did nothing to console Vijay. He forwarded the papers to V. P. Finance, Unit 1.

V.P. Finance called in Vijay, heard him for a couple of hours, advised him not to lose heart, assured him that his interests would be taken care of and requested to resume duties in purchasing in Unit 2. Vijay was also assured that no action would be taken on the papers he had put in.

Six months passed by. Now, the time to effect promotions. List of promotees was announced and to his dismay Vijay found that his name was missing. Angered, Vijay met the Unit Head who told coolly that Vijay could collect his dues and pack off to his house for good. It was great betrayal in the life of Vijay.

### Case Questions:

- 1) Why did the management behave as it did towards Vijay ?
- 2) What went wrong with Vijay ?
- 3) If you were Vijay, what would you have done?
- 4) Role play the first interaction between V. P. Finance and Vijay

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### 2. Case Study:

When Mahesh joined XYZ Bank (private sector) in 1985, he had one clear goal-to prove his mettle. He did prove and has been promoted five times since his entry into the Bank. Compared to others, his progress has been the fastest. Currently, his job demands that Mahesh should work 10 hours a day with practically no holidays. At least two days in a week Mahesh is required to travel.

Peers and subordinates at the Bank have appreciation for Mahesh. They don't grudge ascension achieved by Mahesh, though there are some who wish they too had been promoted as well. The post of General Manager fell vacant. One should work as GM for a couple of years if he were to climb up to the top of the ladder. Mahesh applied for the post along with others in the Bank. Chairman has assured Mahesh that the post would be his. A sudden development took place which almost wrecked Mahesh's chances. The bank has the practice of subjecting all its executives to medical check up once in a year. The medical reports go straight to the Chairman who would initiate remedial where necessary. Though Mahesh is only 35, he too was required to undergo the test.

Chairman of the Bank received a copy of Mahesh's physical examination results, along with a note from the doctor. The note explained that Mahesh was seriously overworked and recommended that he be given an immediate four week vacation. The doctor also recommended that Mahesh's work load must be reduced and he must take to physical exercise every day. The note warned that if

Mahesh did not care for advice, he would be in for heart trouble in another six months. After reading the doctor's note, the chairman sat back in his chair, and started brooding over. Three issues were uppermost in his mind:

- i) How would Mahesh take this news?
  - ii) How many others do have similar fitness problems?
  - iii) Since the environment in the Bank helps create the problem, what could he do to alleviate it ?
- The idea of holding a stress management programme flashed his mind and suddenly he instructed his secretary to set up a meeting with the doctor and some key staff members at the earliest.

**Case Questions:**

- 1) If the news is broken to Mahesh, how would he react?
- 2) If you were giving advice to the Chairman on this matter, what would you recommend?
- 3) What is burnout? What are its symptoms? What are its effects? Substantiate your answer illustrating the above case.

**For more Case Studies refer the website : The Times 100 business case studies**

<http://businesscasestudies.co.uk/case-studies/by-topic/#axzz43HADumMu>

## CHAPTER 2

### Individual Process in Organisation

**Syllabus :** Learning, perception and attribution- Individual differences - Basic concepts of motivation - Advanced concepts of motivation.

#### 2.1 Learning, perception and attribution :

Learning is change in behaviour acquired through practice, training. Learning is understood as the modification of behaviour through practice, training, or experience. This simple meaning needs to be supplemented with five important components of learning so as to make its import clear.

*First*, learning involves change, although the change may be for good or bad from an organization's point of view. The change may not be evident until a situation arises in which the new behaviour can occur. Learning is not always reflected in performance.

*Second*, not all changes reflect learning. To constitute learning, change should be relatively permanent. Temporary changes may be only reflective and fail to represent any learning. This requirement, therefore, rules out behavioural changes caused by fatigue or drugs.

*Third*, learning is reflected in behaviour. A change in an individual's thought process or attitudes, not accompanied by behaviour, is no learning. It should be further clarified that learning needs to result in behaviour potentiality and not necessarily in the behaviour itself. The reason for this distinction lies in the fact that an individual may learn but owing to lack of motivation, may not exhibit any changed behaviour.

*Fourth*, the change in behaviour should occur as a result of experience, practice, or training. This implies that behaviour caused from maturity, disease, or physical damages does not constitute learning.

*Fifth*, the practice or experience must be reinforced in order for learning to occur. If reinforcement does not accompany the practice or experience, the behaviour will eventually disappear.

The last, though not implied in any standard definition of learning that, contrary to popular belief, learning is not confined to one's schooling. Learning occurs throughout one's life.

Three definitions which contain the above five important components of learning are

- "Learning may be defined as a relatively permanent change in behaviour that occurs as a result of prior experience."
- "Generally, it (learning) is described as 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."
- "Learning can be defined as relatively permanent change in behaviour potentiality that results from reinforced practice or experience."

#### LEARNING- EXPLICIT AND TACIT KNOWLEDGE

When employees learn, they acquire both explicit and tacit knowledge. Explicit

knowledge is organized and can be communicated from one person to another. The information a student receives in a class room is mainly an explicit knowledge because the professor packages and consciously transfers it to the students. Explicit knowledge can be written down and given to others. However, explicit knowledge is only a small portion of the total knowledge.

Majority of the people have tacit or implied knowledge. Tacit knowledge is the idea that one knows more than what he or she can tell. Implied knowledge is embedded in our actions and ways of thinking, but is not clearly understood and therefore cannot be communicated explicitly. The knowledge and skills one wants to give others are not sufficiently articulated, so they cannot be communicated through verbal messages. Further, since implicit knowledge is not documented, it is quickly lost when employees leave the organization.

Tacit knowledge is acquired through observation and direct experience. For instance, a truck driver does not learn how to operate the vehicle through lectures. He masters the necessary skills by watching the subtle details as others perform the tasks, and by directly experiencing this complex interaction of behaviour with machine's response. Similarly, organizations acquire tacit knowledge when employees experiment with new technologies or work on unique problems for clients. Most knowledge in organizations is tacit and one of the challenges in knowledge management is to make implicit knowledge explicit so that it may be stored and shared more easily

### How Learning Occurs :

There are four theories which explain how learning occurs. They are (i) Classical conditioning, (ii) Operant conditioning, (iii) Cognitive theory, and (iv) Social Learning theory.

## 1. CLASSICAL CONDITIONING

Classical conditioning is based on the premise that a physical event-termed a stimulus-that initially does not elicit a particular response gradually acquires the capacity to elicit that response as a result of repeated pairing with a stimulus that can elicit a reaction. Learning of this type is quite common and seems to play an important role in such reactions as strong fears, taste aversions, some aspects of sexual behaviour, and even racial or ethnic prejudice.<sup>6</sup> Classical conditioning became the subject of careful study in the early 20<sup>th</sup> century, when Ivan Pavlov, a Nobel prize-winning psychologist from Russia, identified it as an important behavioural process.

Pavlov conducted an experiment on a dog and tried to relate the dog's salivation and the ringing of a bell. A simple surgical procedure allowed him to measure accurately the amount of saliva secreted by the dog. When Pavlov presented the dog with a piece of meat, the dog exhibited a noticeable increase in salivation. When he withheld the presentation of meat and merely rang a bell, the dog has no salivation. Then Pavlov proceeded to link the meat and the ringing of the bell. After repeatedly hearing the bell before getting the food, 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 food was offered. In effect, the dog has learnt to respond (salivate) to the bell.

From the brief description given above, certain key concepts of classical conditioning can now be introduced. Salivation in response to food is a natural, unlearned response-in short, a reflex. This response was called the *unconditioned reflex*. The food, because it elicited the unconditioned reflex automatically, was called the *unconditioned stimulus*. When Pavlov's

repeated presentation of the bell followed by food led the dog to salivate in response to the bell alone, this salivation was designed as *conditioned reflex*, which emphasized that arousal of the reflex was dependent upon a stimulus, as the *conditional stimulus*. Thus, the concepts central to classical conditioning are unconditioned stimulus (US), unconditioned response (UR), conditioned stimulus (CS), and conditioned response (CR).

## 2. OPERANT CONDITIONING

Operant conditioning refers to the process that our behaviour produces certain consequences and how we behave in the future will depend on what these consequences.

Operant conditioning, also called instrumental conditioning, refers to the process that our behaviour produces certain consequences and how we behave in the future will depend on what those consequences are. If our actions have pleasant effects, then we will be more likely to repeat them in the future. If, however, our actions have unpleasant effects, we are less likely to repeat them in the future. Thus, according to this theory, behaviour is the function of its consequences.

Operant conditioning emphasises voluntary behaviours. Researchers call them "operant behaviour" because they operate on the environment (hence the term operant)- they make the environment respond in ways that we want.

Operant conditioning has a much greater impact on human learning. It also explains much of OB. For example, it might be said employees work eight hours a day, six days a week, in order to feed, clothe and shelter themselves and their families. Working is instrumental only in obtaining food, clothing, and shelter. Some significant insights can be gained directly from this kind of analysis. The consequences of OB can change the environmental situation and greatly affect subsequently employee behaviours. Managers can analyse the consequences of OB to help accomplish the goals of prediction and control.

## DIFFERENCE BETWEEN CLASSICAL CONDITIONING AND OPERATING CONDITIONING

There are two vital differences between classical conditioning and operant conditioning. The first point of difference relates to the type of response. In classical conditioning, a specific stimulus, such as food, is used to elicit a specific response. The response is elicited. In operant conditioning, the response is not elicited by controlled stimulation but rather is spontaneously emitted by the subject. The precise stimuli producing the response at the beginning of the learning period cannot be identified. Hence, it might be said that the emphasis in classical conditioning is upon involuntary responses. while the emphasis in operant conditioning is upon voluntary responses.

The second difference relates to the consequences of response. In the operant procedure, as its name implies, the subject's response operates on the environment to achieve some result, such as access to food or water. recognition by others, escape from pain or discomfort, or some other desirable circumstances. In classical conditioning, the organism's behaviour is not instrumental in achieving any such result, the organism is unable to change the events of the experiment by its behaviour. Thus, food is presented or not presented in

accordance with the design of the experiment-the subject's behaviour does not influence the occurrence of these events. Then there are other less important differences also.

### COGNITIVE THEORY OF LEARNING

Contemporary perspective about learning is that it is a cognitive process. Cognitive process assumes that people are conscious, active participants in how they learn. Cognitive theory of learning assumes that the organism learns the meaning of various objects and events and learned responses depending on the meaning assigned to stimuli. Fig 2 illustrates some underpinnings of the cognitive view of learning.

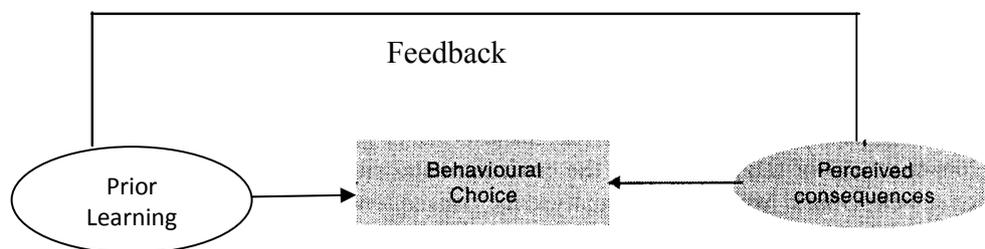


Fig. 2 : Cognitive Process of Learning.

*First*, in the cognitive view, people draw on their experiences and use past learning as a basis for present behaviour. These experiences represent presumed knowledge or cognitions. For examples, an employee faced with a choice of job assignment will use previous experiences in deciding which one to accept.

Second people make choices about their behaviour. The employee recognizes his or her two alternatives and chooses one.

Third, people recognize the consequences of their choices. Thus, when the employee finds the job assignments rewarding and fulfilling, he or she will recognise that the choice was a good one and will understand why.

Finally, people evaluate those consequences and add them to prior learning, which affects future choices. Faced with the same job choices next year, the employee very likely will choose the same one.

The cognitive theory of learning is relevant in the contemporary managerial practices. Many motivation theories center around the concept of cognition. Expectations, attributions, and locus of control (which are in the forefront of work motivation) are all cognitive concepts requiring attention while motivating employees.

### SOCIAL LEARNING THEORY

Social learning theory emphasises the ability of an individual to learn by observing others. Also called observational learning, social learning theory, emphasizes the ability of an individual to learn by observing others. The important models may include parents, teachers, peers, motion pictures, TV artists, bosses and others.

An individual acquires new knowledge by observing what happens to his or her model. This is popularly known as *vicarious* learning. A learner acquires tacit knowledge and skills through vicarious learning.

To start with, the learner must pay *attention* to the model-the greater the attention, the more effective the learning will be. Second, the observer must have good *retention* of the model's behaviour. Remembering helps develop a verbal description or mental image of someone's actions in order to remember them. Third, observers must *practice* model's behaviour. Unless, the learner is capable of doing exactly what the model does, he or she will not be able to learn from observing peer, teacher or parent. Finally, the observer must have some *motivation* to learn from the model.

One does not emulate every behaviour he or she sees, but focuses on that he or she has reason or incentive to match-such as, an action for which the model is rewarded.

Social learning has considerable relevance in OB. A great deal of what is learned about how to behave in organizations can be explained as the result of the process of observational learning. A new hire acquires job skills by observing what an experienced employee does. Observational learning also occurs in a very informal, unarticulated manner. For instance, people who experience the norms and traditions of their organizations and who subsequently incorporate these into their own behaviour may be recognized as having learnt through observation.

Observational learning involves several processes as shown in Fig 3.

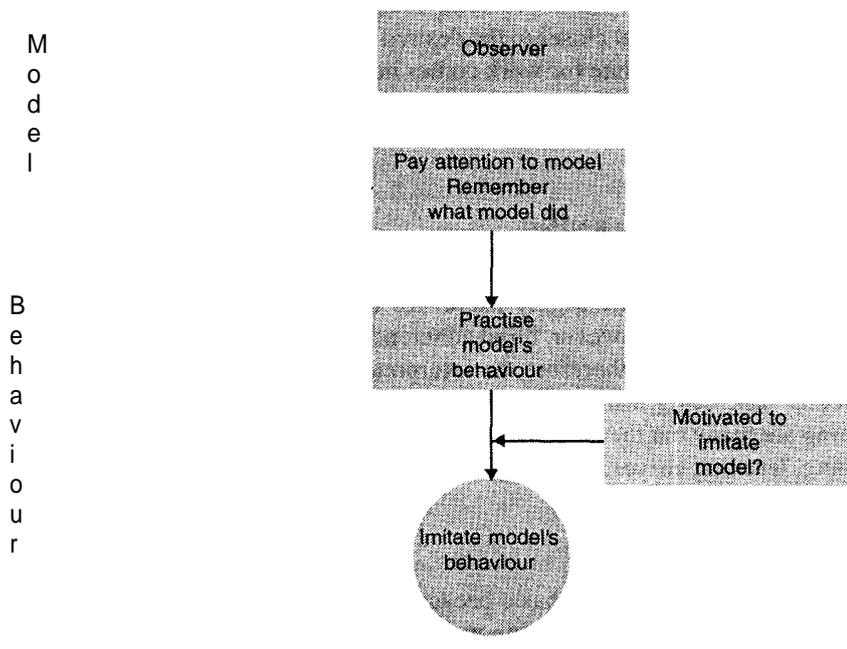


Fig. 3 :

Social learning is also valuable because it enhances the *self-efficacy* of the learner. Self-efficacy refers to a person's belief that he or she has the ability, motivation, and situational contingencies to complete a task successfully. People strong in self-efficacy have a 'can do' attitude towards a specific task and, more generally, with other challenges in life.

Social learning increases self-efficiency because people gain self-confidence after observing someone else do it than if they are simply told what to do. This is particularly true when observers identify with the model, such as someone who is similar in age, experience, gender, and related features.

Yet another benefit from observational learning is that it enables employees to *shape* behaviours that benefit the organization. Shaping is based on the principle that a little can eventually go a long way. Subjects receive a reward for each small step towards a final goal- the target response-rather than only for final response. Initially, actions even remotely resembling the target behaviour-termed *successive approximations* are followed by a reward. Gradually, closer and closer approximations of the final target behaviour are required before the reward is given. An example substantiates the shaping principle more clearly. When a baby suddenly blurts out the sound "Mmmmuuh" the parents are ecstatic: They immediately lavish attention and affection on the child and do so each time the baby repeats the sound. Although initially the parents respond enthusiastically to any sound the child makes, gradually they respond only to sound approximate actual words. Shaping, therefore helps organisms acquire or construct new and more complex forms of behaviour from simple behaviour.

Managers can shape employee behaviour by systematically reinforcing each successive step that moves the individual closer to the desired response. If an employee, for example, who has been chronically a half-hour late for work comes in only twenty minutes late, the boss can reinforce that improvement. Reinforcement would increase as responses more closely approximate the desired behaviour.

### **PRINCIPLES OF LEARNING :**

Principles of learning are highly useful for a trainer in order to impart maximum knowledge and skills to the trainees. However, blind adherence to these principles can cause more harm than good. Each principle should, therefore, be interpreted and applied carefully in full consideration of the particular task being learned and the context in which the learning takes place. Principles of learning are many but the most important of them are: motivation, reinforcement, whole versus part learning, learning curves, meaningfulness of material and learning styles.

### **MOTIVATION**

The concept of motivation is basic because, without motivation learning does not take place or, at least, is not discernible. Motivation may be seen at different levels of complexity of a situation. A thirsty rat will learn the path through a maze to a dish of water; it is not likely to do so well, or even more purposefully at all, if it is satiated. On a broader level, a college student must have the need and drive to accomplish a task and reach a specific goal.

### **REINFORCEMENT, PUNISHMENT AND EXTINCTION**

Reinforcement, punishment and extinction play a key role in the learning process. Reinforcement is used to enhance desirable behaviour, punishment and extinction are employed to minimize undesirable behaviour.

**Reinforcement:** Reinforcement is the attempt to develop or strengthen desirable behaviour. There are two types of reinforcement: positive reinforcement and negative reinforcement.

Positive reinforcement strengthens and enhances behaviour by the presentation of positive reinforcers. Positive reinforcement strengthens and enhances behaviour by the presentation of positive reinforcement.

There are primary reinforcers and secondary reinforcers. Primary reinforcers satisfy basic biological needs and include food, water, and sexual pleasure. However, primary reinforcers do not always reinforce. For example, food may not be a reinforcer to someone who has just completed a five course meal. Most behaviours in organizations are influenced by secondary reinforcers. These include such benefits as money, status, grades, trophies, and praise from others. These become positive reinforcers because of their association with the primary reinforcers and hence are often called conditioned reinforcers.

It should be noted that an event that functions as a positive reinforcer at one time or in one context may have a different effect at another time or in another place. For example, food may serve as a positive reinforcer for a person who is hungry, but not when the person, as stated above, has already a large meal. Clearly, a stimulus that functions as a positive reinforcer for one person may fail to operate in a similar manner for another person.

**Negative Reinforcement** In negative reinforcement an unpleasant event that precedes a behaviour is removed when the desired behaviour occurs. This procedure increases the likelihood that the desired behaviour will occur.

Just as there are positive reinforcers, there are negative reinforcers as well. Negative reinforcers are the stimuli that strengthen responses that permit an organism to avoid or escape from their presence. Thus, when we perform an action that allows us to escape from a negative reinforcer that is already present or to avoid the threatened application of one, our tendency to perform this action in the future increases. Some negative reinforcers such as intense heat, extreme cold, or electric shock, exert their effects the first time they are encountered, whereas others acquire their impact through repeated association.

- Learning is understood as the modification of behaviour through practice, training, or experience.
- Distinction is made between explicit knowledge and tacit knowledge. Explicit knowledge is organized and can be communicated from one person to another. Tacit knowledge is what one knows but cannot tell. "I know but cannot express" typifies tacit knowledge. It is the duty of OB expert to convert tacit knowledge into explicit knowledge.
- Learning occurs through classical conditioning, operant conditioning, cognitive process and observational process. Classical conditioning is based on the premise that a physical object that initially does not elicit a particular response gradually acquires the capacity to elicit that response as a result of repeated pairing with a stimulus that can elicit a reaction.
- Operant conditioning refers to the process that our behaviour produces certain consequences and how we behave in the future will depend on what those consequences are.
- Cognitive approach to learning assigns active role to the learning process. It assumes that people are conscious, active participants in how they learn. Organism learns depending on what meaning is assigned to the stimuli.
- Social learning, also called observational learning, occurs by observing others -parents, teachers, peers, film stars and other popular figures in public life. The learner picks up whatever the role model does or does not do.
- Learning becomes effective when it is based on certain principles. Important principles of learning are: motivation, reinforcement, whole versus part learning, learning curves and meaningfulness of material.
- Motivation to learn makes learning more effective. Without motivation, learning does not occur.
- Reinforcement refers to the consequences of a behaviour. If consequences of a behaviour are

positive, there is a tendency to repeat the behaviour-there is a positive reinforcement. Behaviour does not get repeated when the consequences are negative-there is negative reinforcement. An individual gets motivated to learn more provided his or her earlier learning was adequately rewarded.

- Positive or negative reinforcement is administered through certain schedules. Schedules of reinforcement are fixed interval, variable interval, fixed ratio, and variable ratio. The latter two are more effective than the earlier two.
- Another principle of learning is-whole versus part learning. This refers to the decision whether learning the whole job is better or breaking the job into parts and learning the parts is more effective. No definite conclusion has been arrived on their issue.
- The trainer, (for whom the principles of learning are highly useful) should understand that learning proceeds in stages-called curves. There is great enthusiasm to learn at the commencement of a training session (initial spurt), then peaks (plateauing), there is fatigue and spurt at the end of the session.
- Learning becomes effective when the material learnt is meaningful.
- Learning is of great relevance to the study of OB. It stimulates generalization in organizations, stimulates discrimination in organizations, is the major objective in training and solves employee indiscipline.

## PERCEPTION

Perception is a cognitive process. Cognitions are basically bits of information and cognitive processes involve the ways in which people process that information. The key to understanding perception is that perception is a unique interpretation of a situation and not an exact recording of it. It is also a subjective process as different people may perceive the same environmental event differently.

### Difference between Perception and Sensation:

Sensation is the response of a physical sensory organ while perception is broader and more complex. Although perception depends upon the senses for raw data, the cognitive processes may filter, modify or completely change these data.

Two persons, each receiving the same stimuli may often go through their individual process of PERCEPTION and come to different conclusions.

Example :

Seeing the same picture and perceiving different images

Why do people perceive things differently?

The perceptual process is different because of the different perceptual mechanisms that take place.

### PERCEPTUAL MECHANISMS:

#### I PERCEPTUAL SELECTION:

We are confronted with many stimuli at the same time. Because all this cannot be processed simultaneously, only the most relevant things are selected and given attention. An individual selects certain objects in the environment for attention.

There are two types of factors which affect the selection of the stimuli. These are-

#### A) External and related to the stimuli

**B) Internal and related to the perceiver**

**C) External and related to Characteristics of the setting.**

**A) External and related to the stimuli:**

-Consist of environmental influences and are in the form of the characteristics of perceptual inputs or stimuli. Such characteristics may be in the form of:

i) Size: e.g. big and small letters in newspapers.

ii) Intensity: e.g. a loud sound, a bright light.

iii) Repetition and Frequency: e.g. advertisements.

iv) Motion: Moving objects draw more attention as compared to stationary objects

e.g commercials in TV get more attention than print media.

v) Novelty and Familiarity: New objects or events in a familiar setting, or familiar objects or events in a new setting draw better attention.

e.g. new assignments/jobs or even job rotation.

vi) Contrast: Stimuli that contrast with the surrounding environment are more likely to be attention catching than the stimuli that blend in. e.g. letter of bold types, people dressed differently from others.

vii) Colour: -impact perception. e.g. consumer perceptions.

viii) Smells:- serve as cues for current activities e.g. the aroma of food or drink etc. ix) Sound:e.g. impact of music

### **B) Internal and related to the perceiver:**

Internal stimuli are related to the individual's complex psychological make-up. People will select out stimuli or situations from the environment that appeal to, and are compatible with their: learning, motivation, and personality.

i) Learning: Learning affects our internal set by creating an expectancy to perceive in a certain manner. This implies that people hear and see what they want to see or hear. A lot of what a person "sees" in the world is a result of past experience and teaching.

RESPONSE DISPOSITION- the tendency to recognize familiar objects more quickly than unfamiliar ones; a clear recognition of the importance of past learning on what we perceive in the present.

ii) Needs and motives: People tend to perceive things they need or want; the stronger the need, the greater the tendency to ignore unrelated stimuli in the environment.

RESPONSE SALIENCE.- a tendency to focus on objects that relate to our immediate needs or wants. iii) Personality: Personality, values and even age affect the way people perceive the world around them.

### **C) Related to Characteristics of the setting.**

The perceptual process is influenced by the setting's:

Physical context. Social context.

Organizational context.

## **II. PERCEPTUAL ORGANIZATION:**

After the information from the situation has been selected, it is organized to extract meaning out of what is perceived by the individual. Thus, while selection is a subjective process, organizing is a cognitive process. The specific principles underlying perceptual organization are often referred to as the Gestalt principle-the name of the school of psychology that first developed it: Gestalt psychology. (Gestalt, in German, means pattern or configuration.).

Factors Influencing Gestalt Perception:

1. Stimulus factors are the physical and other observable characteristics of the person, object, or situation perceived.

2. Individual response factors are determinants of perception within the perceiver i.e. interest, needs, motivation, involvement, learning, attitudes, personality etc.

Principles of perceptual organization:

-figure and ground,

-closure,

-grouping,  
-simplification.

a) Figure and Ground Relationships: Stimuli that contrast with their environment are more likely to be noticed. The perceived object, event or person stands out distinct or separable from its background and gets the cognitive attention of the individual.

b) Closure: If the pattern of stimuli to which people are exposed is incomplete, they tend to perceive it, nevertheless, as complete; that is, they consciously or subconsciously fill in the missing pieces. When faced with incomplete information, a person will fill the gaps himself to make the information meaningful. They thus perceive a whole when one does not actually exist.

c) Grouping: Continuity, Proximity and Similarity in Groups of Stimuli. When simple constellations of stimuli are presented to people, they tend to group them together by continuity, proximity or similarity.

Continuity: The continuity principle says that a person will tend to perceive continuous lines or patterns. People tend to perceive sensory data in continuous patterns even if the data are not actually continuous.

Proximity: When stimuli are near each other, people perceive them as being related. E.g. Several workers who work on a particular machine may be perceived as a single whole.

Similarity: When stimuli are alike in some way, people tend to group them. The greater the similarity of the stimuli, the greater the tendency to perceive them as a common group.

d) Simplification: Whenever people are loaded with information, they try to simplify it to make it more meaningful and understandable. In the process of simplification, the perceiver subtracts less salient information and concentrates on important one.

III. PERCEPTUAL INTERPRETATION: Uniquely individual. The perceptual inputs that have been organized are interpreted by the perceiver so that he can sense and extract some meaning of what is going on in the situation.

Interpretation of stimuli is affected by:

- characteristics of stimuli,
- situation under which the perception takes place and
- characteristics of the perceiver.

There are often chances of misinterpretation and the perceiver may commit a mistake in perceiving because of several reasons.

These are called perceptual errors and distortions. A) Selective perception:

- People tend to perceive what is in accordance with their needs, motives, interests, background, experience and interests; they may distort meanings so that they may fit what they want.

They are more likely to pay attention to those aspects of the environment which they anticipate or expect or are familiar with rather than those they do not anticipate or expect or are familiar with.

### **Important Selective Perception Concepts:**

i) Selective exposure: - to seek out stimuli that they find pleasant or with which they are sympathetic, and they actively avoid painful or threatening ones. Huge number of stimuli are

received daily and it is impossible to attend to all the stimuli. Hence most of the stimuli is screened out and few selected. These are: (1) a stimulus that bears on a current need, (2) stimuli that they anticipate, (3) stimuli whose change level is high / long in relation to the normal size of the stimuli

ii) Perceptual Defense: -to subconsciously screen out stimuli that they one would find psychologically threatening, even though exposure has already taken place.

iii) Selective attention: -to have a heightened awareness of stimuli that meet their needs or interests and minimal awareness of stimuli irrelevant to their needs.

iv) Perceptual Blocking: -to protect oneself from being bombarded with stimuli by simply "tuning out"— blocking such stimuli from conscious awareness.

v) Selective Distortion: Each person has an organized mind set and tries to fit in the stimuli selected into pre-existing modes of the thinking. People tend to interpret information in a way that will be consonant rather than dissonant with their perceptions.

vi) Selective Retention: People tend to retain information that supports their attitudes and beliefs.

B) Distorting Influences:

i) Physical Appearances:

People tend to attribute the qualities they associate with certain people to others who may resemble them, whether or not they consciously recognize the similarity.

ii) Stereotypes:

- the tendency to perceive another person as belonging to a single class or category.

- The perceiver judges or perceives a person on the basis of characteristics of the group to which he belongs.

iii) Irrelevant Cues:

When required to form a difficult perceptual judgment, people often respond to irrelevant stimuli.

iv) First impressions:

People evaluate others on the basis of the first impression. This may/may not be a true reflection of people being perceived.

v) Jumping to conclusions:

Many people tend to jump to conclusions before examining all the relevant evidence.

vi) Inference:

This happens when there is a tendency to judge others on limited information.

vii) Halo Effect:

Under the halo effect, a person, product, situation etc is perceived on the basis of one trait. Whatever the single trait is, it may override all other traits in forming the perception.

- The phenomenon of "reverse halo effect" case occur when due to one factor only all others positive factors of the organization are negated, in the perception of the employees.

viii) Perceptual set:

Previously held beliefs about objects influence an individual's perception of similar objects.

So subsequent perceptions will be influenced by this set.

ix) Projection:

Assigning one's own thoughts and feelings to a person being perceived.

x) Attribution :

Using observations and inferences to explain people's behaviour.

xi) Contrast effect :

A perceptual error that involves perceiving something as larger or smaller than it really is because it differs significantly from the reference point used to interpret it.

-Evaluations of a person's characteristics that are affected by comparisons with other people

recently encountered who rank higher or lower on the same characteristics.

xii) Assimilation effect:

The judgments a person has made in the past influence the way the person will perceive stimuli in the future.

- Assimilation takes place through a combination of:

a) Priming:

Asking people to recall a set of events before asking them to make a judgment that may be related to those events.

b) Confirmation bias:

The tendency to give heavy weight to information that reaffirms past judgments and to discount information that would contradict past judgments.

Distortion management. Managers should:

Balance automatic and controlled information processing at the attention and selection stage.

Broaden their schemas at the organizing stage.

Be attuned to attributions at the interpretation stage.

( For further details please refer to the figure from Organizational behavior by Don Hellriegel; John W. Slocum; Richard W. Woodman-8th edition, Thomson South-Western)

## **APPLICATION OF PERCEPTION CONCEPTS TO OB: PERSON PERCEPTION**

1. SOCIAL PERCEPTION

2. IMPRESSION MANAGEMENT

3. ATTRIBUTION THEORY

### **SOCIAL PERCEPTION:**

It consist of those processes by which we interpret other people, how we categorize them and how we form impressions of them. The social aspects of perception play a very important role in OB.

3 basic categories of influence on the way we perceive other people:

(1) the characteristics of the person being perceived.

(2) the characteristics of the particular situation.

(3) the characteristics of the perceiver.

There are numerous complex factors which enter into social perception like: Attributions, Stereotyping, Halo effect

### **IMPRESSION MANAGEMENT:**

- Also called “self presentation” Impression management, is the process by which people attempt to manage or control the perceptions others form of them. It is the tendency for people to try to present themselves in such a way as to impress others in a socially desirable way. According to Jones and Pitman, individuals engage in five impression management tactics.

1. Ingratiation: They seek to be viewed positively by flattering others or offering to do favours for them.

2. Self promotion: They tout their abilities and competence.

3. Exemplification: They seek to be viewed as dedicated by going above and beyond the call of duty.

4. Supplication: They seek to be viewed as needing help because of limitations

5. Intimidation: They seek to be viewed as powerful and threatening.

Impression Management Strategies:

a) Demotion preventive Strategy:

- try to minimize responsibility for some negative event or to stay out of trouble.

1. Accounts: Employees' attempts to excuse or justify their actions. Eg. Not doing something on time because of another high priority assignment.

2. Apologies: Apologize to boss for some negative event. Eg. Gives the impression that the individual is sorry and indicates that it will not happen again.

3. Disassociation: When employees are indirectly associated with something that went wrong, they may secretly tell the boss that they fought for the right thing but were overruled. Eg. They are a member of a committee that made a wrong decision- such people try to remove themselves both from the group and from the responsibility for the problem.

b) Promotion enhancing Strategy: try to seek maximum responsibility for a positive outcome or to look better than they really are.

1. Entitlements: Employees feel that they have not been given credit for the positive outcome.

2. Enhancements: Here employees may have received the credit, but they point out that they really did more and had a bigger impact than originally thought.

3. Obstacle disclosures: Here employees identify either personal (health or family) or organization (lack of resources or cooperation) obstacles they had to overcome to accomplish an outcome. - i.e. try to create an impression that they obtained the positive outcome despite the big obstacles and so they deserve a lot of credit.

4. Association: The employees make sure to be seen with the right people at the right times, thus creating an impression that the employee is well-connected and associated with successful projects.

### **ATTRIBUTION THEORY:**

The cognitive process by which people interpret the reasons or causes for their behavior is an area of study known as the attribution theory. Attribution theory aids in perceptual interpretation by focusing on how people attempt to (1) Understand the causes of a certain event (2) Assess responsibility for the outcomes of the event (3) Evaluate the personal qualities of the people involved in the event.

When individuals observe behavior, they attempt to determine whether it is internally or externally caused.

Internally caused behaviors are those that are believed to be under the personal control of the individual.

Externally caused behaviors is seen as resulting from outside causes

How do people go about judging whether someones' actions were caused by internal or external causes?

### **- Kelly's Theory of Causal Attribution.**

According to him, we base our judgments of internal and external causality on three types of information:

1. Consensus

2. Consistency

3. Distinctiveness

1. Consensus: the extent to which other people behave in the same manner as the person we are judging.

If everyone who is faced with a similar situation responds in the same way, we can say the behavior shows consensus.

If others do behave similarly, consensus is considered high; if they do not, consensus is considered low.

2. Consistency: the extent to which the person we are judging acts the same way at other times. Does the person respond the same way over time?

If the person does act the same at other times, consistency is high; if he or she does not, then consistency is low.

3. Distinctiveness: the extent to which this person behaves in the same manner in other contexts. If he or she behaves the same way in other situations, distinctiveness is low; if he or she behaves differently, distinctiveness is high.

Attribution of Causality:

When consensus is high, consistency is low and distinctiveness is high, the person's behavior is said to have stemmed from external causes: SITUATIONAL ATTRIBUTIONS.

When consensus is low, consistency is high and distinctiveness is low, the person's behavior is said to have stemmed from internal causes: DISPOSITIONAL ATTRIBUTION.

(For further details please refer to the Exhibit from Organizational Behaviour, Stephen P. Robbins, Timothy A. Judge and Seema Sanghi, 12th ed, Pearson Education, pp177)

### **Attributional Bias:**

1. Fundamental Attribution Error:

A tendency to underestimate the effects of external or situational causes of behaviour and to overestimate the effects of internal or personal causes. Fundamental attribution error.

Applies to the evaluation of someone's else behavior. Attributing success to the influence of situational factors. Attributing failure to the influence of personal factors.

2. Self-Serving Bias:

A tendency for individuals to attribute success on an event or project to his or her own actions while attributing failure to others. Self-serving bias.

Applies to the evaluation of our own behavior.

Attributing success to the influence of personal factors.

Attributing failure to the influence of situational factors.

Attributions across cultures.

The fundamental attribution error and self-serving bias operate differently in different cultures.

### **SOME ORGANIZATIONAL IMPLICATIONS OF PERCEPTUAL AND ATTRIBUTIONAL BIASES:**

Employment Interview:

- Evidence indicates that interviewers make perceptual judgments that are often inaccurate.

A. Interviewers generally draw early impressions that become very quickly entrenched.

If negative information is exposed early in the interview, it tends to be more heavily weighted than if that same information comes out later.

B. Different panel members views differ often regarding the evaluation of the same candidate.

C. Agreement among interviewers is often poor; that is different interviewers see different things in the same candidate and thus, arrive at different conclusions about the applicant.

Problem solving and decision-making:

- A committee will blame other groups or departments when problems occur: the self-serving bias.  
 - when faced with identifying problems to be solved in a complex business situation, managers have a tendency to define the problem in ways that reflect their own functional competence than other functional areas: to interpret them in terms of our own experiences and capacity to solve problems.

Self-fulfilling prophecy: - if a manager expects big things from his people, they are not likely to let him down. If a manager expects people to perform minimally, they will tend to behave so as to meet those low expectations.

Result: Expectations become reality.

Pygmalion Effect: When one person inaccurately perceives a second person and the resulting expectations, it causes the second person to behave in ways consistent with the original perception.

Ethnic Profiling:-a form of stereotyping in which a group of individuals is singled out, typically on the basis of race or ethnicity, for intensive inquiry, scrutinizing, or investigation.

## 2.2 Individual differences :

### Why Individual Differences Are Important?

It is important for managers to know the individual differences among the employees as:

- Individual differences have a direct effect on behavior
- People who perceive things differently behave differently
- People with different attitudes respond differently to directives
- People with different personalities interact differently with bosses, coworkers, subordinates, and customers

### Also, Individual differences help to explain:

- Why some people embrace change and others are fearful of it
- Why some employees will be productive only if they are closely supervised, while others will be productive if they are not
- Why some workers learn new tasks more effectively than others

### Attraction-Selection-Attrition (ASA) Cycle-

Schneider (1987) asserted that “the people make the place” and that organizational culture, climate and practices are determined by the people in the organization. „Attributes of people, not the nature of external environment, or organizational technology, or organizational structure, are the fundamental determinants of organizational behavior“ (Schneider, 1987). The people are functions of an Attraction-Selection-Attrition cycle. In 1995 the ASA Framework was updated. Schneider already mentioned that the person is particularly important in the organizational context. Schneider et al (1995) now added the dimension that the people are responsible for the structure, processes and culture of the organization.

*Attraction:* People are differentially attracted to careers as a function of their own interests and personality (Holland, 1985). Other signs of attraction are researched by Tom (1971) and Vroom (1966). They have stated that people search environments that fit by their personality and that people

would like to obtain their outcomes by selecting a specific organization.

*Selection:* Organizations select people who they think are compatible for many different kinds of jobs. In that way organizations end up choosing people who share many common personal attributes, although they may not share common competencies.

*Attrition:* The opposite side of attraction. When people do not fit an environment they tend to leave it. When people leave the environment a more homogenous group stays than those were initially attracted to the organization.

**Schneider, B. (1987). The people make the place. *Personnel Psychology*, 40, 437-453.**

**Schneider, B., Goldstein, H.W. & Smith, D.B. (1995). The ASA Framework: An Update. *Personnel Psychology*, 48, 747-779.**

Each phase of the ASA cycle is significantly influenced by the individual differences of each person. Different people are attracted to different careers and organizations as a function of their own: abilities, interests, personalities.

Organizations select employees on the basis of the needs the organization has for skills and abilities and individual attributes such as values and personality.

Attrition occurs when individuals discover they do not like being part of the organization and elect to resign, or the organization determines an individual is not succeeding and elects to terminate.

Effective managerial practice requires that individual behavior differences be recognized, and when feasible, taken into consideration while carrying out the job of managing organizational behavior. To understand individual differences a manager must observe and recognize the differences and study relationships between variables that influence behaviour.

### **Individual Differences in the Workplace**

Individual differences in hereditary and diversity factors, personality, ability and skills, perception and attitude will affect work behavior like productivity, creativity and performance.

**Demographic characteristics** are the background characteristics that help shape what a person becomes. Important demographic characteristics for the workplace are gender, age, race, ethnicity and able-bodiedness.

#### **Gender**

There is no consistent differences between men and women in problem-solving abilities, analytical skills, competitive drive, motivation, learning ability and sociability. As compared to men, women are more conforming, have lower expectations of success, have higher absenteeism and lower earnings.

#### **Age**

Older workers are often stereotyped as inflexible. They sometimes complain that their experience and skills are not valued. They generally have lower turnover and lower avoidable absences

#### **Able-bodiedness**

Despite evidence of effective job performance, most disabled persons are unemployed. Most disabled persons want to work and more firms are likely to hire disabled workers in the future.

#### **Racial and ethnic groups**

African Americans, Asian Americans, and Hispanic Americans make up an ever-increasing percentage of the American workforce. Potential for stereotypes and discrimination can adversely affect career opportunities. Important lessons regarding demographic characteristics are: knowing to respect and deal with the needs and concerns of people with different demographics; avoiding linking demographics to stereotypes and realizing that demography is not a good indicator of individual-job fits.

#### Diversity Factors

Primary Dimensions (stable) are age, ethnicity, gender, physical attributes, race and sexual / affectional orientation. Secondary Dimensions (changeable) are educational background, marital status, religious beliefs, health and work experience

#### *Aptitude and Ability*

Aptitude is a person's capability of learning something. Ability is a person's existing capacity to perform the various mental or physical tasks needed for a given job. It includes relevant knowledge and skills.

Intellectual Ability is the capacity to do mental activities. Intelligence contains four subparts: cognitive, social, emotional, and cultural.

#### Groups of Mental abilities (L.L.Thurston)

- Verbal factor (V)-Comprehension of verbal relations, words and ideas.
- Spatial factor (S)-Involved in any task in which the subject manipulates an object imaginatively in space.
- Numerical factor (N) - Ability to do numerical calculations rapidly and accurately.
- Memory factor (M) - Involves the ability to memorize quickly.
- Word fluency factor (W) - Involved whenever the subject is asked to think of isolated words at a rapid rate.
- Inductive reasoning factor (RI) - The ability to draw inferences or conclusions on the basis of specific instances.
- Deductive reasoning factor (RD) - is the ability to make use of generalized results.
- Perceptual factor (P)- is the ability to perceive objects accurately.
- Problem solving ability factor (PS) - is the ability to solve problem with independent efforts.

#### Multiple Intelligences

##### Howard Gardner's Work

1. Linguistic intelligence
2. Logical-mathematical intelligence
3. Musical intelligence
4. Bodily-kinesthetic intelligence
5. Spatial intelligence
6. Interpersonal intelligence
7. Naturalist intelligence
8. Intrapersonal intelligence

**Physical Abilities** - The capacity to do tasks demanding stamina, dexterity, strength, and similar characteristics. Nine Physical Abilities are:

**Strength factor**

- Dynamic- Ability to exert muscle force repeatedly over time.
- Trunk- Ability to exert muscular strength using the trunk muscles.
- Static-Ability to exert force against external objects.
- Explosive-ability to expand a maximum amount of energy in one or series of explosive acts.

**Flexibility factor**

- External-Ability to move the trunk and back muscles as far as possible.
- Dynamic-Ability to make rapid, repeated flexing movements. Other factors
- Body coordination-Ability to coordinate the simultaneous actions of different parts of the body.
- Balance-Ability to maintain equilibrium despite forces pulling off balance.
- Stamina- Ability to continue maximum effort requiring prolonged efforts over time.

*Source:* Adapted from *HR Magazine* published by the Society for Human Resource Management, Alexandria, VA (accessed from Organizational behavior 12th ed- Robbins and Sanghi- Pearson)

**Personality**

Personality is the overall profile or combination of characteristics that capture the unique nature of a person as that person reacts and interacts with others. It combines a set of physical and mental characteristics that reflect how a person looks, thinks, acts, and feels. It is a relatively stable set of feelings and behaviors that have been significantly formed by genetic and environmental factors. Heredity sets the limits on the development of personality characteristics. Environment determines development within these limits. Across all characteristics there is about a 50-50 heredity-environment split. Key environmental factors in personality development are cultural values and norms and situational factors.

**Social traits** -Surface-level traits that reflect the way a person appears to others when interacting in various social settings. An important social trait is problem-solving style. Problem-solving style components are information gathering; getting and organizing data for use; evaluation and using collected information. There are Sensation-type individuals; Intuitive-type individuals; Feeling-type individuals and Thinking-type individuals. Problem-solving styles are Sensation-feeling (SF); Intuitive- feeling (IF);Sensation-thinking (ST) and Intuitive-thinking (IT).

**Personal conception traits**-The way individuals tend to think about their social and physical settings as well as their major beliefs and personal orientation. Key Traits are Locus of control; Authoritarianism/dogmatism; Machiavellianism and Self-monitoring.

**Locus of control**-The extent to which a person feels able to control his/her own life. Internal locus of control where people believe they control their own destiny. In External locus of control people believe that much of what happens to them is determined by environmental forces

**Authoritarianism/dogmatism**- Authoritarianism. Is the tendency to adhere rigidly to conventional values and to obey recognized authority. Dogmatism is the tendency to view the world as a threatening place.

**Machiavellianism**-Rooted in Niccolo Machiavelli's *The Prince* evokes images of guilt, deceit, and opportunism. It is a tendency to view and manipulate others purely for personal gain.

**People with a high-Mach** personality approach situations logically and thoughtfully, are capable of lying to achieve personal goals, are rarely swayed by loyalty, friendships, past promises, or others' opinions, are skilled at influencing others, try to exploit loosely structured situations, perform in a

perfunctory or detached manner in highly structured situations.

**People with a low-Mach** personality accept direction imposed by others in loosely structured situations, work hard to do well in highly structured situations, are strongly guided by ethical considerations and are unlikely to lie or cheat.

**Self-monitoring-** A person's ability to adjust his/her behavior to external, situational factors. High self-monitors are sensitive to external cues, behave differently in different situations. Low self-monitors are not sensitive to external cues and are not able to disguise their behaviors.

#### **Emotional adjustment traits.**

How much an individual experiences distress or displays unacceptable acts.

Type A orientation are characterized by impatience, desire for achievement, and perfectionism. Type B orientation are characterized as more easygoing and less competitive in relation to daily events. Personality and self-concept.

Personality dynamics are the ways in which an individual integrates and organizes personality dimensions and traits. Self-concept is the view individuals have of themselves as physical, social, and spiritual beings. Two aspects of self-concept are Self-esteem i.e. a belief about one's worth based on an overall self-evaluation and Self-efficacy i.e. an individual's belief about the likelihood of successfully completing a specific task.

“Big Five” personality dimensions are : (for details pl see the chapter on personality)

Extraversion, Agreeableness, Conscientiousness, Emotional stability and Openness to experience.

#### **Values.**

Values are broad preferences concerning appropriate courses of action or outcomes. Values influence behavior and attitudes. Sources of values are Parents, Friends, Teachers, Role models, External reference groups.

#### **Perception**

The cognitive process that involves receiving stimuli, organizing the stimuli, and translating or interpreting the organized stimuli to influence behavior and form attitudes. Each person selects various cues that influence perceptions and people often misperceive.

#### **Attitude**

Attitude is a mental state of readiness learned and organized through experience. It is exerting a specific response to people, objects, and situations with which it is related. Attitudes are influenced by values and are acquired from the same sources as values. It is a predisposition to respond in a positive or negative way to someone or something in one's environment. Attitudes are determinates of behavior because they are linked with perception, personality, feelings, and motivation

### **2.3 Basic concepts of motivation :**

#### **What is Motivation?**

- The willingness to exert high levels of effort toward organizational goals, conditioned by the effort's ability to satisfy some individual need. Where “need” is some internal state that makes certain outcomes appear attractive.
- The individual forces that account for the direction, level, and persistence of a person's effort expended at work. Where “direction” refers to an individual's choice when presented with a

number of possible alternatives (e.g. whether to exert effort toward product quality or toward product quantity. —Levell refers to the amount of effort a person puts forth (e.g. a lot or a little). —Persistencell refers to the length of time a person sticks with a given action (e.g. to try to achieve product quality and give up when it is found difficult to attain.

### **Motivation Across Cultures**

The determinants of motivation and the best ways to deal with it are likely to vary across different regions. Individual values and attitudes - both important aspects of motivation - have strong cultural foundations.

#### **The theories of motivation :**

**The theories of motivation can be divided into 3 broad categories.**

- 1. Reinforcement theories - emphasize the means through which the process of controlling an individual's behavior by manipulating its consequences takes place.**
- 2. Content theories - focus primarily on individual needs - the physiological or psychological deficiencies that we feel a compulsion to reduce or eliminate.**
- 3. Process theories - focus on the thought or cognitive processes that take place within the minds of people and that influence their behavior.**

#### ***Reinforcement Theories***

Reinforcement is the administration of a consequence as a result of a behavior. Managing reinforcement properly can change the direction, level, and persistence of an individual's behavior. This is a counterpoint to goal-setting theory. While goal-setting theory is a cognitive approach proposing that an individual's purposes direct his or her action; reinforcement theory is a behavioristic approach which argues that reinforcement conditions behavior. "What controls behavior are reinforcers -- any consequence that, when immediately following a response, increases the probability that the behavior will be repeated.

#### **Classical and Operant Conditioning:**

Classical conditioning is a form of learning through association that involves the manipulation of stimuli to influence behavior. (Ivan Pavlov) This learning occurs through conditioned stimuli. A stimulus is something that incites action and draws forth a response (the meat for the dogs). Operant conditioning is the process of controlling behavior by manipulating, or —operatingl on, its consequences. Learning occurs through consequences of behavior. (B.F. Skinner, 1948, 1953, 1969)

#### **Classical and operant conditioning differ in two important ways.**

First, control in operant conditioning is via manipulation of consequences.

Second, operant conditioning calls for examining antecedents, behavior, and consequences. In operant conditioning, if a behavior is to be repeated, the consequences must be manipulated. The basis for manipulating consequences is E.L. Thorndike's law of effect. (The behavior that results in a pleasant outcome is likely to be repeated while behavior that results in an unpleasant outcome

is not likely to be repeated).

### Reinforcement Strategies:

The integration of the notions of classical conditioning, operant conditioning, reinforcement, and extrinsic rewards can lead to changes in the direction, level, and persistence of individual behavior. This is known as OB Mod or organizational behavior modification. OB Mod is the systematic reinforcement of desirable work behavior and the non-reinforcement or punishment of unwanted work behavior. Four strategies of OB Mod include: positive reinforcement, negative reinforcement (for avoidance), punishment, and extinction.

- Positive reinforcement-Providing a reward for a desired behavior
- Negative reinforcement-Removing an unpleasant consequence when the desired behavior occurs
- Punishment-Appling an undesirable condition to eliminate an undesirable behavior
- Extinction-Withholding reinforcement of a behavior to cause its cessation

### Schedules of Reinforcement

- Continuous Reinforcement-A desired behavior is reinforced each time it is demonstrated
- Intermittent Reinforcement-A desired behavior is reinforced often enough to make the behavior worth repeating but not every time it is demonstrated
- Fixed-Interval Schedule-Rewards are spaced at uniform time intervals
- Variable-Interval Schedule-Rewards are initiated after a fixed or constant number of responses

Reinforcement schedule	Nature of reinforcement	Effect on behaviour
Continuous	Reward given for each desired behaviour	Fast learning of new behaviour but rapid extinction
Fixed interval	Reward given at fixed time intervals	Average and irregular performance with rapid extinction
Variable-Interval	Reward given at variable times	Moderately high and stable performance with slow extinction
Fixed ratio	Reward given at fixed amounts of output	High and stable performance attained quickly but also with rapid extinction
Variable ratio	Reward given at a variable amount of output	Very high performance with slow extinction

**Comparing Various Pay Programs**

Approach	Strengths	Weaknesses
Variable pay	<p>Motivates for performance</p> <p>Cost effective</p> <p>Links organizational goals and individual rewards</p>	<p>Individuals do not always have control over factors that affect productivity</p> <p>Earnings vary from year to year</p> <p>Can cause unhealthy competition among</p>

		employees
Team based reward	<p>Encourages employees to work together effectively.</p> <p>Promotes goal of team based work</p>	<p>Difficult to evaluate team performance sometimes</p> <p>Equity problems could arise if all members paid equally</p>
Skill based pay	<p>Increases the skill level of employees</p> <p>Increases the flexibility of workforce</p> <p>Can reduce the number of employees needed.</p>	<p>Employers may end up paying for unneeded skills</p> <p>Employees may feel demotivated because they are not able to learn some skills.</p>

**Content/Need Theories****Hierarchy of Needs theory**

Abraham Maslow hypothesized that within every human being there exists a hierarchy of five needs:

1. Physiological.
2. Safety.
3. Social.
4. Esteem.
5. Self-actualization.

Maslow then categorized these 5 needs into lower-order needs and higher-order needs. Lower-order needs are needs that are satisfied externally: physiological and safety needs. Higher-order

needs are needs that are satisfied internally (within the person): social, esteem, and self-actualization needs.

### **Theory X and Theory Y**

Douglas McGregor concluded that a manager's view of the nature of human beings is based on a certain grouping of assumptions and that he or she tends to mold his or her behavior toward subordinates according to these assumptions:

#### **Theory X**

Employees inherently dislike work and, whenever possible, will attempt to avoid it;  
Since employees dislike work, they must be coerced, controlled, or threatened with punishment to achieve goals;  
Employees will avoid responsibilities and seek formal direction whenever possible.  
Most workers place security above all other factors associated with work and will display little ambition.

#### **Theory Y:**

Employees can view work as being as natural as rest or play;  
People will exercise self-direction and self-control if they are committed to the objectives; The average person can learn to accept, even seek, responsibility;  
The ability to make innovative decisions is widely dispersed throughout the population and is not necessarily the sole province of those in management positions.

### **Motivation-Hygiene Theory**

According to Herzberg, the factors leading to job satisfaction are separate and distinct from those that lead to job dissatisfaction. Hygiene factors include factors such as: company policy and administration, supervision, interpersonal relations, working conditions, and salary, Personal life, status, security. Motivator factors include factors such as: achievement, recognition, the work itself, responsibility, advancement and growth.

### **ERG Theory**

ERG Theory proposed by Clayton Alderfer of Yale University: Alderfer argues that there are three groups of core needs:

- 1) existence
- 2) relatedness
- 3) growth

Existence group is concerned with providing our basic material existence requirements. (They include physiological and safety needs) Relatedness group is the desire we have for maintaining important interpersonal relationships. Growth group is the intrinsic desire for personal development.

The ERG theory demonstrates that: more than one need may be operative at the same time; if the gratification of a higher-level need is stifled, the desire to satisfy a lower-level need increases.

### **McClelland's Learned Needs theory**

Asserts that people learn many needs from culture. Three primary learned needs:  
a. Need for achievement (nAch) — a high nAch is reflected in a person's:

- i. Taking responsibility for solving problems.
- ii. Setting moderate achievement goals and taking calculated risks.
- iii. Desiring performance feedback.

b. Need for affiliation (nAff) — reflects desire for social interaction. Social relationships valued more important than task performance.

c. Need for power (nPow) — need for obtaining and exercising power and authority. Negative influence if manifested as dominance and submission; positive if it reflects persuasive and inspirational behavior.

McClelland asserts that needs are learned from coping with the environment; rewarded behaviors occur more often than unrewarded ones.

Allocating extrinsic rewards for behavior that had been previously intrinsically rewarded tends to decrease the overall level of motivation. (This concept was proposed in the late 1960s.)

The interdependence of extrinsic and intrinsic rewards is a real phenomenon. Observations:

1. In the real world, when extrinsic rewards are stopped, it usually means the individual is no longer part of the organization.
2. Very high intrinsic motivation levels are strongly resistant to the detrimental impacts of extrinsic rewards.
3. On dull tasks, extrinsic rewards appear to increase intrinsic Motivation

### **Task Characteristic theories**

These theories seek to identify task characteristics of jobs, how these characteristics are combined to form different jobs, and their relationship to employee motivation, satisfaction, and performance.

The task characteristics approach began with the pioneering work of Turner and Lawrence in the mid-1960s. There are at least 7 different task characteristics theories. Three most important task characteristics theories are:

1. Requisite task attributes theory
2. Job characteristics model, and
3. Social information-processing model.

### Requisite Task Attributes Theory:

Turner and Lawrence predicted that employees would prefer jobs that were complex and challenging; that is, such jobs would increase satisfaction and result in lower absence rates. They defined job complexity in terms of six task characteristics:

1. Variety;
2. Autonomy;
3. Responsibility;
4. Knowledge and skill;
5. Required social interaction; and
6. Optional social interaction.

Turner and Lawrence's requisite task attributes theory was important for at least 3 reasons: They demonstrated that employees did respond differently to different types of jobs. They provided a preliminary set of task attributes by which jobs could be assessed. They focused attention on the need to consider the influence of individual differences on employees' reaction to jobs.

### Job Characteristics Model:

From the foundation laid by Turner and Lawrence in the mid-1960s, Hackman and Oldham proposed a Job Characteristics Model (JCM).

According to JCM, any job can be described in terms of 5 core job dimensions, defined as follows:

1. Skill variety.
2. Task identity.
3. Task significance.
4. Autonomy.
5. Feedback.

The more that the psychological states are present, the greater will be the employee's motivation, performance, and satisfaction, and the lower his or her absenteeism and likelihood of leaving the organization.

For individuals:

High growth need ---> experience psychological states, given that their jobs are enriched than are their counterparts, with a low growth needs.

The core dimensions can be combined into a single predictive index, called the motivating potential score (MPS). Most of the empirical evidence supports the general framework-- that is, there is a multiple set of job characteristics and these characteristics impact behavioral outcomes.

Given the current state of evidence, the following statements can be made with relative confidence:

1. People who work on jobs with high-core job dimensions are generally more motivated, satisfied, and productive than are those who do not.
2. Job dimensions operate through the psychological states in influencing personal and work outcome variables rather than influencing them directly.

(For further details please refer to the Exhibit from Organizational Behaviour, Stephen P. Robbins, Timothy A. Judge and Seema Sanghi, 12th ed, Pearson Education, pp 255)

### Computing a Motivating Potential Score:

$$\text{MPS} = (\text{skill} + \text{Task identity} + \text{Task significance}) / 3 \times \text{autonomy} \times \text{feedback} \times \text{variety}$$

### Social Information-Processing Model:

Employees adopt attitudes and behaviors in response to the social cues provided by others with whom they have contact.

According to this model, the objective characteristic of a job does not change, but the job incumbent reconstructed reality based on messages he/she has gotten from others, i.e. peers, coworkers, etc.

### *Process/ Cognitive theories*

#### **Goal Setting theory**

Focuses on the impact of performance goals on task performance

Central proposition: the performance goals that people hold for a particular task are likely to determine how well they perform the task. Difference in the content of the performance goals relate to differences in task performance. Specific and difficult goals lead to higher performance as they clearly define acceptable levels of performance, increase the amount of effort exerted, increase task persistence, lead to more extensive strategy development and planning, orient individuals toward goal-related knowledge and activities. Setting these kinds of goals also leads to more effort, greater task persistence, directing individuals toward goal-relevant activities/knowledge, the development of task strategies and more planning

Feedback leads to higher performance than does non-feedback.

In addition to feedback, other factors have been found to influence the goals-performance relationship. These are:

1. Goal commitment.
2. Adequate self-efficacy (Self-efficacy refers to an individual's belief that he or she is capable of performing a task. Individuals high in self-efficacy seem to respond to negative feedback with increased effort and motivation, whereas those low in self-efficacy are likely to lessen their effort when given negative feedback)
3. Task-relevant ability and
4. Task complexity

Determinants of Self-Set Goals-

Goal choice is determined by 1. Past performance levels 2. Ability 3. Self-efficacy 4. Goal orientation 5. Conscientiousness 6. Need for achievement 7. Goal instrumentality 8. Mood

#### **Control Theory**

Developed to address the early criticisms of Goal Setting Theory (self-set goals; dynamic self-regulation, multiple goals)

It has two forms

Cybernetic control theory models (Miller et al, 1960; Powers, 1973, 1978)

Rational control theory models (Campion & Lord, 1982; Kerman & Lord, 1990; Klein, 1989)

Both focus on how individuals gather and evaluate environmental feedback to regulate

their behaviour.

### **A. Cybernetic Control Theory**

The output passes through an environmental sensor and a comparison is made between current behaviour and behavioural referent (goal/standard). If there is no discrepancy behaviour is maintained. In case of discrepancy there is a self correcting motivational tendency which motivated the person to take a cognitive or behavioural measure to reduce the discrepancy and the result is a changed output which again passes through the loop .

### **B. Rational Control Theory**

- A goal-behavior discrepancy does not automatically trigger a self-correcting process
- Individuals are tolerant of small goal-behavior discrepancies
- For discrepancies to trigger a reaction, the discrepancy must be known (inward attention)
- Goal must be important factors likely to influence the choice of cognitive and behavioral mechanisms for discrepancy reduction:
  - Magnitude of discrepancy
  - Expectancy of future success if discrepancy reduced
  - Past success/failure in reducing discrepancy failure
  - Tend to use cognitive strategies when discrepancy is large, expectancy for failure is high, and recent failures present

### **Social Cognitive Theory(Bandura, 1986)**

Also holds that goals are the primary determinants of motivated behavior

Self-regulation of behavior entails 4 interrelated processes

1.Goal establishment 2.Self-observation 3.Self-evaluation 4.Self-reaction

### **Goal establishment**

Set goals that represent a desired behavioral state. Goals are a function of: Past behavior; Are arranged in hierarchies (proximal-distal);Do more than just facilitate progress; Source of self-satisfaction; Personal mastery; Self-efficacy; Sustained interest. Proximal goals serve a self-satisfying function—lead to increases in feelings of efficacy and task interest when utilized as a means of facilitating distal goals

### **Goal- Behaviour Discrepancy**

Negative goal-behavior discrepancies reduces self-efficacy & satisfaction, increases effort and leads to downward goal revision. Positive discrepancies leads to upward goal revision and increases self-efficacy. Self efficacy -impacts goal establishment, impacts performance and increases strategy development & planning.

### **Discrepancy Reduction/Production**

It is the change in satisfaction and/or self-efficacy that motivates discrepancy reduction strategies. Some of these strategies are:

- Increase effort**
- Change task strategy**
- Lower goal**
- Abandon activity (if discrepancy is large)**

Also a discrepancy production process (set higher standards) depends on:

- Self efficacy**

- Ability level
- Perceived importance of the goal

The process is not automatic. Responses may differ due to factors that will alter perceptions of discrepancies like Dispositional factors, Affective factors, Cognitive factors and Contextual factors.

**To know further about the joint effects of goals and self efficiency on performance please refer to Exhibit from Organizational Behaviour, Stephen P.Robbins, Timothi A.Judge and Seema Sanghi, 12th ed, Pearson Education, pp229.**

### **Equity theory**

Individuals make comparisons of their job inputs and outcomes relative to those of others and then respond so as to eliminate any inequities. Inequity arises when an employee is either under rewarded or over rewarded. J. Stacy Adams proposed that this negative tension state provides the motivation to do something to correct it.

When employees perceive an inequity they can be predicted to make one of six choices:

1. Change their inputs.
2. Change their outcomes.
3. Distort perceptions of self.
4. Distort perceptions of others.
5. Choose a different referent.
6. Leave the field.

Specifically, the theory establishes 4 propositions relating to inequitable pay:

1. Given payment by time, over-rewarded employees will produce more than will equitably paid employees.
2. Given payment by quantity of production, over-rewarded employees will produce fewer, but higher-quality, units than will equitably paid employees.
3. Given payment by time, under-rewarded employees will produce less or poorer quality of output.
4. Given payment by quantity of production, under-rewarded employees will produce a large number of low-quality units in comparison with equitably paid employees.

While most research on equity theory has focused on pay, employees seem to look for equity in the distribution of other organizational rewards.

Equity theory demonstrates that, for most employees, motivation is influenced significantly by relative rewards as well as by absolute rewards.

### **Justice and Equity Theory**

Organizational justice is the overall perception of what is fair in the workplace. It has three components

- (a) Distributive justice: Perceived fairness of outcome
- (b) Procedural justice: Perceived fairness of process used to determine outcome
- (c) Interactional justice: Perceived degree to which one is treated with dignity and respect.

### **Expectancy Theory**

Based on early work of Tolman, 1932.

**Vroom's Valence-Instrumentality-Expectancy Model (VIE; 1964)**

Human behavior is the result of conscious choices made by individuals among alternative courses of action. Goal is to maximize pleasure and minimize pain. This goal is achieved via 3 perceptions.

Expectancy: perceived likelihood that engaging in a given behavior will lead to a 1st level outcome

- Instrumentality: perceptions of the link between obtainment of the 1st level outcome and the attainment of 2nd level outcomes
- Valence: Affective orientation held toward the outcome. Positively valent outcomes are desirable and Negatively valent outcomes are undesirable

These 3 perceptions combine to create a motivational force. The strength of a tendency to act in a certain way depends on the strength of an expectation that an act will be followed by a given outcome and on the attractiveness of that outcome to the individual. (This is first proposed by Victor Vroom)

$$V_j = f \cdot \sum I_{jk} V_k$$

$V_j$  = valence of outcome j

$I_{jk}$  = instrumentality of outcome j for the attainment of outcome k

$V_k$  = Valence is anticipated satisfaction

$$F_i = f_i \sum (E_{ij} V_j)$$

$F_i$  = force to perform act i  $V_j$  = valence of outcome j

$E_{ij}$  = expectancy that act i will lead to (be followed by) outcome j

Thus, it includes 3 variables or relationships:

1. Attractiveness (of the outcome).
2. Performance - reward linkage. Performance = f ( A, M, O) Ability = intelligence and skills  
O = Opportunity to perform
3. Effort - performance linkage.

The key to understanding of an individual's goals and the linkage between effort and performance, between performance and rewards, and finally, between rewards and individual goal satisfaction.

Some of the issues expectancy theory brought forward:

1. It emphasizes payoffs or rewards. (It is a theory based on self-interest. " Expectancy theory is a form of calculative, psychological hedonism in which the ultimate motive of every human act is asserted to be the maximization of pleasure and/or the minimization of pain.")
2. The attractiveness of rewards.
3. Expectancy theory emphasizes expected behaviors

### **Cognitive Evaluation Theory**

Rewards exert their influence on intrinsic motivation through their ability to satisfy or frustrate two innate needs:

Need for competence (White, 1968)

Need for self-determination (deCharms, 1968)

If a reward enhances perceptions of competence and self-determination, intrinsic motivation will also increase

Theory considers both tangible and environmental rewards (feedback, recognition)

### **Factors that impact intrinsic motivation (Ryan & Deci, 2000) Negatively:**

- Performance contingent rewards
- Negative feedback
- Threats

- Deadlines
- Directives
- Competition

**Positively:**

- Positive performance feedback
- Choice
- Self-direction

**Four Key Rewards to Increase Intrinsic Motivation**

1. Choice
2. Competence
3. Meaningfulness
4. Progress

**Building Blocks for Intrinsic Rewards**

**In the book *Intrinsic Motivation at Work: Building Energy and Commitment*. Copyright © K. Thomas, the author has classified intrinsic rewards as follows:**

**Leading for Choice** Delegated authority Trust in workers  
Security (no punishment) for honest mistakes  
A clear purpose  
Information

**Leading for Competence**

Knowledge Positive feedback Skill recognition Challenge, High, non-comparative standards

**Leading for Meaningfulness**

A noncynical climate Clearly identified passions An exciting vision  
Relevant task purposes  
Whole tasks

**Leading for Progress** A collaborative climate Milestones Celebrations

Access to customers  
Measurement of improvement

**Comparison of Motivation Theories**

Theory	Source of Motivation	Empirical Support	Industrial Applicability
Need Theory	Unconscious, innate needs	Weak: Little support for proposed relationships among needs	Very limited: Theory lacks sufficient specificity to guide behavior

Equity Theory	Drive to reduce feelings of tension caused by perceived inequity	Mixed: Good support for underpayment inequity, weak support for overpayment inequity	Limited: Social comparisons are made, but feelings of inequity can be reduced through means other than increased motivation
Expectancy Theory	Relationship among desired outcomes, performance-reward, and effort-	Moderate-strong: More strongly supported in within-subject (placement) than between-subject (selection) experiments	Strong: Theory provides a rational basis for why people expend effort, although not all behavior is as consciously determined as postulated

	variables		
Reinforcement Theory	Schedule of reinforcement used to reward people for their performance	Moderate: Reinforcement schedules evoke superior performance compared to interval schedules, but little difference exists among various ratio schedules	Moderate: Contingent payment for performance is possible in some jobs, although ethical problems can be present in an organization's attempt to shape employee behavior
Goal Setting Theory	Intention to direct behavior in pursuit of acceptable goals	Moderate-strong: Performance under goal-setting conditions usually superior to conditions under which no goals are set	Strong: Ability to set goals is not restricted to certain types of people or jobs

### Putting It All Together

However, for practical purposes all the motivation theories should be considered together as an integrated concept as in the organizational setup all of them work together in a well blended way to have an effect on an employee's attitude or behaviour. For further details please refer to Exhibit from Organizational Behaviour, Stephen P. Robbins, Timothy A. Judge and Seema Sanghi, 12th ed, Pearson Education, pp240

### 2.4 Advanced concepts of motivation :

**Implication of Motivation theories for Performance and Satisfaction****Reinforcement Theories**

Reinforcement Theory - predicts factors like quality and quantity of work, persistence of effort, absenteeism, tardiness, and accident rates.

**Content Theories**

Need Theories - These were Maslow's hierarchy, motivation-hygiene, ERG, and McClelland's need theories. Employees will be motivated to satisfy their needs. Therefore ...If needs are assumed to differ: Match employees to situations (e.g., select leaders with high nPower). If needs are assumed to be common: Design jobs to satisfy basic needs (e.g., job enrichment)

Task Characteristics Theories - address all four dependent variables: skill variety, task identity and significance, autonomy, and feedback.

**Process Theories**

Goal-setting Theory - Clear and difficult goals lead to higher levels of employee productivity.  
Equity Theory - deals with all 4 dependent variables. But it is strongest when predicting absence and turnover behaviors and weak when predicting differences in employee productivity.

Expectancy Theory - proves to offer a relatively powerful explanation of employee productivity, absenteeism, and turnover. But expectancy theory assumes that employees have few constraints on their decision discretion.

**2.5 Assignment Questions :**

1. Define ability. Elaborate the different types of intellectual and physical abilities and their implication for organizational performance.
2. Describe the ASA cycle. 'Each phase of the ASA cycle is significantly influenced by the individual differences of each person'-Justify with examples.
3. What is Perception? Describe in details with examples from daily life the Perceptual process
4. What are Perceptual selectivity and Perceptual organization? What are the Perceptual errors and distortions connected with these two processes? State ways of reducing perceptual errors
5. What is Social perception? Explain the relevance of Attribution theory for understanding social perception.
6. Write short notes on (a) Impression management (b) Attribution errors.
7. Why is it important for a manager to consider the various components of motivation when diagnosing motivation problems? Explain.
8. Which of the content approach or the process approach best explains motivation?
9. What implications does Herzberg's two-factor theory have for the design of organizational reward systems? How can the theory be used to explain differences in the three components of motivation?
10. What would it be like to manage an organization where all the employees were self-actualized? What kinds of opportunities and problems would this situation present to management?
11. How important a role does perception play in determining whether an employee is receiving equitable treatment? What kinds of things might a manager do to influence those perceptions?
12. Goal-setting can be a difficult system to implement effectively. What kinds of problems

might be encountered in an effort to implement a goal-setting program in an organization? As a manager, what would you do to minimize the likelihood you would encounter these problems?

13. What is Job analysis? Describe Job design in the light of job analysis
14. What is job design? Discuss methods of Designing Job range and Job depth
15. Explain the relationship of Total quality management and job design with a suitable model.

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## 2.6 Business cases :

### 3. Case Study:

Mr. Anand, an engineer with Indian Computers Company, has always secretly wanted to work at the firm's headquarter's office. The office is located in a city on the east coast. The city is near his native town in which Mr. Anand had spent his childhood years.

Each year the company offers the opportunity to move to the city on the east coast to a very small number of its top computer engineers. Year after year Mr. Anand has hoped to be on the list, but it finally becomes apparent to him that he would never have the opportunity to move to the city.

Over coffee one day, Mr. Anand was heard to say, "even if they offered me the chance to move to the city, I would not take it. It is too close to myoid house. I like things just like they are. I hope they never make the offer; I would not want to say no to the company".

#### Case Questions:

- 1) Explain the psychological mechanisms Mr. Anand may be using to hide his true feelings.
- 2) What type of conflict might Mr. Anand have about his old job and the possibility of the new job?

### 4. Case Study:

Sushma works in Info Soft Solutions Pvt. Ltd. She works there as Project Leader. Occasionally her job demands coming early for her duties or stay till late evening hours. Once she was handling 2 projects simultaneously and on one such day she had convened a meeting with her team members regarding project delivery. She had called her team members at 8 a.m. Sushma is a disciplinarian and generally she follows duty timings strictly. Discipline starts with me, was her firm principle. She had made a habit of coming 5 minutes early at least. However, on that day she could not make meeting time of 8 0 clock and she was worried of her reputation could be at stake. Time was 8.5 a.m. and she reached main gate of her company. Hurriedly she swiped her card and rushed towards board room. That time few housemen were doing cleaning. One of the housemen had spread soap solution on the floor. Unaware of what is on the floor, she continued to rush to the board room. In hurry, Sushma slipped her foot. The floor was made of marbles and soap solution was sprinkled over it. The floor had become quite slippery. Sushma could not control her balance on the slippery floor, and fell down. Slippery floor dragged her couple of feet further. The impact was so strong that she wailed loudly. Her team members rushed to help her. Somehow she could get up with the help of her team members. Considering her wailing because of pain, she was taken to the hospital. In the hospital it was discovered that her hip bone was broken. Later she was immobile for about two months because of hip injury. Later in investigation, it was revealed

that the housemen who was cleaning the floor had not put the display board "Caution: Floor is Wet'.

**Case Questions:**

- 1) If you were the manager, what would you have done to handle the problem?
- 2) What kind of communication was required?
- 3) Who is responsible for the problem?

**For more Case Studies refer the website : The Times 100 business case studies**

<http://businesscasestudies.co.uk/case-studies/by-topic/#axzz43HADumMu>

## CHAPTER - 3

### Group process in Organisation

**Syllabus:** Group dynamics, leadership theories -Power, politics and conflict - inter- personal communication.

#### 3.1 Group Dynamics :

##### The Nature of Groups

There exists no generally accepted definition of groups. The definition of a group can be viewed from four different approaches as below:

1. Perception approach: people who see themselves as part of group constitute a group. Teams are mature groups with a degree of member interdependence and motivation to achieve common goals. Teams start out as groups, but not all groups become teams.
2. Organization approach: emphasizes group characteristics to define a group: an organized system of individual who are connected with one another.
3. Motivation approach: a group is a collection of individuals whose collective existence satisfies needs.
4. Interaction approach: Two or more individuals interacting with each other in order to accomplish a common goal. This definition specifies three minimum requirements for a group to exist:
  - i. Size—must be two or more individuals.
  - ii. Interaction—must be some form of exchange or communication.
  - iii. Purpose—must be trying to accomplish a goal.

##### Types of groups

1. Formal groups—established by the organization to perform organizational work.
  - a. Command group—specified by the organization chart and comprised of employees who report directly to a supervisor.
  - b. Task group—comprised of employees who work together to compete a particular task/project; e.g., self managed teams (SMTs).
2. Informal groups—natural groupings of employees that form to fulfill social needs, evolving naturally.
  - a. Interest group—established to meet a mutual objective (a group formed to lobby management for more fringe benefits).
  - b. Friendship group—formed because members have something in common.

##### *The difference between formal and informal groups.*

- a. Formal groups are designated by an organization as a means to an end.
- b. Informal groups are important for their own sake.

##### Why people form groups

1. The satisfaction of needs:
  - a. Social needs—groups provide a vehicle for interacting with other.
  - b. Security needs—groups can act as an effective buffer between the employee and the

demands/stresses of the organization.

c. Esteem needs—often fulfilled by the prestige of the group that group membership conveys on the member.

2. Proximity and attraction—Two facets of interpersonal relationships.

a. Proximity involves the physical walking distance between people performing a job.

b. Attraction prompts group formation because of perceptual, attitudinal, performance, or motivational similarities.

3. Group goals—individuals join groups because they're attracted to the group's goals, although group goals are not always identifiable.

4. Economic reasons – individuals join groups because they believe membership will result in economic betterment (e.g., a labor union with a record of securing members higher wages).

### **Stages of Group Development**

Groups proceed through five stages of development. These stages and their characteristics are as follows:

#### ***1. Forming***

a. Characterized by uncertainty about the group's purpose, structure, and leadership.

b. Activities focus on efforts to understand and define their objectives, roles, and assignments

c. Interaction patterns tried out, discarded, or adopted.

d. The more diverse the group, the more difficult is forming; particularly sensitive stage for multicultural groups.

#### ***2. Storming***

a. Characterized by conflict and confrontation.

b. Involves redefinition of group's tasks and goals.

c. Members may begin to withdraw.

d. If conflict is not suppressed at this stage, it will hinder future stages.

#### ***3. Norming***

a. Characterized by cooperation and collaboration.

b. Cohesiveness begins.

c. Open communication, significant interaction, and efforts to agree on goals occur.

d. Behavioral norms are established.

#### ***4. Performing***

a. Group is fully functional.

b. Structure and roles are set and accepted.

c. Some groups attain a level of effectiveness that remains more or less constant; others continue to change.

#### ***5. Adjourning***

a. Termination of group activities resulting from task completion or goal attainment.

b. May be marked by very positive emotions as well as feelings of loss, disappointment, or anger.

### *An Alternative Model: Temporary Groups with Deadlines*

#### **Punctuated-Equilibrium Model**

Temporary groups under time constrained deadlines go through transitions between inertia and activity—at the halfway point, they experience an increase in productivity.

#### **Sequence of Actions**

1. Setting group direction
2. First phase of inertia
3. Half-way point transition
4. Major changes
5. Second phase of inertia
6. Accelerated activity

#### **Characteristics of Groups**

**A. Composition:** the pattern of relationships among member positions that evolves over time.

**B. Status hierarchy:** a hierarchy comprised of different status levels assumed by group member positions. Status can be assigned or ascribed. Group member status is defined by power over others, ability to contribute and personal characteristics of members, group member status defines norms and interaction. Other things influencing or influenced by status are status inequality and national culture.

**C. Size:** Odd number groups do better than even. Groups of 5 to 7 perform better overall than larger or smaller groups. Social Loafing-

The tendency for individuals to expend less effort when working collectively than when working individually is an important concept connected with group size.

**D. Roles:** a set of expected behaviors assumed by each position in the group.

1. Expected role—behaviors expected by the group or organization.
2. Perceived role—the set of behaviors that the position holder believes he/she should enact.
3. Enacted role—the set of behaviors that the position holder exhibits. Conflict and frustration may result when any of the three roles differ from each other.

**E. Norms.** Norms are standards of behavior shared by the group members. Norms:

- a. Only pertain to behaviors considered important by the group.
- b. Are accepted in differing degrees by different members.
- c. Don't necessarily apply to all members.

"Acceptable" norm behavior may be different, from the group's perspective, than management's view. Norm conformity—the degree to which a member conforms to norms is affected by:

- a. The individual's personal characteristics—more intelligent members conform less than those less intelligent, more authoritarian members conform more than less authoritarian members.
- b. Situation factors—such as group size and structure (group conformity tends to be greater in

smaller than larger groups).

- c. Intragroup relationships—such as the degree to which the member identifies with the group, the amount of pressure the group exerts on nonconformists.
- d. Cultural factors—some culture share a more collective tradition than others.

**F. Leadership:** a critical factor in group performance. The leader:

- 1. Can reward or punish members for not obeying group norms, especially in a formal group.
- 2. Some groups, even formal ones, have no single leader, e.g., SMT's.
- 3. In informal groups, the one who becomes leader is viewed as respected and has a high-status.
  - a. Helps the group in accomplishing group goals.
  - b. Helps members satisfy their needs.
  - c. Represents the group to those outside the group.

**G. Cohesiveness**—the forces acting upon members to remain in the group that are greater than those pulling members away from the group. The greater the group cohesiveness, the greater the member conformity to group norms. Sources of attraction in group cohesiveness are :

- a. Goals are clear and compatible
- b. Charismatic leader.
- c. Group reputation as successful.
- d. Group is small enough to interact effectively. e. Mutual support by members.

**Cohesiveness and performance:** Degree of cohesiveness can have positive or negative effects. The relationship between cohesiveness and group performance depends on whether the group goals support (are congruent with) organizational goals:

- i. High cohesiveness and congruent group goals results in effective performance.
- ii. High cohesiveness and incongruent group goals result in negative group performance.
- iii. Low cohesiveness and incongruent group goals probably result in negative group performance.
- iv. Low cohesiveness and congruent group goals probably results in positive (individually based) group performance.

Also, the relationship of the degree of cohesiveness (high/low) of the group and the level (high/low) of performance norm set by the organization may lead to different types of productivity(high/moderate/low) as follows:

- i. High cohesiveness and high performance norms leads to high productivity
- ii. Low cohesiveness and high performance norms leads to moderate productivity
- iii. High cohesiveness and low performance norms leads to low productivity
- iv. Low cohesiveness and low performance norms leads to moderate to low productivity.

**Groupthink:** exists in highly cohesive groups when the drive to maintain consensus is so great that it impairs effective group decision-making. Characteristics of groupthink:

- a. Illusion of invulnerability.
- b. Tendency to moralize about the goodness of the group's position.
- c. Illusion of unanimity.
- d. Pressure to conform.

e. Dismissal of views that oppose the group's position. Some research indicates that highly cohesive groups are not susceptible to groupthink if the group is comprised of dominant individuals.

**Group shift:** A change in decision risk between the group's decision and the individual decision that member within the group would make; can be either toward conservatism or greater risk.

### Group Decision-making Techniques:

**Interacting Groups**-Typical groups, in which the members interact with each other face-to-face.

**Nominal Group Technique**-A group decision-making method in which individual members meet face-to-face to pool their judgments in a systematic but independent fashion.

**Brainstorming**- An idea-generation process that specifically encourages any and all alternatives while withholding any criticism of those alternatives.

**Electronic Meeting**- A meeting in which members interact on computers, allowing for anonymity of comments and aggregation of votes.

### Types of Group:

Effectiveness Criteria	Interacting	Brainstormin	Nominal	Electronic
Number and quality of ideas	Low	Moderate	High	High
Social pressure	High	Low	Moderate	Low
Money costs	Low	Low	Low	High
Speed	Moderate	Moderate	Moderate	Moderate
Task orientation	Low	High	High	High

Potential for interpersonal conflict	High	Low	Moderate	Low
Commitment to solution	High	Not applicable	Moderate	Moderate
Development of group cohesiveness	High	High	Moderate	Low

Source: based on Murnighan, J.K (1981) Group Decision making: what strategies should you use? Management review, February 1981, p 61.

### End Results of Group formation

Synergism-the cooperative action of discrete entities which is greater than the sum of the parts. Synergistic groups can create something greater than individual members independently could create.

1. Potential Group Performance = Individual Performance + Synergy.
2. Actual Group Performance = Potential Performance - Faulty Group Process. Synergistic gains from groups may be lessened by operating failures within groups.

**Three criteria of group effectiveness:**

1. Extent to which the group's productive output meets the standard of quantity, quality, and timeliness of the users of the output.
2. Extent to which the group process of actually doing the work enhances the capability of group members to work together interdependently in the future.
3. Extent to which the group experience contributes to the growth and well being of its members.

**Teams:** Definition-formal group comprising people interacting very closely together with a shared commitment to accomplish agreed-upon objectives.

**Why have Teams become so popular?**

1. Teams typically outperform individuals.
2. Teams use employee talents better.
3. Teams are more flexible and responsive to changes in the environment.
4. Teams facilitate employee involvement.
5. Teams are an effective way to democratize an organization and increase motivation.
6. Triggered by Japan's economic accomplishments, which are based on the use of teams.
7. Potential quality improvements
8. Organizational restructuring efforts, especially those to flatten the organization.

**Comparing Work Groups and Work Teams:**

Work groups		Work Teams
Share information	Goal	Collective performance
Neutral (sometimes negative)	Synergy	Positive
Individual	Accountability	Individual and mutual
Random and varied	Skills	Complementary

**Types of teams:**

1. **Problem-Solving Teams**-Formed to deal with problems. Quality Circles are one example.
2. **Cross-functional Teams**-A team consisting of members from different functional departments. Using the skills, competencies, and experiences from diverse areas with a company can increase understandably, camaraderie, trust, and performance.
3. **Virtual Teams**-Technology has allowed teams to be connected as a team and accomplish work even as they are different sites. Management requires leaders being coaches, building trust, evaluating performance, and providing feedback.
4. **Research and Development (R&D) Teams**-Used to develop new products. It is used most extensively in high tech companies. Skunk Works—R&D teams set up to expedite innovation and creative new product designs.
5. **Self-Managed Teams (SMT)**-Small groups of individuals who are empowered to perform certain activities based on established procedures and decisions made within the team, with little to no outside direction. Before implementing SMTs, organizations

must be certain that such teams are consistent with the organization's: i. Business requirements ii. Values and goals iii Competencies

6. **Diverse teams**-Improve problem solving and increase creativity. It may struggle in the short term but have strong long-term performance potential.

### **What is team building?**

Team members and leaders must work hard to achieve teamwork. Team building helps in achieving teamwork. Team building is a sequence of planned activities designed to gather and analyze data on the functioning of a group and to initiate changes designed to improve teamwork and increase group effectiveness.

How team building works?

Team building works through a five step process.

1. Problem or opportunity in team effectiveness.
2. Data gathering and analysis.
3. Planning for team improvements.
4. Actions to improve team functioning.
5. Evaluation of results.

Approaches to team building- There are three approaches to team building

1. Formal retreat approach-Team building occurs during an offsite retreat.
2. Continuous improvement approach-The manager, team leader, or members take responsibility for on-going team building.
3. Outdoor experience approach-Members engage in physically challenging situations that require teamwork.

### **Building High Performance teams (Katzenbach and Smith, 1993)**

1. Create a sense of urgency and direction
2. Choose people on the basis of skill, track record and potential, not on the basis of personality.
3. Ensure that first meeting goes well and put the accent on action.
4. Lay some explicit ground rules to govern behaviour.
5. Focus on critical but urgent matters to address and set clear objectives.
6. Devote lot of time to interaction between members.
7. Provide regular up to date information to members, recognize the potency of feedback at all times and ensure members receive proper recognition and reward.

### **Characteristics of Effective Teams**

1. Clear unity of purpose
2. An informal, comfortable, relaxed atmosphere
3. Participative discussion
4. Freedom of feelings and ideas
5. Positive perceptions of disagreement
6. Frequent, frank and comfortable criticism

7. Shared leadership
8. Increased employee motivation
9. Higher levels of productivity
10. Increased employee satisfaction
11. Common commitment to goals
12. Expanded job skills
13. Organizational flexibility.

### **Common mistakes in building effective teams (Hackman, 1994)**

- Treating a unit as a team, but when it comes to allocation of tasks, employee selection, dispensing rewards, performance management etc., the set of individuals are dealt with on an individual basis.
- Failure to strike the right balance between exercise of authority and the use of democratic practices.
- Organizational structure should be dismantled and replaced by enabling structure
- While teams are formed they are left unsupported while in fact they should be provided with adequate material resources, supportive training, relevant organizational information systems and group based rewards
- Assuming that individuals are eager to work in teams and they are equipped to do so.

### **Creating Effective Teams**

#### **1. Key Team Roles**

Belbin proposed that effective teams are composed of members that serve unique functions and roles:

leader – responsible for overall performance

shaper – directs the teams effort, imposes shape to team activities

#### **2. Work Production Function:**

worker- devises practical working procedures & carries them out

creator – invents new ideas/strategies, addresses problems in a creative way

completer-finisher – gets things done quickly, works on urgent issues

#### **3. Team Maintenance Function**

team facilitator – fosters a sense of team spirit, helps with communication monitor-evaluator – analyzes problems, helps team to stay focused on the task

#### **4. Liaison Function**

Resource investigator – deals with external contacts. Team roles (Belbin 1993)

1. Plant-Creative, imaginative, unorthodox, solve difficult problems

2. Coordinator- mature, confident, good chairperson, clarifying goals, promotes decision making, delegates well

3. Monitor (Evaluator)-Sober, strategic, discerning, sees all options, judges accurately.

4. Implementer-Disciplined, reliable, conservative and efficient, turns ideas into practical actions

5. Completer (finisher)- Painstaking, conscientious, anxious, searches out errors and omissions, delivers on time.
6. Resource investigator-Extrovert, enthusiastic, communicator, explores opportunities, develops contacts.
7. Shaper-Challenging, dynamic, thrives on pressure, drive and courage to overcome obstacles
8. Team worker-Cooperative, mild, perceptive and diplomatic, listens, builds, averts frictions
9. Specialist-Single minded, self-starting, dedicated, provides knowledge and skill in rare supply.

Roles played by team members Margerison and Mc Cann (1990)

1. Creator- Innovator- Initiates creative ideas
2. Explorer-promoter-Champions ideas after they have been initiated
3. Assessor- developer- Offers insightful analysis of options
4. Thruster-Organizer-Provides structure
5. Concluder-producer-Provides direction and follow through
6. Controller-Inspector-Examines details and enforces rules.
7. Upholder-maintainer-Fights external battle
8. Reporter-Adviser-Encourages search for more information
9. Linker- Coordinates and integrates

### Team Processes

A. Socialization – process of mutual adjustment between the team and its members. It is based on evaluation, commitment & role transition. Socialization passes through 5 phases:

1. Investigation: team and individuals find a good match
2. Socialization: individuals and team assimilate to each other
3. Maintenance: both parties try to maximize their needs
4. Re-socialization: team and individual try to influence each other in order to satisfy team needs
5. Remembrance: occurs if re-socialization is not successful.

B. Interpersonal Processes in Teams

1. Communication-Ideal communication is frank, continuous, & regular
2. Conflict-unavoidable in teams; what is important is how teams deal with conflict. Conflict can be seen as beneficial (different ideas but willing to listen) or competitive (disagree with team members, not willing to listen to other's opinion)
3. Cohesion-team members feel attracted to their team and want to stay in it
4. Trust-creates an environment where workers spend less time worrying about others and are more willing to allow other team members to help them

C. Shared Mental Models

Members have similar cognitive processes relating to acquiring, storing, & using information  
Cannon-Bowers & Salas (2001) identified 4 types of shared knowledge in mental models:

1. task-specific knowledge – a common understanding that team members have concerning

necessary procedures and strategies to perform a specific task

2. task-related knowledge – a common knowledge concerning task-related processes that can be generalized to other tasks
3. knowledge of teammates – knowing teammates strengths & weaknesses proper allocation of resources across teammates
4. attitudes/beliefs – helps to enhance team cohesion, motivation, & consensus

D. Team Climate (Anderson and West, 1996)

**What can be done to improve team processes?** Increased emphasis on teams and teamwork:

- Presents challenges to people accustomed to more traditional ways of working.
- Creates complications due to multiple and shifting memberships.
- Requires team leaders and members to deal positively with group dynamics issues.
- Requires on-going team building.
- New member problems.

New members are concerned about issues of:

- Participation.
- Goals.
- Control.
- Relationships.

Behavior profiles of coping with individual entry problems:

- Tough battler-Is frustrated by a lack of identity in the new group. He may act aggressively or reject authority. He seeks to determine his or her role in the group.
- Friendly helper-Is insecure, suffering uncertainties of intimacy and control. He may show extraordinary support for others, behave in a dependent way, and seek alliances. He needs to know whether she or he will be liked.
- Objective thinker-Is anxious about how personal needs will be met. He acts in a passive, reflective, and even single-minded manner. He is concerned with fit between individual and group goals.

Task and maintenance leadership.

- High performance teams require distributed leadership.
- The team leader and team members share in the responsibility of meeting task needs and maintenance needs.

**Task activities:** The various things members do that contribute directly to the performance of important group tasks. Task activities include:

- Initiating discussion.
- Sharing information.
- Asking information of others.
- Clarifying what has been said.

- Summarizing the status of a deliberation.
- Maintenance activities.
- Support the group's social and interpersonal relationships. Maintenance activities include:
- Encouraging the participation of others.
- Trying to harmonize differences of opinion.
- Praising the contributions of others.
- Agreeing to go along with a popular course of action. Group members should avoid the following disruptive behaviors:
- Being overly aggressive toward other members.
- Withdrawing and refusing to cooperate with others.
- Horsing around when there is work to be done.
- Using the group as a forum for self-confession.
- Talking too much about irrelevant matters.
- Trying to compete for attention and recognition.

### 3. Team Dynamics

Roles and role dynamics-A role is a set of expectations associated with a job or position on a team. Performance problems occur when roles are unclear or conflictive.

- Role ambiguity - occurs when a person is uncertain about his/her role.
- Role overload- occurs when too much is expected and the person feels overwhelmed with work.
- Role underload- occurs when too little is expected and the person feels underutilized.
- Role conflict-occurs when a person is unable to meet the expectations of others. Role conflict is of four types: Intra-sender role conflict, Inter-sender role conflict, Person-role conflict, Inter- role conflict.

Norms: Represent beliefs about how group or team members are expected to behave. They are rules or standards of conduct. They clarify role expectations, help members to structure their behavior, help members to gain a common sense of direction, help to reinforce group or team culture.

Key norms that can have positive or negative implications are:

- Performance norms.
- Organizational and personal pride norms.
- High-achievement norms.
- Support and helpfulness norms.
- Improvement and change norms.

Team cohesiveness: The degree to which members are attached to and motivated to remain a part of the team. Members of highly cohesive groups: value their membership, try to maintain positive relationships with other members, are energetic when working on team activities, are not prone to absenteeism or turnover, are genuinely concerned about team performance, tend to satisfy a broad range of individual needs.

Rule of conformity in group dynamics-The more cohesive the group, the greater the conformity of members to group norms. Positive performance norms in a highly cohesive group have a positive effect on task performance. Negative performance norms in a highly cohesive group have a negative effect on task performance.

Cohesiveness can be increased or decreased by making changes in: Group goals, Membership composition, Member interactions, Group size, Competition within and between teams, Rewards, Location, Duration.

Decision Making in Teams: Information is distributed unequally among team members and must be integrated. It must deal with ambiguity, compressed amounts of time, & status differences.

Hollenbeck, LePine, & Ilgen (1996) described a multilevel theory of team decision making:

1. team infirmity – how well the team is informed on issues they must address
2. staff validity – the teams overall ability to make accurate decisions
3. dyadic sensitivity – how much weight the leader gives to each team members input. Leader must know which members input should be given more weight

#### **4. Personnel Selection for Teams**

Successful selection of team members requires identifying the best mix of personnel for effective team performance. Prieto (1993) describes 5 critical social skills for an individual in a team to possess:

1. gain the group acceptance
2. increase group solidarity
3. be aware of the group consciousness
4. share the group identification
5. manage others' impressions of him or her

#### **Examining relationship between personality variables and team effectiveness**

Factors of conscientiousness & agreeableness have been found to predict various dimensions of work team performance. Stevens and Campion (1999) developed test to measure team related KSAs: e.g., conflict resolution, collaborative problem solving, communication, & planning.

#### **5. Diversity**

Group Demography-The degree to which members of a group share a common demographic attribute, such as age, sex, race, educational level, or length of service in the organization, and the impact of this attribute on turnover. Cohorts-Individuals who, as part of a group, hold a common attribute.

#### **6. Turning Individuals into Team Players**

The Challenges

- Overcoming individual resistance to team membership

- Countering the influence of individualistic cultures
- Introducing teams in an organization that has historically valued individual achievement

#### Shaping Team Players

- Selecting employees who can fulfil their team roles
- Training employees to become team players
- Reworking the reward system to encourage cooperative efforts while continuing to recognize individual contributions.

### 7. Teams and Quality Management

Team Effectiveness and Quality Management requires that Teams:

- Are small enough to be efficient and effective.
- Are properly trained in required skills.
- Are allocated enough time to work on problems.
- Are given authority to resolve problems and take corrective action.
- Have a designated “champion” to call on when needed.

**Team work** Teamwork is the central foundation of any high performance team.

**The nature of teamwork :** Team members actively work together in such a way that all of their respective skills are utilized to achieve a common purpose.

#### Characteristics of high performance teams.

High performance teams:

- Have strong core values. High mutual trust where values such as honesty, loyalty, competency, truthfulness, openness are present but not easy to sustain.
- Turn a general sense of purpose into specific performance objectives. Commitment to specific, challenging and clearly defined goals, goal interdependence, linking individual goals to group goals.
- Have the right mix of skills. Abilities and Skills of the members-Technical expertise and knowledge about the problems faced, problem solving and decision making skills; effective feedback, conflict resolution and other interpersonal skills
- Capacity to tap external sources of repute for information and resources of benefit to the team.
- Possess creativity.
- Potency, social support, work load sharing, communication and coordination. Familiarity in terms of specific knowledge about jobs, colleagues and work environment possessed by members.
- Diversity and team performance.
- Group based as opposed to individual reward
- Size should not exceed 12

To create and maintain high performance teams, the elements of group effectiveness must be addressed and successfully managed.

#### Principles of Effective Teamwork

- Members provide and accept feedback

- Should be constructive and flow up as well as down
- Members must be willing & prepared to back up others
- Know when to jump in and help
- Members view themselves as a group
- Success of team more important than individual
- Members are interdependent
- Rely on one another to carry out mission
- Team leadership is important
- Leaders don't just instruct, they serve as role models and influence team member behaviour

### **Hackman's recipe for effective team work**

1. Think clearly and take appropriate action in spelling out the tasks to be performed, composition of team, appropriate group norm
2. Ensure authority is bounded-specify the ends but not the means to ends
3. Issue clear instruction and directions but keep a sharp eye on motivational implication of such action
4. Recognize the importance of intrinsic motivation( the excitement and satisfaction from being a part of a successful team coupled with potential self development)
5. Create a supportive organizational context, selection of team players capable of undertaking team roles, rewards to encourage cooperation, meeting of team goals. One must not ignore individual performance but it has to be balanced with group oriented contributions, such as sharing information with one's colleagues, assisting with the training of new colleagues, helping to reduce team conflict
6. Provide training and expert coaching in the process of team work.

### **A Team-Effectiveness Model**

Team effectiveness depends on

**context**–adequate resources, leadership and structure, climate of trust, performance evaluation and reward systems

**composition**-abilities of members, personality, allocating roles, diversity, size of teams, member flexibility, member preference

**work design**-autonomy, skill variety, task identity, task significance

**process**-common purpose, specific goals, team efficacy, conflict levels, social loafing

### **Relationship between team working and innovation in organization**

1. Focus on clear and realistic objectives to which team members are committed (Vision)
2. Interaction between team members in participative and interpersonally non-threatening climate (participative safety)
3. Commitment to high standards of performance prepared to confront weakness (task orientation)
4. Enacted support for innovation (support for innovation).

### 3.2 Leadership Theories:

**Introduction:** Experts lack consensus on what leadership is and how it should be analysed. The exploration of leadership that follows suggests that:

1. Leadership is not the same as management.
2. Leadership is a complex concept.
3. Leadership attributes can be developed through experience, training, and analysis.
4. Leader effectiveness depends on the fit between leader, follower, and situation.
5. Leadership is substituted for in various settings and situations and is not always a significant influence.

#### What is Leadership?

Numerous definitions and interpretations of leadership exist.

**Leadership** is defined as, "**the process of influencing others to facilitate the attainment of organizationally relevant goals.**" A person (e.g., the leader) can influence the behavior of others (e.g., subordinates, peers, superiors). Situations where influence plays no role are outside the domain of leadership. A major purpose of leadership is to achieve relevant goals. Attempts to influence individuals or groups can be based on many factors, including personality, behavior, or power.

Warren Bennis, a leading expert on leadership, argues that virtually all leaders of effective groups share four characteristics:

1. They provide direction and meaning to the people they are leading.
2. They generate trust.
3. They favor action and risk taking.
4. They are purveyors of hope.

#### Leadership vs management:

Leadership is the ability to influence a group toward the achievement of goals—a road, a way, the path of a ship at sea - a sense of direction. Management is the use of authority inherent in designated formal rank to obtain compliance from organizational members.

#### What do managers and leaders do? (Zaleznik 1977)

**Managers focus attention & energy on** how things get done and their role in events that occur or in a decision-making process. **Leaders are more concerned with** ideas, relating to others in more intuitive, empathetic ways and what events and decisions mean to people

**Managers** plan, organise, direct, control resources to achieve objectives; follow formal policies, rules

& procedural regulations of their employing organisation; handle and physically direct resources: money, materials, machinery, equipment, space, facilities, information and technology, use of time and people. **Managers have 'subordinates' and communicate-** enable others to understand information, instructions or ideas, seek order and control. **Leaders have followers. They** envision, influence, inspire; tolerate, promote creativity and imagination; bring order from chaos; influence people towards objectives and desire to

achieve; gain voluntary commitment over compliance and win hearts and minds.

**Managers** administer and copy; maintain; focus on systems & structure; rely on control; has a short- range view - bottom line; ask how and when; accept the status quo.; is a classic good soldier and do things right. **Leaders are interested in innovation and originality**; they develop; focus on people; inspire trust; have a long-range view - the horizon; ask what and why; challenge the status quo; own person and do the right thing.

**Important readings for difference in Management and Leadership:(Reference: [http://changingminds.org/disciplines/leadership/articles/manager\\_leader.htm](http://changingminds.org/disciplines/leadership/articles/manager_leader.htm))** Krech et al (1962) identified fourteen functions that the leader may take:

Leader's function	Actions
<b>Task functions</b>	
Executive	Coordinating group activities and overseeing the setting of policies and goals.
Planner	Deciding how the group will achieve its goals.
Policy maker	Establishing policies and goals.
Expert	A source of expert information.
External group representative	Speaking for the group with others.
Controller of internal relationships	Determining the social structure of the group.
Purveyor of rewards, punishment	Controlling members by punishing and rewarding.
<b>Maintenance functions</b>	
Arbitrator and mediator	Resolving disputes in the group.
Exemplar	Behaving in a way that others should behave.
Symbol of the group	Acting as symbolic embodiment of the group, its goals and its values.
Substitute for individual responsibility	Relieving individuals of the need and responsibility of personal decisions.
Ideologist	Being the source of beliefs and values.
Father figure	Focus for positive emotional feelings of individuals & the object for identification and transference.
Scapegoat	Acting as a target for aggression and hostility. Taking the blame on behalf of the group.

### Characteristics of leaders:

From the viewpoint of a follower, the characteristics of leaders are:

- Organization*
- Fearlessness*
- Respect for the work of others*
- Satisfaction*
- Promotion of the interests of subordinates*
- Frankness*
- Respect for the individual*
- Knowledge*
- Predictability*

- Tolerance*
- Understanding*
- Honesty and transparency*
- Accessibility*
- Providing opportunities*
- Guidance*
- Willingness to listen*
- Genuineness*
- Discretion*
- Informed*
- Grace*
- Authority*
- People orientation*
- Positive personality*
- Good communication*

**For details (reference: <http://www.fao.org/docrep/w7504e/w7504e03.htm>)**

#### **Approaches to the Study of Leadership:**

Yukl (1989) identified four approaches for studying leadership. The "power influence approach" attempts to understand leadership effectiveness in terms of the amount and type of power possessed by the leader. This approach would examine how power is acquired, lost, and maintained. Mechanisms of power leaders can use:

#### **Authority Coercion Force Influence Manipulation:**

The "behavior approach" looks at the actual tasks performed by leaders. This involves evaluating daily activities and behavioral characteristics of leaders. The "trait approach" looks at the personal attributes of leaders, such as energy, intuition, creativity, persuasiveness, and foresight. The "situational approach" examines leadership in terms of its relationships with environmental factors, such as superiors, subordinates, and peers. This approach is often referred to as contingency theory because the role of the leader is contingent on the situation.

Max Weber defined three types of authority. (Authority = The ability to control legitimately). -

- Rational-Legal authority
- Traditional authority
- Charismatic authority

#### **Trait Approaches**

Earliest studies of leadership tried to identify intelligence, personality, physical characteristics, supervisory ability and other personal traits of effective leaders. Personality traits associated with effectiveness are Alertness, Originality, Personal integrity, Self-confidence, Ability to initiate action independently, Self-assurance and Individuality.

Some traits according to different researchers:

Stogdill (1948) -The leader is characterized by a strong drive for responsibility and task

completion, vigor and persistence in pursuit of goals, venture sameness and originality in problem solving, drive to exercise initiative in social situations, self-confidence and sense of personal identity, willingness to accept consequences of decision and action, readiness to absorb interpersonal stress, willingness to tolerate frustration and delay, ability to influence other persons' behavior, and capacity to structure social interaction systems to the purpose at hand. (p. 81) Bennis (1990)-four leadership competencies. 1) Management of attention through a compelling vision;

2) Communication skills necessary to transfer a vision to others; 3) Being able to establish trust through reliability and constancy; and 4) Knowing one's skills and employing them effectively.

Giblin (1990) -four-attribute framework for assessing leadership qualities:

1) resourcefulness 2) astuteness 3) compatibility and 4) knowledge. An individual possessing these qualities is likely to be perceived as a leader by others.

Dilenschneider (1992) cites five ingredients for leadership: 1) vision and focus, 2) practical values, 3) awareness and use of time, 4) empowerment and motivation, and 5) objectivity and judgement. According to Dilenschneider's theory, there are five core organizational values (integrity, accountability, diligence, perseverance, and discipline). Leaders derive power by adopting a set of values consistent with those deemed worthwhile by the organization.

Rolf Osterberg (1987) identifies five "components of awareness" essential for business leadership. 1) Hierarchies based on power are detrimental to personal development, and must be eliminated. 2) The managers role becomes one of "coordinating a self-organizing, self-renewing and self-transcending system." 3) Problems are not deferred to higher levels (since there are none), but instead are solved by the workers who have the problems. 4) Goal setting is eliminated because it does not encourage exploration and personal development. 5) Profits are reinvested in the company and not used to support other processes. Osterberg admits that these premises will be a threat to established organizations. He also acknowledges that attempts to persuade them will be futile. Instead, he recommends that documented examples "will speak much more loudly than any statistics. Every such example will be a stone thrown into the water spreading its ripples. Let us trust the ripple effect which has its own life and its own power."

*Problems with trait theories:*

1. List of potential traits is endless.
2. Trait test scores are not consistent in predicting leader effectiveness because traits act in combination, not singly.
3. Patterns of effective leader behavior depend on the situation.
4. Traits offer little insight on what the leader does on the job. (See Exhibit 11.1 with traits associated with leadership effectiveness, page 429)

*Conclusion*—despite shortcomings, the approach is not invalid.

1. Kirkpatrick and Locke research finds effective leaders do differ from others in drive, motivation, ambition, honesty, integrity, and self-confidence.
2. After years of research, the trait approach remains interesting, but ineffective in

predicting leadership potential.

**Charismatic Leadership**—suggests that some leaders have a gift of exceptional qualities, a **charisma** that enables them to motivate followers to achieve outstanding performance.

Charismatic Leadership

Theory states that followers make attributions of heroic or extraordinary leadership abilities when they observe certain behaviors.

House describes charismatic leaders as those who "have charismatic effects on their followers to an unusually high degree."

Conger's model—describes how charisma evolves.

- a. Stage 1: Leader assesses the environment, adapts, and formulates a vision of what to do.
- b. Stage 2: Leader establishes goals.
- c. Stage 3: Leaders works on trust and commitment.
- d. Stage 4: Leader becomes role model and motivator

### **What constitutes charismatic leadership behavior?**

Empirical studies examining behavior and attributes of charismatic leaders have looked at articulation ability, affection for the leader, ability to inspire, dominating personality, and need for influence. However, no specific set of behaviors and attributes is universally accepted.

Charismatic leaders have a vision, are willing to take personal risks to achieve the vision, are sensitive to follower needs and exhibit behaviors that are out of the ordinary. Communicating that *vision* is the leader's first job. Crisis-based charismatic leaders: communicates clearly and specifically what needs to be done. Study of crisis management highlight charismatic leadership: In conditions of stress, ambiguity, and chaos followers give power to individuals who have the potential to correct the situation. Crisis also permits leaders to promote non-traditional actions by followers.

### **Key Characteristics of Charismatic Leaders:**

1. Vision and articulation. Has a vision—expressed as an idealized goal—that proposes a future better than the status quo; and is able to clarify the importance of the vision in terms that are understandable to others
2. Personal risk. Willing to take on high personal risk, incur high costs and engage in self-sacrifice to achieve the vision
3. Environmental sensitivity. Able to make realistic assessments of the environmental constraints and resources needed to bring about change
4. Sensitivity to follower needs. Perceptive of others' abilities and responsive to their needs and feelings.
5. Unconventional behavior. Engages in behaviors that are perceived as novel and counter to norms

(Source: Based on J. A. Conger and R. N. Kanungo, *Charismatic Leadership in Organizations* (Thousand Oaks, CA: Sage, 1998), p. 94).

## Beyond Charismatic Leadership

### Level 5 Leaders

- Possess a fifth dimension—a paradoxical blend of personal humility and professional will—in addition to the four basic leadership qualities of individual capability, team skills, managerial competence, and the ability to stimulate others to high performance.
- Channel their ego needs away from themselves and into the goal of building a great company.

### Behavioral Approaches—Job-Centered and Employee-Centered Leadership

Researchers examined leader behaviors and impact on subordinate performance and satisfaction. Psychologist Kurt Lewin (1951) studied leadership methods by designing an experiment to compare autocratic and democratic leadership styles. As the experiment progressed, one of the democratic leaders was categorized as laissez-faire. The autocratic leaders groups tended to be quarrelsome and work progressed at a modest rate. When the leader was not present, work came to a halt. The laissez-faire group ran haphazardly and work progressed at a slow rate. The democratic groups ran smoothly even when the leader was absent, and the relationships of group members were more-friendly. Democratic leaders openly discussed issues with group members and encouraged them to join in making decisions. Uris (1964) argues that effective managers use all three methods of leadership depending on the particular circumstance.

During the 1950s, leadership studies were conducted at Ohio State University and the University of Michigan. The Ohio State leadership studies (Fleishman, 1953; Halpin and Winer, 1957; Hemphill and Coons, 1957) resulted in the creation of the Leader Behavior Description Questionnaire (LBDQ), a commonly used instrument to assess leadership behavior.

The Ohio State studies used a 150 item questionnaire to examine how subordinates perceived their supervisor's behavior. Factor analyses of the questionnaire revealed two behavior constructs, which were later labeled "consideration" and "initiating structure". Consideration included those items that indicated a leader's friendliness, supportiveness, and compassion. Initiating structures were items that indicated the degree of structure that a leader imposed on subordinates (e.g., deadlines, assigning tasks, and following standard procedures). In a large correlational study, Fleishman and Harris (1962) reported that turnover rate was negatively correlated with consideration, and positively associated with initiating structure, although they emphasized the nonlinearity of the relationships. "There appear to be certain critical levels beyond which increased Consideration or decreased Initiating Structure have no effect on turnover or grievance rate." In a summary of literature, Yukl (1989) reports that the effect of consideration has been confirmed, but the results of studies on initiating structure have not been clear or consistent.

The University of Michigan leadership studies (Katz and Kahn, 1952; Katz, Maccoby, and Morse, 1950; Katz, et al., 1951) were a series of correlational studies to examine the relationships between leadership behavior, group processes, and group productivity. Manager effectiveness was equated with group productivity. Two leadership styles identified were:

a. Job-centered—close supervision and use of coercive, reward and legitimate power to influence subordinate behavior. b. Employee-centered— involves delegating decision-making, helping subordinates satisfy their needs by creating a supportive work environment. The leader is concerned with follower personal growth and achievement. In a summary of these studies, Likert (1961) writes that three types of leadership behavior were found to be good predictors of management effectiveness: task-oriented behavior, relationship-orientated behavior, and participative leadership. Task-orientated behaviors are the same as the initiating structures in the Ohio studies, and relationship-orientated behaviors are similar to the consideration construct in the Ohio studies. The difference between the two studies was that the Michigan study viewed participative leadership as separate from the other relationship-orientated behaviors.

#### Likert's Systems or Styles Leadership:

Leadership characteristics	System1 Exploitative Autocratic	System 2 Benevolent Autocratic	System3 Participative	System 4 Democratic
Leadership process	No confidence and trust in subordinates	Condescending confidence & trust in subordinates	Sustantial but not complete confidence and trust in subordinates	Complete confidence and trust in subordinates
Motivational forces	Physical security, economic needs and some use for desire for status.	Economic needs and moderate use of ego motives	Economic needs & considerable use of ego and other major motives	Full use of economic, ego and other major motives arising from group goals
Communication	Very little	little	Quite	Much between individual and group
Interaction	Little interaction and always with fear and distrust	Little interaction and usually with some condescension by superiors, fear & and caution by subordinates.	Moderate interaction, often with fair amount of confidence and trust	Extensive friendly interaction with high degree of confidence and trust
Decision making	Bulk of decision at top of organization	Policy at top, many decisions with prescribed framework made at lower levels but usually checked with top before decision is taken	Broad policy decision at top, more specific decision at lower levels	Decision making widely done throughout organization, well integrated through linking process provided by overlapping groups

Goal setting	Orders issued	Orders issued but opportunity to comment may exist	Goals are set or orders are issued after discussion with subordinates of problems and planned action	Except in emergencies, goals are usually established by group participation
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### Participative Leadership:

Participative leadership refers to the degree that to which other people can influence the leader's decisions. It is interesting to note that this is nearly the opposite of the definition of power. Yukl (1989) presents a taxonomy of four decision making procedure categories. 1) The autocratic decision is where the manager seeks no input from other people. 2) The consultation decision is where the manager seeks opinions from others, but makes the decision alone. 3) The joint decision is where the manager and others discuss the problem and make a joint decision. 4) The delegation decision is one where the manager gives others the authority to make the decision. Yukl is careful to point out that decision making is actually a continuum instead of discrete categories.

The first studies on participative leadership were conducted by Lewin, Lippitt, and White in 1939. Hundreds of studies have been conducted since that time with mixed results. Claims have been made that participative management results in improved decisions, facilitation of change, identification with leadership, and a high level of achievement (Williams and Huber, 1986).

Recent literature reviews and meta analyses have been inconclusive (Miller and Monge, 1986; Schweiger and Leana, 1986; Wagner and Gooding, 1987). Sometimes participative leadership works, and other times it doesn't. Generally, studies that used questionnaires to assess employee satisfaction found positive results, while those that used objective measures of productivity were weaker and inconsistent. Most research in participative leadership has consisted of short-term field studies. Yukl (1989) argues that many of these studies may have been actually measuring the "Hawthorne effect", a temporary positive effect from being the focus of attention.

Both University of Michigan leadership studies and Ohio studies have provided information on what behaviors leaders should possess; however, the theories do not resolve the relationships between leaders style and performance/satisfaction/ efficiency outcomes.

### The Managerial Grid (Blake and Mouton)

Popular framework for thinking about a leader's 'task versus person' orientation was developed by Robert Blake and Jane Mouton in the early 1960s. Called the Managerial Grid, or Leadership Grid, it plots the degree of task-centeredness versus person-centeredness and identifies five combinations as distinct leadership styles.

### *Understanding the Model*

The Managerial Grid is based on two behavioral dimensions:

- **Concern for People** - This is the degree to which a leader considers the needs of team members, their interests, and areas of personal development when deciding how best to accomplish a task
  
- **Concern for Production** - This is the degree to which a leader emphasizes concrete objectives, organizational efficiency and high productivity when deciding how best to accomplish a task.

Using the axis to plot leadership 'concerns for production' versus 'concerns for people', Blake and Mouton defined the following five leadership styles:

#### **Country Club Leadership** - High People/Low Production

This style of leader is most concerned about the needs and feelings of members of his/her team. These people operate under the assumption that as long as team members are happy and secure then they will work hard. What tends to result is a work environment that is very relaxed and fun but where production suffers due to lack of direction and control.

#### **Produce or Perish Leadership** - High Production/Low People

Also known as Authoritarian or Compliance Leaders, people in this category believe that employees are simply a means to an end. Employee needs are always secondary to the need for efficient and productive workplaces. This type of leader is very autocratic, has strict work rules, policies, and procedures, and views punishment as the most effective means to motivate employees.

#### **Impoverished Leadership** - Low Production/ Low People

This leader is mostly ineffective. He/she has neither a high regard for creating systems for getting the job done, nor for creating a work environment that is satisfying and motivating. The result is a place of disorganization, dissatisfaction and disharmony.

#### **Middle-of-the-Road Leadership** - Medium Production/Medium People

This style seems to be a balance of the two competing concerns. It may at first appear to be an ideal compromise. Therein lies the problem, though: When you compromise, you necessarily give away a bit of each concern so that neither production nor people needs are fully met. Leaders who use this style settle for average performance and often believe that this is the most anyone can expect.

#### **Team Leadership** - High Production/High People

According to the Blake Mouton model, this is the pinnacle of managerial style. These leaders stress production needs and the needs of the people equally highly. The premise here is that employees are involved in understanding organizational purpose and determining production needs. When employees are committed to, and have a stake in the organization's success, their

needs and production needs coincide. This creates a team environment based on trust and respect, which leads to high satisfaction and motivation and, as a result, high production.

### Reddin's 3-D Leadership model

{ref:[http://www.wjreddin.co.uk/content/uploads/files/english\\_reference\\_reddin-s\\_3-d\\_leadership\\_model\\_def.pdf](http://www.wjreddin.co.uk/content/uploads/files/english_reference_reddin-s_3-d_leadership_model_def.pdf)}

Bill Reddin introduced a model of leadership style containing four basic types, namely:

1. High relationship orientation & high task orientation is called as INTEGRATED TYPE.
2. High relationship orientation & low task orientation is called as RELATED TYPE.
3. Low relationship orientation & high task orientation is called as DEDICATED TYPE.
4. Low relationship orientation & low task orientation is called as SEPARATED TYPE.

Further, by measuring the level of effectiveness of each style Reddin developed this basic model into eight leadership styles.

The modified model is called “The 3-D Theory of Managerial Effectiveness.”

The below table shows the Less Effective & More Effective Leadership styles in each basic types.

Less Effective	Basic types	More Effective
Deserter	SEPARATED	Bureaucratic
Missionary	RELATED	Developer
Autocratic	DEDICATED	Benevolent Autocratic
Compromiser	INTEGRATED	Executive

### SEPARATED BASIC TYPES

#### DESERTER: LESS EFFECTIVE LEADERSHIP STYLE.

This is essentially a hand - off or laissez-faire approach : avoidance of any involvement or intervention which would upset the status; assuming a neutral attitude toward what is going on during the day; looking the other way to avoid enforcing rules; keeping out of the way of both supervisors and subordinates; avoidance of change and planning. The activities undertaken (or initiated) by managers who use this approach tend to be defensive in nature. People who achieve high scores may be adverse to managerial tasks or may have begun to lose interest in such tasks. This does not necessarily mean they are bad managers; they just try to maintain the status quo and avoid “rocking the boat”.

#### BUREAUCRATIC: MORE EFFECTIVE LEADERSHIP STYLE

This is a legalistic and procedural approach: adherence to rules and procedures; acceptance of hierarchy of authority; preference of formal channels of communication. High scorers tend to be systematic. They function at their best in well-structured situations where policies are clear, roles are well defined and criteria of performance are objective and universally applied. Because they insist on rational systems, these managers may be seen as autocratic, rigid or fussy. Because of their dependence on rules and procedures, they are hardly distinguished from autocratic managers.

**RELATED BASIC TYPES****MISSIONARY: LESS EFFECTIVE LEADERSHIP STYLE.**

This is an affective (supportive) approach. It emphasizes congeniality and positive climate in the work place. High scorers are sensitive to subordinates' personal needs and concerns. They try to keep people happy by giving the most they can. Supportive behavior represents the positive component of this style. It has, however, a defensive counterpart. They may avoid or smooth over conflict, feel uncomfortable enforcing controls and find difficulty denying requests or making candid appraisals.

**DEVELOPER: MORE EFFECTIVE LEADERSHIP STYLE**

This is the objective counterpart of the missionary style. Objective in a sense that concern for people is expressed professionally: subordinates are allowed to participate in decision making and are given opportunities to express their views and to develop their potential. Their contribution is recognized and attention is given to their development. High scorers are likely to have optimistic beliefs about people wanting to work and produce. Their approach to subordinates is collegial: they like to share their knowledge and expertise with their subordinates and take pride in discovering and promoting talent.

**DEDICATED BASIC TYPES****AUTOCRATIC: LESS EFFECTIVE LEADERSHIP STYLE.**

This is a directive and controlling approach. Concern for production and output outweighs the concern for workers and their relationship. Managers who score high tend to be formal. They assign tasks to subordinates and watch implementation closely. Errors are not tolerated, and deviation from stated objectives or directives is forbidden. They make unilateral decisions and feel no need to explain or justify them. They minimize interaction with people, or limit communication to the essential demand of the task at hand. They believe in individual responsibility and consider group meetings a waste of time. They tend to be formal, straightforward and critical. For that reason, they are likely to be perceived as cold and arbitrary, particularly by subordinates who have strong need for support and reassurance.

**BENEVOLENT AUTOCRATIC: MORE EFFECTIVE LEADERSHIP STYLE**

This is the communicative counterpart of the autocratic style. It is still directive and interventionist. High scorers are seen as task masters who devote themselves comfortably to the accomplishment of production objectives. They enjoy tackling operational problems and may have less patience dealing with problems of human relation. They keep in touch with subordinates, instructing them, answering their questions and helping them with operational problems. They structure daily work, set objectives give orders or delegate with firm accountability. They would not hesitate to discipline or reprimand, but do that fairly and without antagonizing their subordinates. They meet group needs but ignore one-to- one personal relationship.

**INTEGRATED BASIC TYPES****COMPROMISER: LESS EFFECTIVE LEADERSHIP STYLE.**

Express appreciation of both human relations orientation and task orientation. They however

admit to difficulties in integrating them. Therefore they may vacillate between task requirements and demand for human relations. In order to alleviate immediate pressures, they may resort to compromise solutions or expediency. They may be sensitive to reality considerations which stand in the way, and willing to delay action for whatever reason, internal or external. Their realistic assessment of situations may explain why they do not use freely the approach they actually prefer, that is, the Executive approach.

### **EXECUTIVE: MORE EFFECTIVE LEADERSHIP STYLE**

This approach integrates task orientation and human relations orientation in response to realistic demand. It is best described as consultative, interactive, and problem solving approach. This approach is called for in managing operations which require exploration of alternative solutions, pooling different resources, and integrating opposing perspectives. They favour a team approach in problem solving, planning and decision making. They stimulate communication among subordinates, thus obtain collective ideas and suggestions. Managers who use this approach are usually perceived as good motivators who tend to deal openly with conflict and who try to obtain collective commitment.

### **Six Emotional leadership styles by Goleman**

New research by the consulting firm Hay/McBer, which draws on a random sample of 3,871 executives selected from a database of more than 20,000 executives worldwide, found six distinct leadership styles, each springing from different components of emotional intelligence. The styles, taken individually, appear to have a direct and unique impact on the working atmosphere of a company, division, or team, and in turn, on its financial performance. And perhaps most important, the research indicates that leaders with the best results do not rely on only one leadership style; they use most of them in a given week—seamlessly and in different measure—depending on the business situation (ref: <http://hbr.org/2000/03/leadership-that-gets-results/ar/1>)

Daniel Goleman, Richard Boyatzis and Annie McKee, in *Primal Leadership*, Daniel HBS Press, 2004 describe six styles of leading that have different effects on the emotions of the target followers. These are styles, not types. Any leader can use any style, and a good mix that is customised to the situation is generally the most effective approach.

### **The Visionary Leader:**

The Visionary Leader moves people towards a shared vision, telling them where to go but not how to get there - thus motivating them to struggle forwards. They openly share information, hence giving knowledge power to others. They can fail when trying to motivate more experienced experts or peers. This style is best when a new direction is needed. Overall, it has a very strong impact on the climate. It has a highly positive impact on the climate.

### **The Coaching Leader**

The Coaching Leader connects wants to organizational goals, holding long conversations that reach beyond the workplace, helping people find strengths and weaknesses and tying these to career aspirations and actions. They are good at delegating challenging assignments,

demonstrating faith that demands justification and which leads to high levels of loyalty. Done badly, this style looks like micromanaging. It is best used when individuals need to build long-term capabilities. It has a highly positive impact on the climate.

### **The Affiliative Leader**

The Affiliative Leader creates people connections and thus harmony within the organization. It is a very collaborative style which focuses on emotional needs over work needs.

When done badly, it avoids emotionally distressing situations such as negative feedback. Done well, it is often used alongside visionary leadership. It is best used for healing rifts and getting through stressful situations. It has a positive impact on climate.

### **The Democratic Leader**

The Democratic Leader acts to value inputs and commitment via participation, listening to both the bad and the good news. When done badly, it looks like lots of listening but very little effective action. It is best used to gain buy-in or when simple inputs are needed (when you are uncertain). It has a positive impact on climate.

### **The Pace-setting Leader**

The Pace-setting Leader builds challenge and exciting goals for people, expecting excellence and often exemplifying it themselves. They identify poor performers and demand more of them. If necessary, they will roll up their sleeves and rescue the situation themselves. They tend to be low on guidance, expecting people to know what to do. They get short term results but over the long term this style can lead to exhaustion and decline. Done badly, it lacks Emotional Intelligence, especially self-management. A classic problem happens when the 'star techie' gets promoted. It is best used for results from a motivated and competent team. It often has a very negative effect on climate (because it is often poorly done).

### **The Commanding Leader:**

The Commanding Leader soothes fears and gives clear directions by his or her powerful stance, commanding and expecting full compliance (agreement is not needed). They need emotional self-control for success and can seem cold and distant. This approach is best in times of crisis when you need unquestioned rapid action and with problem employees who do not respond to other methods.

### **Situational Approaches:**

Situational leadership theory refers to belief that the relative importance of leadership behaviors depends on the situation. Aspects of the situation that modify the importance of behavior are called situational moderator variables. Situational theories suggest that leadership effectiveness depends on the fit between personality, task, power, attitudes, and perceptions and an effective leader must be flexible and adaptive. Deciding how to lead is difficult and requires an analysis of leader, group, and situation. Successful manager (Tannenbaum and Schmidt): the successful manager "maintains a high batting average in accurately assessing the forces that determine what his most appropriate behavior at any given time should be and in

actually being able to behave accordingly. Situational factors like value system, wants, confidence, willingness will determine the balance between use of authority by leader and decision making and action freedom for followers. Accordingly the styles are telling, selling, suggesting, consulting, joining, delegating and abdicating.

### **The Contingency Leadership Model**

Fiedler's model: Assumes that group performance depends on the interaction between leadership style and situational favourableness.

Fiedler (1964, 1967) proposed the LPC contingency model to predict leadership effectiveness from a measure called the *least preferred co-worker score*. **Least Preferred Co-Worker (LPC) Scale** measures leadership style by assessing the degree of positive or negative feelings held by a person toward someone with whom he/she least prefers to work. Low scores indicate a task-oriented leadership style (low-LPC leader). High scores indicate a relationship-oriented style (high-LPC leader).

The leader is asked to grade their least favourite worker on a series of bipolar adjectives (e.g. pleasant versus unpleasant, friendly versus unfriendly, gloomy versus cheerful). The scales are arranged so that the most lenient leader would receive the highest LPC score. Fiedler's rationale was that leaders who received high LPC scores were primarily motivated to have positive relationships and that the achievement of task objectives was secondary. The degree to which LPC scores correlated with effectiveness was modified by a "situational favourability variable". The situational favourability variable consisted of three aspects of the situation: leader-manager relations, position power, and task structure. a. **Leader-member relations**—the degree of trust, confidence and respect that followers have in the leader. Has the greatest impact on the situation's favourability. b. **Task structure**—the extent to which follower tasks are structured (the second most influential factor) c. **Position power**—the amount of leader's formal power.

The most favorable situation was associated with good leader-manager relations, high task structure (authority) and strong position power.

The least favorable situation is associated with Poor leader-member relations, Low task structure and Weak position power.

According to Fiedler: Low-LPC (task-oriented) leaders are best in situations of low and high favourability. High-LPC (relationship-oriented) leaders are best in situations of moderate favourability (the situation is neither very good or very bad).

Fiedler asserts that leaders cannot be effectively trained to change their leadership style; thus, the situation's favourableness should be changed to fit the leader's style by: a. Identifying the leader's style. b. Identifying the situational favourableness of the leader's situation. c. Selecting the best strategy for matching the situation to the leader's style

(For details please see exhibit from Organizational Behaviour, Stephen P. Robbins, Timothy A. Judge and Seema Sanghi, 12<sup>th</sup> ed., Pearson education, pp449)

### **Critique of Fiedler's contingency model.**

Research evidence supporting the model is weak. Measurement of LPC has questionable validity and reliability. Meaning of variables is unclear. Critic's claim Fiedler's theory can accommodate non supportive results.

**Conclusions:** despite weaknesses, Fiedler's model has contributed significantly to study and application of leadership principles by calling attention to the importance of situation.

Another contingency model was proposed by Fiedler in 1986. Cognitive resource theory attempts to examine the conditions whereby intelligence, experience, and expertise become predictive of leadership effectiveness. Fiedler proposed that the effect of cognitive resources becomes significant only when the leader is directive, when there is little stress, and when the leader has some expertise that cannot be performed by subordinates. The theory predicts that in low-stress situations, the leader's intelligence has a strong impact on effectiveness, and in high-stress conditions, the leader's expertise is more important.

### **Path-Goal Model:**

Attempts to predict leadership effectiveness in different situations. Assumes that leaders are effective via positively influencing subordinate motivation, performance ability and satisfaction. It is based on expectancy motivation theory and assumes that leaders should clarify to subordinates the behaviors that result in achieving goals (path clarification).

The theory proposes four leadership styles:

1. **Directive leader**—informs subordinates of what is expected of them.
2. **Supportive leader**—treats subordinates as equals.
3. **Participative leader**—consults with subordinates and uses their suggestions and ideas in reaching a decision.
4. **Achievement-oriented leader**—sets challenging goals and has high expectations of subordinate performance, and continually seeks their performance improvement.

It also proposes two types of situational variables:

1. **Subordinates' personal characteristics**—people who view themselves as very capable are less likely to accept a directive leadership style.
2. **Environmental pressures and demands, including:** a. Task. b. Organization's authority system. c. Work group—essentially factors not within subordinates' control but that influence performance/satisfaction.

The theory asserts that leaders motivate subordinates by helping them cope with environmental uncertainties, boosting subordinate expectancies and instrumentalities.

(For details please see exhibit from **Organizational Behaviour, Stephen P.Robbins, Timothy A.Judge and Seema Sanghi, 12<sup>th</sup> ed, Pearson education, pp454**)

A critique of the Path-Goal model:

The model warrants further study because questions remain about its predictive power. Weaknesses:

- a. Subordinate performance might be the cause of changes in leader behaviour instead of the other way around.
- b. Resulted in the development of only a few hypotheses.
- c. Inconsistent research support.
- d. Much research has tested only part of the model. Strengths: a. Attempt to indicate which factors affect the motivation to perform. b. Introduces both situational factors and individual differences in examining leadership. c. Attempts to explain why a particular leadership style works best in a given situation.

### **Hersey-Blanchard Situational Leadership Theory**

Situational Leadership Theory (SLT)

A contingency theory that focuses on followers' readiness; the **more** "ready" the followers (the more willing and able) the **less** the need for leader support and supervision.

SLT emphasizes leader's ability to judge followers' maturity level and to use the appropriate leadership style.

**Readiness**—the ability and willingness of people (followers) to take responsibility for directing their own behavior.

- a. Job readiness—knowledge and abilities to perform the job without a manager structuring or directing the work.
- b. Psychological readiness—self-motivation and desire to do a high quality job.

### **Four leadership styles available to managers (Ohio State Studies):**

- a. **Telling**—leader defines the roles needed to do the job and tells followers what, where, how, and when to do the tasks.
- b. **Selling**—leader provides followers with structured instructions, but is also supportive.
- c. **Participating**—leader and followers share in decisions about how best to complete a high-quality job.
- d. **Delegating**—leader provides little specific, close direction or personal support to followers.

### ***Application of the model***

In using the SLT characteristics, the manager must:

- a. Identify followers' readiness (R) state, which lies at the intersection of two distinct variables:

- i. Task behavior, which calls for guidance.
- ii. Relationship behavior, which calls for support. b. Choose the style (S) that fits the R state.
  - i. S1: telling. Research supports this style over any of the others.
  - ii. S2: selling.
  - iii. S3: participating. Often assumed to be best, but research indicates otherwise; insecure followers may respond negatively to participation.
  - iv. S4: delegating.

Followers become willing to accept more responsibility as other leadership styles become more effective.

### **Blanchard's modification/application of the model:**

Changed names of leadership styles.

- a. S1: directing
- b. S2: coaching
- c. S3: supporting
- d. S4: delegating

Changed readiness to **development level of followers**, defined in terms of followers' current competence and commitment to do the job. Training programs use analysis survey scales to assess participants' attitudes about leadership.

### **Conclusions:**

1. Though attractive to managers, SLT leaves unanswered questions, e.g., does it work? There has been limited testing of the model.
2. Hersey and Blanchard have not provided evidence:

- a. That predictions can be made from SLT.
- b. Which style is best.

**Leader-Member Exchange Approach** can be used to measure in-group, out-group status. Leaders select certain followers to be “in” (favourites) based on competence and/or compatibility and similarity to leader. “Exchanges” with these “in” followers will be higher quality than with those who are “out”. Result: “In” subordinates will have higher performance ratings, less turnover, and greater job satisfaction.

**(For details please see exhibit from Organizational Behaviour, Stephen P. Robbins, Timothi A. Judge and Seema Sanghi, 12<sup>th</sup> ed, Pearson education, pp453)**

### **Comparing the Situational Approaches**

Similarities among models: 1. Focus on the dynamics of leadership. 2. Stimulate research on leadership.

Remain controversial because of: a. Measurement problems .b. Limited research testing. c. Contradictory research results.

### **Vroom-Jago Leadership Model**

A normative model developed Vroom and Yetton that indicates situations where varying degrees of participative decision making by the leader is effective. It assumes that no single

leadership style is right for every situation. Unlike Fiedler's model, this model assumes that leaders must be able to alter their decision-making style to fit the situations, not vice versa.

Other assumptions are:

- a. Model should be of use in determining which leadership styles should be used in various situations.
- b. No single style is applicable to all situations.
- c. Main focus should be the problem to be solved and the situation in which the problem occurs.
- d. Style used in one situation should not constrain styles in other situations.
- e. Social problems influence subordinate participation in problem solving. Vroom-Jago modified model to make it more accurate and predictable.

### Nature of the Vroom-Jago Decision Styles

#### Two key features:

- a. Employs the same decision process as the original Vroom-Yetton model.
- b. Retains the criteria against which the effects of participation are evaluated:
  - i. Effects of participation on decision quality.
  - ii. Effects of participation on decision acceptance.
  - iii. Effects of participation on subordinate development.
  - iv. Effects of participation on time.

#### Decision Effectiveness (DEff):

Depends on decision quality and subordinate commitment. **Decision quality (DQual)** refers to the technical aspects of a decision. A decision is high quality to the extent it is consistent with organizational goals and with potentially available information.

**Subordinate commitment (SComm)** refers to acceptance of decision by subordinates as indicated by feelings of commitment and joint ownership.

**Decision time (DTP)** refers to the extent to which a decision is made in a timely manner.

e.  $DEff = SQual + DComm - DTP$ .

#### Decision Styles

Decisions made can be classified as an individual decision when they effect only a single individual or be classified as a group decision when they affect several followers.

Five different leadership styles that fit individual and group situations are described:

- i. Autocratic (A)—the leader makes the decision without input from the followers or subordinates.
- ii. Consultative (C)—subordinates have some input, but the leader makes the final decision.
- iii. Group (G)—the group makes the decision with the leader as just another group member.

iv. Delegated (D)—the leader authorizes the group to make the decision.

**Diagnostic Procedure**—to determine the most appropriate decision-making style for a given situation a leader performs a situational diagnosis- ‘Example Vroom-Jago Rules of Thumb,’ There are *eight* questions from this diagnosis that pertain to the discussion included in the text:

- i. How important is the technical quality of the decision?
- ii. How important is subordinate commitment to the decision?
- iii. Do you have sufficient information to make a high-quality decision?
- iv. Is the problem well structured?
- v. If making the decision alone, are you reasonably certain your subordinates would be committed to the decision?
- vi. Do your subordinates share the organizational goals to be attained in solving this problem?
- vii. Is conflict among subordinates over preferred solutions likely?
- viii. Do subordinates have sufficient information to make a high-quality decision?

#### **Application of the Model:**

Complexity of the equations precludes pencil-and-paper application. Vroom and Jago offer two alternatives:

- a. A computer program to guide managers.
- b. Decision trees

#### **Validity of the Model:**

1. Revised model lacks complete empirical evidence to establish validity.
2. Thought to be consistent with what we know about benefits and costs of participation.
3. Value remains open to question.

#### **Transactional and Transformational Leadership**

Both theories emphasize an exchange process between leader and follower.

##### **Transactional leadership**

Leaders who guide or motivate their followers in the direction of established goals by clarifying role and task requirements. Leader helps the follower identify what must be done to accomplish desired results. Uses the path-goal concepts as a framework. Leader relies on contingent rewards(Contracts exchange of rewards for effort, promises rewards for good performance, recognizes accomplishments) , management by exception (passive- Intervenes only if standards are not met and active- Watches and searches for deviations from rules and standards, takes corrective action) and Laissez faire-Research shows that when contingent rewards are used followers show increases in performance and satisfaction. In management by exception, the leader does not get involved unless objectives are unmet.

##### **The transformational theme.**

Leaders motivate followers to work for transcendental goals instead of short-term self-interest, and for achievement and self-actualization instead of security. Viewed as a special kind of **transactional leadership**. Transactional leaders will adjust goals, direction, and mission for practical reasons. Transformational leaders will make major changes in the firm's mission, way of doing business, and human resource management.

**Characteristics of transformational leader:**

**Idealized Influence:** Provides vision and sense of mission, instills pride, gains respect and trust

**Inspiration:** Communicates high expectations, uses symbols to focus efforts, expresses important purposes in simple ways

**Intellectual Stimulation:** Promotes intelligence, rationality, and careful problem solving

**Individualized Consideration:** Gives personal attention, treats each employee individually, coaches, advises

**Attribution Theory of Leadership**

Suggests that behavior is determined by perceived, rather than actual causes of events. It views leader as the **information processor**. The theory searches for cues as to why something is happening. It attempts to construct causal explanations that guide leadership behavior.

**Leaders attributions:**

Primary attributional task—categorize the causes of follower behavior into one of three dimensions:

- i. Person (e.g., inadequate ability).
- ii. Entity (task).
- iii. Context (circumstances surrounding the event).

Seeks three types of information to form attributions:

- i. Whether behavior is **distinctive** to the task.
- ii. How frequently behavior occurs (**consistency**).
- iii. Extent to which others behave in the same way (**consensus**). Qualities Attributed to Leaders -Leaders are intelligent, outgoing, have strong verbal skills, are aggressive, understanding, and industrious. Effective leaders are perceived as consistent and unwavering in their decisions. Effective leaders project the appearance of being a leader.

**Leader's perception of responsibility:**

- a. Judgment of responsibility moderates the leader's response to attribution.
- b. Example: the more behavior is seen to be caused by the follower, and the more the follower is judged to be responsible, the more likely the leader is to take action toward the follower.

**Attributional leadership model:**

1. Better than the trait or personal-behavioral theories in explaining leader behavior.
2. Attempts to explain why behaviors happen.
3. Offers some predictions about a leader's response to follower behavior.
4. Emphasizes to linkages

- a. Leader attempts to make attributions about poor performance.
  - b. Leader's response is determined by the attributions made.
5. Research support is limited.

### **Leader behavior: Cause or effect?**

Some argue that leaders might be expected to develop positive (or negative) attitudes toward followers based on performance. Attitudes influence future expectations. Research on cause and effect is limited. One research study on first-line supervisors concluded that: Leader consideration behavior caused subordinate satisfaction and follower performance caused changes in the leader's emphasis on both consideration and structure.

### **Challenges to Attribution Theory of Leadership**

The idea that leadership is merely an attribution that people make about other individuals

### **Authentic Leaders and Ethical Behavior**

Authentic leaders know who they are, what they believe in and value, and act on those values openly and candidly. Followers see them as ethical. Ethical leaders use ethical means to get followers to achieve their goals, and the goals themselves are ethical.

**Ethical Leadership** work to positively change the attitudes and behaviors of employees, engage in socially constructive behaviors and do not abuse power or use improper means to attain goals.

### **Trust: The Foundation of Leadership**

#### ***Trust***

A *positive expectation* that another will not—through words, actions, or decisions—act *opportunistically*. Trust is a history-dependent process (familiarity) based on relevant but limited samples of experience (risk)

- Integrity
  - Honesty and truthfulness
- Competence
  - An individual's technical and interpersonal knowledge and skills
- Consistency
  - An individual's reliability, predictability, and good judgment in handling situations
- Loyalty
  - The willingness to protect and save face for another person
- Openness
  - Reliance on the person to give you the full truth

#### ***Three Types of Trust***

##### **Deterrence-based Trust**

-Trust based on fear of reprisal if the trust is violated

##### **Knowledge-based Trust**

-Trust based on behavioral predictability that comes from a history of interaction

### **Identification-based Trust**

-Trust based on a mutual understanding of one another's intentions and appreciation of the other's wants and desires.

### **Contemporary Leadership Roles: Providing Team Leadership**

Team Leadership Roles -Act as liaisons with external constituencies, serve as trouble-shooters, managing conflict and coaching to improve team member performance.

### **Contemporary Leadership Roles: Mentoring**

Mentor is a senior employee who sponsors and supports a less-experienced employee (a protégé).Mentoring activities include presenting ideas clearly, listening well, empathizing, sharing experiences, acting as role model, sharing contacts and providing political guidance.

### **Contemporary Leadership Roles: Self-Leadership**

Self-Leadership is a set of processes through which individuals control their own behavior. For creating Self-Leaders the steps are:

- Modelling self-leadership
- Encouraging employees to create self-set goals
- Encouraging the use of self-rewards
- Creating positive thought patterns
- Creating a climate of self-leadership
- Encouraging self-criticism

### **Online Leadership**

Leadership at a Distance: Building Trust

-The lack of face-to-face contact in electronic communications removes the nonverbal cues that support verbal interactions.

-There is no supporting context to assist the receiver with interpretation of an electronic communication.

-The structure and tone of electronic messages can strongly affect the response of receivers.

-An individual's verbal and written communications may not follow the same style.

-Writing skills will likely become an extension of interpersonal skills

### **Multicultural Leadership**

Leader's perform their role in a context. In a global context generalizing about leadership is not possible. Cross-cultural research. Bass et al. found leadership attributes associated with leadership results across cultures. Effective multicultural leaders need various leadership skills that may not be obvious. According to Bass' research, effective multicultural leaders demonstrated:

- a. Preferred awareness (willingness to be aware of others' feelings).
- b. Actual awareness (actual understanding of oneself and others).
- c. Submissiveness (to rules and authority).
- d. Reliance on others (in problem solving).

- e. Favoring of group decision-making.
- f. Concern for human relations.
- g. Cooperative peer relations.

Other factors to consider:

- a. Subordinates.
- b. Peers.
- c. Superiors.
- d. Task.
- e. Task environment.

**Conclusion:** there is no right or universal way to lead, but there are differences in style and preferences that can make a job less frustrating. But much research supports cultural contingency notions in leadership. Hofstede's four cultural dimensions.

- a. Employees that rank high on power distance may prefer an autocratic style.
- b. Employees that rank low on power distance may prefer a more participative style.
- c. Some leadership styles touted by American researchers are counterproductive in other cultures.
- d. Hofstede says American researchers pay too little attention to followers. A country's prevalent leadership style is interrelated with norms, history, and the systems used

### **Attitudes of European Managers toward Leadership Practices**

- Higher-level managers tend to express more democratic values than lower-level managers in some countries – in other countries, the opposite was true.
- Company size tends to influence the degree of participative-autocratic attitudes.
- Younger managers were more likely to have democratic values when it came to capacity for leadership and initiative and to sharing information and objectives.
- Most European managers tend to reflect more participative and democratic attitudes – but not in every country.
- Organizational level, company size, and age seem to greatly influence attitudes toward leadership.
- Many of the young people in this study now are middle-aged – European managers in general are highly likely to be more participative than their older counterparts of the 1960s and 1970s.

### **Japanese Leadership Approaches**

- Japan is well known for its paternalistic approach to leadership.
- Japanese culture promotes a high safety or security need, which is present among home country–based employees as well as MNC expatriates.
- Japanese managers have much greater belief in the capacity of subordinates for leadership and initiative than do managers in most other countries – only managers in Anglo-American countries had stronger feelings in this area.

### **Differences Between Japanese and U.S. Leadership Styles:**

- Except for internal control, large U.S. firms tend to be more democratic than small ones – the profile is quite different in Japan.
- Younger U.S. managers appear to express more democratic attitudes than their older counterparts on all four leadership dimensions.
- Japanese and U.S. managers have a basically different philosophy of managing people – Ouchi's *Theory Z* combines Japanese and U.S. assumptions and approaches providing a comparison of seven key characteristics
- Another difference between Japanese and U.S. leadership styles is how senior-level managers process information and learn
- Variety Amplification  
Japanese executives are taught and tend to use variety amplification – the creation of uncertainty and the analysis of many alternatives regarding future action
- Variety Reduction  
U.S. executives are taught and tend to use variety reduction – the limiting of uncertainty and the focusing of action on a limited number of alternatives

#### □ Leadership in China

**Importance that the respondents in one study assigned to three areas:**

#### **Individualism**

Measured by importance of self-sufficiency and personal accomplishments

#### **Collectivism**

Measured by willingness to subordinate personal goals to those of the work group with an emphasis on sharing and group harmony.

#### **Confucianism**

Measured by the importance of societal harmony, virtuous interpersonal behavior, and personal and interpersonal harmony

- The “New Generation” group scored significantly higher on individualism than did the current and older generation groups
- They also scored significantly lower than the other two groups on collectivism and Confucianism
- These values appear to reflect the period of relative openness and freedom, often called the “Social Reform Era,” in which these new managers grew up
- They have had greater exposure to Western societal influences may result in leadership styles similar to those of Western managers.

#### **Leadership in the Middle East**

- There may be much greater similarity between Middle Eastern leadership styles and those of Western countries

- Western management practices are evident in the Arabian Gulf region due to close business ties between the West and this oil-rich area as well as the increasing educational attainment, often in Western universities, of Middle Eastern managers
  - Organizational culture, level of technology, level of education, and management responsibility were good predictors of decision-making styles in the United Arab Emirates
  - There is a tendency toward participative leadership styles among young Arab middle managers, as well as among highly educated managers of all ages
- (source: [www.bus.ucf.edu/lmigenes/internmgmt/NEW%20chp%2013.ppt](http://www.bus.ucf.edu/lmigenes/internmgmt/NEW%20chp%2013.ppt))

#### Differences in Middle Eastern and Western Management

(ref: [www62.homepage.villanova.edu/jonathan.../Chapter13\\_HLDRev.ppt](http://www62.homepage.villanova.edu/jonathan.../Chapter13_HLDRev.ppt))

Management Dimensions	Middle Eastern management	Western Management
Leadership	Highly authoritarian tone, rigid instructions. Too many management directives.	Less emphasis on Leader's personality, considerable weight on leader's style and performance.
Organizational structures	Highly bureaucratic, over centralized, with power and authority at the top. Vague relationships. Ambiguous and unpredictable organizational environments.	Less Bureaucratic, more delegation of authority. Relatively decentralized structure.
Performance evaluation and control	Informal control mechanisms, routine checks in performance, lack of vigorous performance evaluation systems	Fairly advanced control systems focusing on cost reduction and organizational effectiveness.
Personal policies	Heavy reliance on personal contacts and getting individual from the right social origin to fill major positions.	Sound Personnel management policies. Candidates qualification are usually the basis for selection decisions.
Communication	The tone depends on the communicants. Social position, power and family influence are ever present factors. Chain of command must be followed rigidly. People relate to each other tightly and specifically. Friendships are intense and binding.	Stress usually on equality and a minimization of difference. People relate to each other loosely and generally. Friendships not intense and binding.

Decision Making	Ad hoc planning, decisions made at the highest level of management. Unwillingness to take high risk inherent in decision making.	Sophisticated planning techniques, modern tools of decision making, elaborate management information systems.
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Adapted from M K Badawy “ Styles of mid Eastern managers” California Management Review, 1980., P57.

Rankings of the most important leadership attributes by region and country cluster

North /West European region

Anglo Culture (Great Britain, Ireland)	Nordic Culture(Sweden, Netherlands, Finland, Denmark)	Germanic Culture(Switzerland, Germany, Austria)	Czech Republic	France
Performance Oriented	Integrity	Integrity	Integrity	Participative
Inspirational	Inspirational	Inspirational	Performance Oriented	Non autocratic
Visionary	Visionary	Performance Oriented	Administratively skilled	
Team Integrator	Team Integrator	Non autocratic	Inspirational	
Decisive	Performance Oriented	Visionary	Non autocratic	

South/East European region

Latin Culture (Italy, Spain, Portugal, Hungary)	Central Culture (Poland, Slovenia)	Near East Culture (Turkey , Greece)	Russia	Georgia
Team Integrator	Team Integrator	Team Integrator	Visionary	Administratively skilled
Performance Oriented	Visionary	Decisive	Administratively skilled	Decisive
Inspirational	Administratively skilled	Visionary	Inspirational	Performance Oriented
Integrity	Diplomatic	Integrity	Decisive	Visionary
Visionary	Decisive	Inspirational	Integrity	Integrity

Adapted from Brodbeck et al “Cultural Variation of Leadership Prototypes across 22 European Countries” Journal of Occupational and Organizational Psychology 73 (2000), p15.

### Leadership Approaches in Developing Countries

- Managerial attitudes in India are similar to Anglo-Americans toward capacity for leadership and initiative, participation, and internal control, but different in sharing information and objectives
- Leadership styles in Peru may be much closer to those in the United States than previously assumed
- Developing countries may be moving toward a more participative leadership style.

### Leader Behaviour, Leading Effectiveness and Leading Teams

One of the keys to successful global leadership is knowing what style and behaviour works best in a given culture and adapting appropriately.

In affective cultures, such as the United States, leaders tend to exhibit their emotions

In neutral cultures such as Japan and China, leaders do not tend to show their emotions

When managing or being managed in

Affective cultures	Neutral Cultures
Avoid a detached, ambiguous and cool demeanour because this will be interpreted as negative behaviour.	Avoid warm, excessive or enthusiastic behaviours because these will be interpreted as a lack of personal control over one's feelings and be viewed inconsistent with one's high status.
Find out whose work and enthusiasm are being directed into which projects so you are able to appreciate the vigour and commitment they have for these efforts	Extensively prepare the things you have to do and then stick tenaciously to the issues
Let people be emotional without personally becoming intimidated or coerced by their behaviour.	Look for cues whether people are pleased or angry and then amplify their importance.

When doing business with individuals in

Affective Cultures (for those from Neutral Cultures)	Neutral Cultures (for those from Affective cultures)
Do not be put off stride when others create scenes and get histrionic; take timeouts for sober reflection and hard assessments.	Ask for time outs from meetings and negotiations where you can patch each other up and rest between games of poker with the impassive ones.
When others are expressing goodwill, respond warmly.	Put down as much as you can on paper before beginning the negotiation

Remember that other person's enthusiasm and readiness to agree or disagree does not mean that the individual has made up his/her mind	Remember that the other persons lack of emotional tone does not mean that the individual is disinterested or bored, only that the person does not like to show his/her hand.
Keep in mind that the entire negotiation is typically focused on you as a person and not so much on the object or proposition that is being discussed.	Keep in mind that the entire negotiation is typically focused on the object or proposition that is being discussed and not on you as a person.

Recognize the way in which people behave in

<b>Affective cultures</b>	<b>Neutral cultures</b>
They reveal their thoughts and feelings both verbally and nonverbally	They often do not reveal what they are thinking or feeling
Emotions flow easily, vehemently and without inhibition	Emotions are often dammed up, although they may occasionally explode.
Heated, vital and animated expressions are admired	Cool and self possessed conduct is admired.
Touching, gesturing and strong facial expressions are common	Physical contact, gesturing or strong facial expressions are not used.
Statements are made fluently and dramatically.	Statements are often read out in a monotone voice.

Adapted from Trompenaars et al "Riding the waves of culture; Understanding diversity in global business, 2<sup>nd</sup> ed, Newyork, Mc Graw Hill, 1998, pp80-82.

### Substitutes for Leadership

**Leadership substitutes**—task, organizational, or subordinate characteristics that render relationship- and/or task-oriented leadership as not only impossible, but also unnecessary.

**Leadership neutralizer**—something that makes it impossible for leadership to make a difference. Substitutes for leadership are claimed to be prominent in many organizations, but leadership approaches fail to include them in efforts to explain behavior. Examples:

1. Subordinate ability, need for independence, and professional orientation' can neutralize a leader's task-oriented influence.
2. Cohesive work groups and an intrinsically satisfying task can negate a leader's relationship-oriented influence.

**Source:** Based on S. Kerr and J. M. Jermier, "Substitutes for Leadership: Their Meaning and Measurement," *Organizational Behavior and Human Performance*, December 1978, p.378.

Substitute or neutralizer	Effect on supportive leadership	Effect on instrumental leadership
<b>A. Subordinate characteristics</b>		
1, experience, ability, training		Substitute
2. Professional orientation	Substitute	Substitute

3. Indifference towards reward	Neutralizer	Neutralizer
<b>B. Task Characteristics</b>		
1. Structured routine task		Substitute
2. feedback provided by task		Substitute
3. Intrinsically satisfying task	Substitute	
<b>C. Organization characteristics</b>		
1. Cohesive workgroup	Substitute	Substitute
2. Low position power	Neutralizer	Neutralizer
3. Formalization (roles, procedures)		Substitute
4. Inflexibility (rules, policies)		Neutralizer
5. Dispersed subordinate work sites	Neutralizer	Neutralizer

### 3.3 Power, politics and conflict:

Power is a pervasive part of organizational life, used by managers to accomplish goals and to strengthen their own positions. Managers manipulate power to accomplish goals and strengthen their own positions. Success or failure in using power depends on understanding what it is, how and when to use it, and understanding its consequences.

#### The Concept of Power

##### *Power and influence:*

Every interaction and social relationship in an organization can be interpreted as an exercise of power. Influence is a transaction in which person B is induced by person A to behave in a certain way. Person A has power over person B to the extent A can get B to do something that B would otherwise not do.

The difference between power and influence is : Power represents capability while Influence is the exercise of that capability. Power is not an attribute; it is an aspect of a relationship.

##### *Contrasting Leadership and Power*

Leadership focuses on goal achievement. It requires goal compatibility with followers and focuses influence downward.

Power is used as a means for achieving goals. It requires follower dependency. It is used to gain lateral and upward influence.

##### **Using power:**

Obtaining, maintaining, and using power are all essential to influencing behavior. Dependency is the extent to which something person A wants can be effected by person B determines A's dependence on B; B's power over A depends on how much A needs what B controls.

#### **Where Does Power Come From?**

##### *A. Interpersonal power—French and Raven's five power bases:*

1. **Legitimate power**—refers to the ability to influence others because of the position one holds in the organization. It is also called authority, or the right to command.

Characteristics of organizational authority are:

- i. It is invested in a person's position.
- ii. It is accepted by subordinates.
- iii. Authority is used vertically; flows from the top down.

Zone of indifference -possessing formal power, or authority, does not mean that all orders will be followed. Orders will be followed if they are acceptable to the subordinate. They lie within the zone of indifference. Unacceptable orders, outside the zone of indifference, will not be readily followed. The zone of indifference may be wider or narrower, depending on sources of power other than authority. It may be shaped by cultural factors.

**2. Reward power**—based on a person's ability to reward a follower for compliance. It occurs when someone possesses a resource that another person wants and will exchange that resource for certain behavior. It supports legitimate power.

**3. Coercive power**—the power to punish. It is based on fear. It can come from legitimate. It can come informally, e.g., fear of rejection by co-workers.

**4. Expert power**—based on an individual's special and valued expertise. The lower the substitutability of the expertise, the greater the expert's power.

**5. Referent power**—based on an individual's charisma (behavioral style).

Legitimate, reward, and coercive power come from the organization; expertise and referent power reside in the individual and are derived from personal characteristics. One or more of the five bases of power can be used in combination. The use of the type can affect the other power bases (e.g., the use of coercive power can reduce an individual's perceived referent and legitimate power). Research suggests that legitimate and reward powers are positively related; coercive power is negatively related to legitimate and reward power.

### ***B. Power in Groups:***

**1. Coalitions:** are Clusters of individuals who temporarily come together to achieve a specific purpose. It seeks to maximize their size to attain influence. Coalition seeks a broad and diverse constituency for support of their objectives. It occurs more frequently in organizations with high task and resource inter-dependencies. It also occurs more frequently if tasks are standardized and routine.

**2. Sexual Harassment:** Unequal Power in the Workplace. Unwelcome advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature in a work environment reasonably perceived as hostile or abusive.

### ***C. Power in Organization***

**1. Structural Power:** Power is frequently determined by organizational structure. Structure is the control mechanism by which the organization is governed. Structure allocates decision-making discretion to various positions, affects the patterns of communication and the

flow in information within a system. Structure creates formal power by specifying certain individuals to perform specific job tasks and make certain decisions.

Other forms of structural power exist because of:

- a. Resources-Power stems from access to resources, information and support and the ability to get cooperation in doing necessary work. A top manager has power over a lower-level manager because he/she controls the lower-level manager's resources.
- b. Decision making power—how much an individual or subunit influences decision-making affects the amount of power acquired.
- c. Information power—power accrues to those with access to important information (the basis for decisions).

**2. Interdepartmental power:** Subunits/departments can gain power by controlling strategic contingencies—events that are critical in accomplishing organizational goals. Relevant to strategic contingencies, subunit power is influenced by subunit ability to cope with uncertainty, and its centrality and substitutability.

**Coping with uncertainty**—the three types of coping activities are:

- a. Coping by prevention—reducing the probability that some problem will arise.
- b. Coping by information—using information (e.g., forecasting) to predict if, when, and impact of uncertainties (making them more certain).
- c. Coping by absorption—directly dealing with uncertainty as it impacts the subunit.

**Centrality**—the degree to which a subunit is central to the organization's workflow (often measured by the degree to which the subunit's work contributes to the organization's final output). Research shows centrality can be a significant source of subunit power. Subunits with centrality substantially affect other units.

**Substitutability**—the ability of other subunits to perform the activities of a particular subunit. The lower a unit's substitutability, the greater its power.

**3. Empowerment:** Conger and Kanungo define it as "a process of enhancing feelings of self-efficacy among organizational members through the identification of conditions that foster powerlessness and through their removal by both formal organizational practices and informal techniques of providing efficacy information."

Brownwell notes five reasons why empowerment is not universally embraced:

- Managers fear the loss of power, control, and authority.
- Employees are not able to make responsible decisions.
- Empowering employees was attempted before and it failed.
- Sharing proprietary information means leaking ideas, plans, and knowledge to competitors.

- Not everyone wants to be empowered.

### **Stages of empowerment:**

- Identifying organizational conditions that lead to members' feelings of powerlessness.
- Implementation of empowerment strategies, e.g., participative management, and merit pay.
- Providing information to subordinates to create feelings of self-efficacy.
- Feelings of empowerment by organization members.
- Empowerment feelings translate into behaviors.

### **Empowerment in self-managed teams:**

Empowerment is fostered two ways in SMTs:

- Decision making control is delegated to the team.
- Team members acquire additional skills, knowledge, and experiences.

### **Power Tactics**

Ways in which individuals translate power bases into specific actions

#### ***Influence Tactics***

- Legitimacy
- Rational persuasion
- Inspirational appeals
- Consultation
- Exchange
- Personal appeals
- Ingratiation
- Pressure
- Coalitions

#### **Preferred Power Tactics by Influence Direction**

##### **Upward influence-rational persuasion:**

Downward influence-rational persuasion, inspirational appeals, pressure, consultation, ingratiation, exchange, legitimacy Lateral influence-rational persuasion, consultation, ingratiation, exchange, legitimacy, personal appeals, coalition.

#### **Factors Influencing the Choice and Effectiveness of Power Tactics**

- ***Sequencing of tactics***- Softer to harder tactics work best
- ***Skillful use of a tactic***
- ***Relative power of the tactic user*** -Some tactics work better when applied downward or upward
- ***The type of request attaching to the tactic*** Is the request legitimate? How the request is perceived? Is the request consistent with the target's values?
- ***The culture of the organization***-Culture affects user's choice of tactic
- ***Country-specific cultural factors***-Local values favor certain tactics over others

**Illusion of Power:**

Some individuals can be perceived as having more power than they really do. They create an illusion of power. Individuals perceived to be powerful could substantially influence others.

**Politics: Power in Action****Political Behavior :**

Activities that are not required as part of one's formal role in the organization, but that influence, or attempt to influence, the distribution of advantages or disadvantages within the organization

*Legitimate Political Behavior*-Normal everyday politics

*Illegitimate Political Behavior*-Extreme political behavior that violates the implied rules of the game.

**Politics Is in the Eye of the Beholder (some examples)**

Political label	Effective management label
Blaming others	Fixing responsibility
Kissing up	Developing working relationship
Apple polishing	Demonstrating responsibility
Passing the buck	Delegating authority
Covering your rear	Documenting decisions

Source: Based on T. C. Krell, M. E. Mendenhall, and J. Sendry, "Doing Research in the Conceptual Morass of Organizational Politics," paper presented at the Western Academy of Management Conference, Hollywood, CA, April 1987.

**Factors that Influence Political Behaviors**

Individual factors-high self-monitors, internal locus of control, high Mach personality, Organizational investment, perceived job alternatives, expectation of success Organizational factors- reallocation of resources, promotion opportunities, low trust, role ambiguity, unclear performance evaluation system, zero-sum reward practices, democratic decision making, high performance pressures, self-serving managers.

**Political behaviour leads to favourable outcome like rewards and averted punishments.**

**Employee Responses to Organizational Politics.**

**Perception of organizational politics leads to decreased job satisfaction, increased anxiety and stress, increased turnover and reduced performance.**

**Political Strategies and Tactics:**

Politically-oriented behavior (often engaged in by individuals and subunits):

1. Usually lies outside the legitimate power system.
2. Is designed to benefit an individual/subunit often at the organization's expense.

3. Is intentional and designed to acquire/maintain power.

**Research on Power:**

In a study of political behavior of 142 purchasing agents, four primary political tactics were identified:

- a. Rule evasion—evading the formal purchasing procedures.
- b. Personal-political—using friendships to facilitate or inhibit the processing of an order.
- c. Educational—attempting to persuade engineering to think in purchasing terms.
- d. Organizational—trying to change the formal/informal interaction patterns between engineering and purchasing.

In a study of political behavior in the California electronics industry, 87 managers were questioned about organizational political behavior. 13 characteristics were identified as important of which Articulatness, sensitivity, and social adeptness were the leading factors. Though agreement was fairly high among managers, there were some differences depending on their level in the organization, probably because of their different perspectives. Ambitiousness was seen as more important by CEOs than by staff and managers. Being logical was seen as more important by staff and managers than by CEOs.

**Playing politics—politics and political behavior exist in every organization.**

**Game playing**—According to Mintzberg, many individuals are adept at playing political games. Mintzberg identifies 13 types of political games played by managers and nonmanagers to accomplish various goals:

- i. To resist authority (the insurgency game).
- ii. To counter the resistance to authority (the counterinsurgency game).
- iii. To build power bases (the sponsorship game and coalition-building game).
- iv. To defeat rivals (the line-versus staff game) and bring about organizational change (the whistle-blowing game).

The insurgency game—played to resist authority (e.g., ordered to reprimand an employee, a foreman does it ineffectively).

**Political Influence Tactics:****Political tactics:**

- a. Consultation—seeks support through participation.
- b. Rational persuasion—attempts to show a "logically" best course of action.
- c. Inspirational appeals—appeals to values and ideals.
- d. Ingratiation tactics—designed to make one obligated to another.
- e. Coalition tactics—seeks help of others to persuade you.
- f. Pressure tactics—uses demands, intimidation, or threats to gain support.
- g. Legitimizing—used to gain support by claiming the authority to ask for your support.
- h. Personal Appeals—used to appeal to your feelings of loyalty and friendship in order to

gain your support.

**Exchange tactics**—promises that compliance will lead to rewards.

Some tactics work better in influencing upward, some downward, and some laterally. Managers prefer consultation, rational persuasion, and inspirational appeals. Least appealing were pressure tactics, upward appeals, and exchange tactics.

***Defensive Behaviors:*** reactive and protective behaviours to avoid action, blame or change

**Avoiding Action**

- Over conforming
- Buck passing
- Playing dumb
- Stretching
- Stalling

**Avoiding Blame**

- Buffing
- Playing safe
- Justifying
- Scapegoating
- Misrepresenting

**Avoiding Change**

- Prevention
- Self-protection

***Impression management***—action taken to control the impressions that other form of an individual. It is an universal phenomenon. Effective impression management can be useful, e.g., in an employment interview. It does not necessarily imply that a false impression is being conveyed. Self-handicapping refers to any action taken in advance of an outcome that is designed to provide either an excuse for failure or a credit for success. It designed to make the best of an as yet undetermined outcome, e.g., the quarterback who says he has a sore arm prior to the game.

**Some Impression Management Techniques are:**

**Conformity:** Agreeing with someone else’s opinion in order to gain his or her approval.

**Excuses** Explanations of a predicament-creating event aimed at minimizing the apparent severity of the predicament.

**Apologies:** Admitting responsibility for an undesirable event and simultaneously seeking to get a pardon for the action.

**Acclamations:** Explanation of favorable events to maximize the desirable implications for oneself.

**Flattery:** Complimenting others about their virtues in an effort to make oneself appear

perceptive and likable.

**Favours:** Doing something nice for someone to gain that person's approval.

**Association:** Enhancing or protecting one's image by managing information about people and things with which one is associated.

### **Ethics, Power, and Politics**

Criteria to be considered in making ethical decisions:

1. Utilitarian outcomes—the greatest good for the greatest number.
2. Individual rights—respect rights of free consent, free speech, freedom of conscience, privacy, and due process.
3. Distributive justice—behaves equitably and fairly, not arbitrarily.

When a potential behavior cannot pass the three criteria test, it may still be ethical if it passes the criterion of overwhelming factors: justify behaviors by: 1. Overwhelming factors in the nature of the situation. 2. Conflicts within the criteria 3. Incapacity to employ the first three criteria.

### **Using Power to Manage Effectively**

- A. Recognizing that there are multiple interests in virtually every organization.
- B. Knowing what position relevant individuals and groups hold with respect to issues important to oneself.
- C. Understanding that to get things done one must have power, and in the case of those who oppose, one must have more power than they do.
- D. Recognizing the strategies and tactics through which organizational power is developed and used.

### **CONFLICT:**

#### **Conflict in Organizations.**

A process that begins when one party perceives that another party has negatively affected, or is about to negatively affect, something that the first party cares about. It is that point in an ongoing activity when an interaction “crosses over” to become an interparty conflict. It encompasses a wide range of conflicts that people experience in organizations like (a) Incompatibility of goals (b) Differences over interpretations of facts (c) Disagreements based on behavioral expectations.

#### **Transitions in Conflict Thought:**

**Traditional View of Conflict** is the belief that all conflict is harmful and must be avoided. Causes are poor communication, lack of openness and failure to respond to employee needs.

**Human Relations View of Conflict** is the belief that conflict is a natural and inevitable outcome in any group.

**Interactionist View of Conflict** is the belief that conflict is not only a positive force in a group but that it is absolutely necessary for a group to perform effectively.

#### **Contemporary Perspectives on Intergroup Conflict:**

- A. *Functional conflict*:** Enhances/benefits organizational performance. It occurs when the groups disagree on the best means to achieve a goal, not on the goal itself; typically results in selection of a better means alternative. Positive contributions of functional conflict are:
- Plays an essential role in preventing group or organizational stagnation and resistance to change.
  - Can lead to increased awareness of problems that need to be addressed.
  - Can result in broader and more productive searches for solutions.
  - Can facilitate change, adaptation, and innovation.

**B. *Dysfunctional conflict*:** Any conflict that hinders the achievement of organizational goals. Management must seek to eliminate such conflict. Functional intergroup conflict can turn into dysfunctional conflict.

### ***The Consequences of Dysfunctional Intergroup Conflict:***

- A.** The changes within groups:
- Increased group cohesiveness—the group puts aside differences and closes ranks.
  - Emphasis on loyalty—group norm for conformity becomes more important; group goals become more important than member satisfaction.
  - Rise in autocratic leadership—comes in response to the demand for group direction and members' desire for strong leadership.
  - Focus on activity—members focus on doing what the group does well; group becomes more task-oriented.
- B.** Changes between groups:
- Distorted perceptions—each group views itself as a better performer than the opposing group and as more important to the organization.
  - Negative stereotyping—all negative stereotypes ever developed about the opposing group are reinforced. Each group underestimates differences within their group and exaggerates differences between the two groups.
  - Decreased communication—communications between groups usually break down.

### **Types of Conflict:**

- ***Task Conflict***- Conflicts over content and goals of the work
- ***Relationship Conflict***-Conflict based on interpersonal relationships
- ***Process Conflict***-Conflict over how work gets done

### **What Causes Intergroup Conflict?**

**A. *Interdependence*:** Conflict potential increases when groups are interdependent. The different types of Interdependence are as follows:

1. Pooled interdependence—no direct interaction occurs between groups; interdependence

exists because their pooled performance determines organizational performance (e.g., the Cadillac, Buick and Chevrolet divisions at General Motors). Creates relatively low conflict potential.

2. Sequential interdependence—Occurs when one group must complete its task before another group can complete its task (e.g., two groups on an assembly line). Makes conflict more likely because output (quality and quantity) of one group depends on the task input of another.

3. Reciprocal interdependence—the output of each group is the input for other groups and vice versa (e.g., the anaesthesiology, nursing, and surgical teams in an operating room). Creates high conflict potential.

All organizations have pooled interdependence; complex organizations have sequential interdependence; and the more complex organizations have reciprocal interdependence. The more complex the organization, the greater the conflict potential.

**B. Goals Difference:** Groups with different goals have different expectations that can cause conflict when the groups interact. Goal differences become more evident when resources are limited and are allocated across the groups. Conflict pressures increase when groups think resources have not been allocated equitably. Different goal can produce different perceptions. Different time horizons can produce different times perspectives and affect perceived importance of problems (e.g., a company president's time perspective of five-to-ten years vs. a foreman's perspective of one month to one year).

**C. Perceptual Differences:** Status incongruity—one group perceiving itself as more prestigious than another can provoke intergroup conflict. Inaccurate perceptions often causes groups to develop stereotypes about other groups, which can provoke conflict and erode intergroup relations.

When conflict is low rational model describes the organization where goals are consistent across participants, power and control are centralized, decision process are orderly, logical, rational, rules and norms are norms of efficiency, information is extensive, systematic and accurate.

When conflict is high political model describes the organization where goals are inconsistent and pluralistic within the organization, power and control are decentralized and shifting coalitions and interest groups, decision process are disorderly and result of bargaining and interplay among interests, rules and norms are free play of market forces and conflict is legitimate and expected, information is ambiguous and information used and withheld strategically.

### **Stages of conflict.**

#### ***Stage I: Potential Opposition or Incompatibility***

- a) Communication-Semantic difficulties, misunderstandings, and “noise”
- b) Structure-Size and specialization of jobs, Jurisdictional clarity/ambiguity, Member/goal incompatibility, Leadership styles (close or participative), Reward systems (win-lose), Dependence/interdependence of groups
- c) Personal Variables-Differing individual value systems, Personality types

### ***Stage II: Cognition and Personalization***

- a. Perceived conflict—a cognitive awareness on the part of at least one group that events or conditions make overt conflict possible.
  - b. Felt conflict—an escalation, which includes emotional involvement creating anxiety, tenseness, frustration, or hostility.
- Before attempting resolution is possible, both parties must perceive and feel conflict. Resolution is more likely to have good results at this stage.

### ***Stage III: Intentions***

Intentions are decisions to act in a given way. It can be based on :

- Cooperativeness-Attempting to satisfy the other party’s concerns
- Assertiveness-Attempting to satisfy one’s own concerns

#### **Dimensions of Conflict-Handling Intentions:**

Source: K. Thomas, “Conflict and Negotiation Processes in Organizations,” in M.D. Dunnette and L.M. Hough (eds.), *Handbook of Industrial and Organizational Psychology*, 2<sup>nd</sup> ed., vol. 3 (Palo Alto, CA: Consulting Psychologists Press, 1992), p.668.

**Competing (assertive and uncooperative)**-A desire to satisfy one’s interests, regardless of the impact on the other party to the conflict.

**Collaborating (assertive and cooperative)**-A situation in which the parties to a conflict each desire to satisfy fully the concerns of all parties.

**Avoiding(unassertive and uncooperative)**-The desire to withdraw from or suppress a conflict.

**Accommodating(unassertive and cooperative)**--The willingness of one party in a conflict to place the opponent’s interests above his or her own.

**Compromising( moderate assertive and moderate cooperative)**-A situation in which each party to a conflict is willing to give up something.

### ***Stage IV: Behavior***

**Manifest conflict**—groups actively engage in conflict behaviour. Most difficult to deal with conflict at this stage and most likely to have longer lasting effects.

Conflict-Intensity Continuum ranges from no conflict-minor disagreement or misunderstandings - overt questioning or challenging of others-assertive verbal attacks-threats and ultimatums- aggressive physical attacks-overt efforts to destroy the other party (annihilatory conflict)

Source: Based on S.P. Robbins, *Managing Organizational Conflict: A Non-traditional Approach* (Upper Saddle River, NJ: Prentice Hall, 1974), pp. 93–97; and F. Glasi, “The

Process of Conflict Escalation and the Roles of Third Parties,” in G.B.J. Bomers and R. Peterson (eds.), *Conflict Management and Industrial Relations* (Boston: Kluwer-Nijhoff, 1982), pp. 119–40.

### **Conflict Management:**

The use of resolution and stimulation techniques to achieve the desired level of conflict.

### **Managing Intergroup Conflict Through Resolution:**

Internal focus—extent to which a group is intent upon addressing its own concerns in a conflict situation. External focus—extent to which a group is intent on addressing the concerns of the other group(s) involved in the conflict. Varying degrees of external and internal focus yield different resolution approaches. **Five approaches** for resolving conflicts categorized by relative internal/external focus.

1. Dominating—maximum focus on internal concerns. It is a power oriented approach; relies on force. Often both groups in a conflict try force. Usually one group has overestimated its power or underestimated the other group's power. Results may be a prolonged strike or battle, or a victory where the losing party feels mistreated and may even seek revenge. Despite problems, it is sometimes appropriate, e.g., emergency situations, or situations where unpopular action may be needed.

2. Accommodating—maximum emphasis on meeting needs of the other group and minimizing own concerns. Sometimes appears to be giving in. It is beneficial where issues over which groups conflict are not equally important to both parties. Sometimes it purchases "credits" which are more important than favorable resolution to this particular conflict.

3. Problem solving—theoretically the best approach, but can be extremely difficult. Also called collaboration, this approach requires that groups in conflict show a willingness to work toward an integrative solution that satisfies both parties. Obstacle is the common win-lose mentality. Potential benefits are: i. Merger of insight, experience, knowledge, and perspective that leads to higher quality solutions. ii. Commitment to effective implementation is likely to be high because both parties participate in developing the solution. Sometimes it is aided by focusing on a super-ordinate goal, one that cannot be achieved by one group alone, and supersedes all other concerns.

4. Avoiding—May not bring long-term benefits. It is useful as a temporary alternative. It allows time to "cool down", or assemble additional information. People tend to overuse the avoiding approach as a way of avoiding the "pain" of conflict.

5. Compromising—traditional method for resolving intergroup conflicts. Middle-of-the-road approach. There is no distinct winner or loser. Resolution is probably not ideal for either group. It can work effectively when the goal can be divided equally. It works best when:

- i. Conflicting parties have about equal power.
- ii. Pairs are strongly committed to mutually exclusive goals.

iii. Allows a temporary settlement to a complex problem—good back-up strategy.  
May involve third party interventions—higher managerial authority, mediation, or arbitration.

***Use of Competition is recommended:***

- a) When quick, decisive action is vital (in emergencies); on important issues
- b) Where unpopular actions need implementing (in cost cutting, enforcing unpopular rules, discipline)
- c) On issues vital to the organization's welfare
- d) When one knows one is right
- e) Against people who take advantage of non-competitive behaviour

***Use of Collaboration is recommended:***

- a) To find an integrative solution when both sets of concerns are too important to be compromised
- b) When objective is to learn
- c) To merge insights from people with different perspectives
- d) To gain commitment by incorporating concerns into a consensus
- e) To work through feelings that have interfered with a relationship

***Use of Avoidance is recommended:***

- a) When an issue is trivial, or more important issues are pressing
- b) When one perceives no chance of satisfying one's concerns
- c) When potential disruption outweighs the benefits of resolution
- d) To let people cool down and regain perspective
- e) When gathering information supersedes immediate decision
- f) When others can resolve the conflict effectively
- g) When issues seem tangential or symptomatic of other issues

***Use of Accommodation is recommended:***

- a) When one finds one is wrong and to allow a better position to be heard
- b) To learn, and to show your reasonableness
- c) When issues are more important to others than to yourself and to satisfy others and maintain cooperation
- d) To build social credits for later issues
- e) To minimize loss when outmatched and losing
- f) When harmony and stability are especially important
- g) To allow employees to develop by learning from mistakes

***Use of Compromise is recommended:***

- a) When goals are important but not worth the effort of potential disruption of more assertive approaches
- b) When opponents with equal power are committed to mutually exclusive goals
- c) To achieve temporary settlements to complex issues
- d) To arrive at expedient solutions under time pressure

e) As a backup when collaboration or competition is unsuccessful

### **Managing Intergroup Conflict Through Stimulation:**

A. Bringing outside Individuals into the Group-Hiring or transferring in individuals whose attitudes, values and backgrounds differ from those already in the group. It ensures a diversity of viewpoints. It is used frequently in universities, governments and business.

B. Altering the Organization's Structure- Can help both to solve dysfunctional conflict and create functional conflict. Competition can be created among groups.

C. Stimulating Competition-Use of incentives, rewards and bonuses for outstanding performance.

D. Making use of programmed conflict-Programmed conflict is deliberately and systematically creating conflict even when no real differences appear to exist. Popular form is the devil's advocate. which involves assigning someone the role of critic, whose job is to uncover all the possible problems with a proposal. The goal is to uncover all possible opposing views before making a final decision.

### **Stage V: Outcomes**

**Functional Outcomes from Conflict**-Increased group performance, improved quality of decisions, stimulation of creativity and innovation, encouragement of interest and curiosity, provision of a medium for problem-solving, creation of an environment for self-evaluation and change. Functional Conflict can be created by rewarding dissent and punishing conflict avoiders.

**Dysfunctional Outcomes from Conflict**-Development of discontent, reduced group effectiveness, retarded communication, reduced group cohesiveness and infighting among group members overcomes group goals.

**Conflict and organizational performance** - Each organization has an optimal level of intergroup conflict. Too little hinders innovation and change and too much can produce chaos and threaten the organization's survival.

**Conflict and Unit Performance** - When level of conflict is low or none, type of conflict is dysfunctional, units internal characteristics is apathetic, stagnant, nonresponsive to change and lack of new ideas and unit performance is low.

When level of conflict is optimal, type of conflict is functional, units internal characteristics is viable, self-critical and innovative and unit performance outcome is high.

When level of conflict is high, type of conflict is dysfunctional, units internal characteristics is disruptive, chaotic and uncooperative and unit performance is low.

### **Negotiations:**

- A process in which two or more parties exchange goods or services and attempt to agree on the exchange rate for them.
- A process in which two or more parties attempt to reach acceptable agreement in a situation characterized by some level of disagreement.

**In an organizational context, negotiations may take place:**

- Between two people
- Within a group
- Between groups
- Over the Internet

**Negotiations are characterized by four elements:**

1. Some disagreement or conflict exists, which may be perceived, felt or manifest.
2. There is some degree of interdependence between the parties.
3. The situation must be conducive to opportunistic interaction—each party must have both the means and in the inclination to attempt to influence the other.
4. There exists some possibility of agreement, without which the negotiation cannot bring about a positive resolution.

**Bargaining strategies in Negotiation*****Win-Lose Negotiating—The Zero Sum Game***

It is also known as Distributive Negotiation, since the process of dividing or “distributing” resources is used. It is quite common in organizations; characterizes most bargaining of prices, salaries, etc.

**Win-Win Negotiating—A Positive Sum Approach:**

It is Integrative Negotiating, where each party gains without a corresponding loss by the other party. It does not necessarily mean that everyone gets exactly what he or she wanted. It is simply an agreement has been reached in which each party is better off than when they started.

<b>Bargaining Characteristic</b>	<b>Distributive Bargaining</b>	<b>Integrative Bargaining</b>
Goal	Get as much of pie as possible	Expand the pie
Motivation	Win-Lose	Win-Win
Focus	Positions	Interests
Information Sharing	Low	High
Duration of relationships	Short term	Long term

Source: Based on R. J. Lewicki and J. A. Litterer, Negotiation (Homewood, IL: Irwin, 1985, p.280). (exhibit taken from **Organizational Behaviour, Stephen P.Robbins, Timothy A.Judge and Seema Sanghi, 12<sup>th</sup> ed, Pearson education, pp.567**)

**Staking Out the Bargaining Zone**

**The settlement range is the zone determined by the interface between the aspiration range of one party A and the resistance point of the other party B and viceversa.**

**The Negotiation Process*****BATNA***

The Best Alternative to a Negotiated Agreement; the lowest acceptable value (outcome) to an

individual for a negotiated agreement. It involves the following steps-

1. preparation and planning
2. defining of ground rules
3. clarification and justification
4. bargaining and problem solving
5. closure and implementation.

### **Issues in Negotiation**

#### ***The Role of Mood and Personality Traits in Negotiation***

Positive moods positively affect negotiations. Traits do not appear to have a significantly direct effect on the outcomes of either bargaining or negotiating processes (except extraversion, which is bad for negotiation effectiveness)

#### ***Gender Differences in Negotiations***

Women negotiate no differently from men, although men apparently negotiate slightly better outcomes. Men and women with similar power bases use the same negotiating styles. Women's attitudes toward negotiation and their success as negotiators are less favorable than men's.

#### ***Negotiating Globally-People from different nations negotiate differently***

Cross-Cultural Negotiations-Conducting successful cross-cultural negotiations is a key ingredient for many international business transactions. It is guided by parameters like language, sequence, communication style, contract and context.

### **Stages of the Negotiation Process:**

- Non-task surroundings
- Task-related information exchange
- Persuasion
- Concessions and agreement

### **Cross-Cultural Negotiation Strategies include the following:**

- a. Employing an agent or advisor
- b. Involving a mediator
- c. Inducing the counterpart to follow one's own negotiation script
- d. Adapting the counterpart's negotiation script
- e. Coordinating adjustment of both parties
- f. Embracing the counterpart's script
- g. Improvising an approach.
- h. Effecting symphony.

### **To pick a strategy, the following steps ought to be considered:**

1. Reflecting on one's culture's negotiation practices
2. Learning the negotiation script common in the counterpart's culture

3. Considering the relationship and contextual cues
4. Predicting or influencing the counterpart's approach
5. Choosing a strategy

### **Increasing Negotiating Effectiveness**

A way to think about desired outcomes is to distinguish between substantive and relationship outcome. Substantive have to do with specific issues settled while the object in relationships is to maintain good relationships.

### ***The Four Factors of Negotiating Effectively***

1. Obtaining substantial results—activities that focus on the content of what is being negotiated.
2. Influencing the balance of power—through the use of persuasion, facts and expertise, rather than dominance or deference.
3. Promoting a constructive climate—activities that are designed to facilitate progress by minimizing the likelihood that tension or animosity between the parties becomes disruptive.
4. Obtaining procedural flexibility—activities that allow a negotiator to increase negotiating effectiveness through increasing the type and number of option available for conducting the negotiations.

### **Using Third Party Negotiations**

-Often used when negotiations have broken down or stalled.

Several different approaches:

- a. Mediation—a neutral party acts as a facilitator through the application of reasoning, suggestion, and persuasion.
- b. Arbitration—the third party has the power or authority to impose an agreement.
- c. Conciliation—the third party is someone who is trusted by both sides and serve primarily as a more formal authority to influence the outcome than does a mediator.
- d. Consultation-the third party is trained in conflict and conflict-resolution skills and attempts to aid problem solving by focusing more on the relationship between the parties than on the substance issues.

### ***Improving Negotiations***

1. Beginning the bargaining with a positive overture or small concession and then reciprocating the opponent's concessions.
2. Concentrating on the negotiations issues and situational factors, not on the opponent.
3. Trying to determine the opponent's strategy by looking below the surface.
4. Not allowing accountability to one's constituents or surveillance by them to produce competitive bargaining.
5. Using power in a negotiation.
6. Being open to accepting third-party assistance.
7. Attending to the environment; being aware that the opponent's behavior and power are altered by it.

## **3.4 Inter- personal Communication:**

### The Importance of Communication

*Communications is defined as "the transmission of information and understanding through the use of common symbols."*

Communication assists organizational members to accomplish both individual and organizational goals, implement and respond to organizational change, coordinate organizational activities and engage in virtually all organizationally relevant behavior. Organizational effectiveness is linked to communications. Serious problems arise when breakdowns occur and a pertinent question for managers is whether they will communicate well or poorly.

### The Communication Process -The steps between a source and a receiver that result in the transference and understanding of meaning

#### The elements of communication:

1. **Communicator**—an employee with ideas, intentions, and a purpose for communicating.
2. **Encoding**—translating the communicator's ideas into a systematic set of symbols and language that expresses the communicator's purpose.
3. **Message**—the result of the encoding process (in a verbal or nonverbal form). The message can be intended or unintended.
4. **Medium**—the message carrier (e.g., telephone, group meeting, memos, reward systems).
5. **Decoding**—the receiver's thought processes that interpret the message in terms understandable to the receiver.
6. **Receiver**—recipient of the message.
7. **Feedback**—response from the receiver to the communicator that lets the communicator determine whether the message was received and produced the intended effect. It is provided in two-way, but not in one-way communication. It is provided in many forms (e.g., directly via verbal exchanges; indirectly via productivity declines, absenteeism increases).
8. **Noise**—factors that distort the intended message. May occur in each element of communication.

**The Communication Process Model** (Please see the exhibit from Organizational Behaviour, Stephen P. Robbins, Timothy A. Judge and Seema Sanghi, 12<sup>th</sup> ed, Pearson Education, pp 406)

#### **Channel:**

The medium selected by the sender through which the message travels to the receiver.

#### **Types of Channels:**

**Formal Channels:** Are established by the organization and transmit messages that are related to the professional activities of members.

**Informal Channels:** Used to transmit personal or social messages in the organization. These informal channels are spontaneous and emerge as a response to individual choices.

### Choice of Communication Channel

**Channel Richness:** The amount of information that can be transmitted during a communication episode.

#### *Characteristics of Rich Channels:*

- Handle multiple cues simultaneously
- Facilitate rapid feedback
- Are very personal in context

#### *Information Richness of Communication Channel:*

There are many different ways to communicate within an organization and externally to various constituents. The richness of communication involves how much information can be effectively transmitted. For example, face-to-face communications is high in richness because of verbal and nonverbal cues can be exchanged and observed and a memo to a general audience is low in richness. For details please refer to exhibit from Organizational Behaviour, Stephen P. Robbins, Timothy A. Judge and Seema Sanghi, 12<sup>th</sup> ed, Pearson Education, pp.420.

### Communicating within Organizations

*Communications should flow in four distinct directions: downward, upward, horizontal, and diagonal.*

**Downward communication:** communication flows from individuals in higher-level positions to those in lower-level positions in the hierarchy. Most common forms are job instructions, official memos, procedures, manuals, company publications. These are often inadequate and inaccurate.

**Upward communication:** communication flowing from a lower level to upper-level jobholder. Most common forms are suggestion boxes, group meetings, appeal/grievance procedures.

It is difficult to achieve effective communication, especially in large organizations. Functions of upward communications: a. gives managers feedback about current organizational issues and problems, which aids decision-making. b. Gives important feedback about effectiveness of downward communication. c. Relieves employees' tensions by letting them share relevant information with higher management personnel. d. Encourages participation and involvement, and therefore cohesiveness.

**Horizontal communication:** communication flowing from one position to another on the same hierarchical level (e.g., from the accounting department head to the marketing department head). Organizations usually offer mechanisms for horizontal communications, leaving it to individual managers. It can satisfy social needs.

**Diagonal communication:** communication flowing between an employee and higher level manager to whom she/he does not report, e.g., the marketing vice president communicating

with a production foreman. It is the least-used communication channel. It is important when members cannot communicate effectively through other channels.

**Communication within the organization can be at:**

- 1) Interpersonal level
- 2) Group level
- 3) Organizational level

**Interpersonal level-** Communication that flows from individual to individual in face-to-face and group settings. It varies, from direct orders to casual expressions and influences how people feel about the organization.

**Types of interpersonal Communication are:**

□ **Oral Communication**

- Advantages: Speed and feedback
- Disadvantage: Distortion of the message

□ **Written Communication**

- Advantages: Tangible and verifiable
- Disadvantages: Time-consuming and lacks feedback

□ **Nonverbal Communication-Nonverbal messages:** information sent by a communicator that is or may be unrelated to the verbal communication. It is sent via physical cues such as face and eye movements, posture, distance, voice tone, and gestures. Nonverbal message may differ from other forms of communication behavior in that they are difficult to suppress, more apparent to others than to the people who produce them and susceptible to multiple interpretations. Emotion type conveyed by nonverbal message is indicated by facial expressions, eye contact and eye movements and emotion intensity is indicated by physical cues such as distance, posture and gestures.

- Advantages: Supports other communications and provides observable expression of emotions and feelings
- Disadvantage: Misperception of body language or gestures can influence receiver's interpretation of message

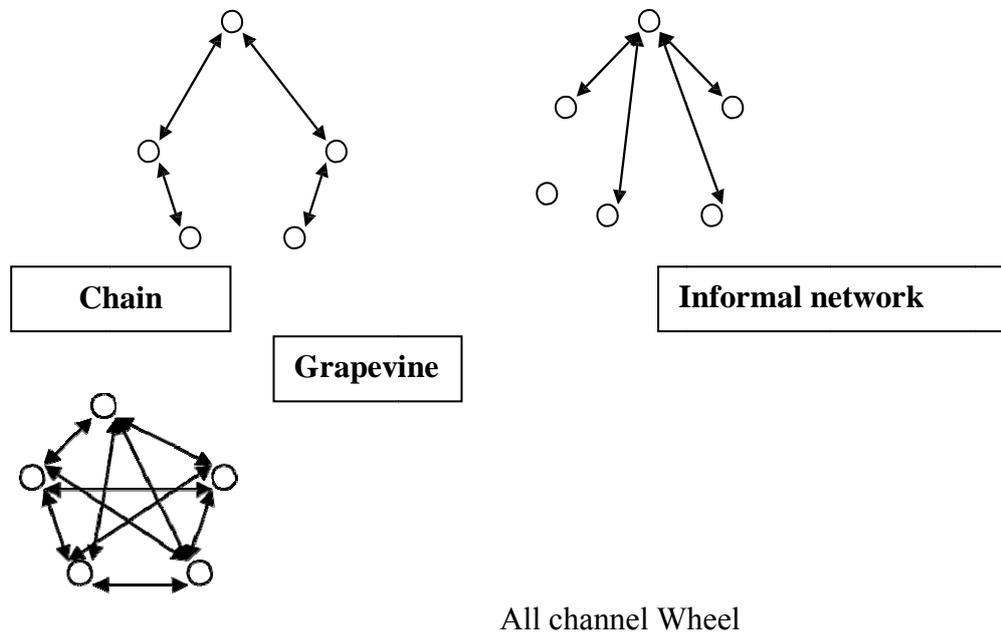
**Problems in communication with other people can arise from:**

1. Perceptual differences.
2. Interpersonal style differences.

**Group level: Three Common Formal Small-Group Networks and patterns of communication in it: Small-Group Networks and Effectiveness Criteria**

criteria	chain	wheel	All channel
speed	moderate	fast	fast
accuracy	high	high	moderate

Emergence of leader	moderate	high	none
Member satisfaction	moderate	low	high



### Grapevine Characteristics

- Informal, not controlled by management
- Perceived by most employees as being more believable and reliable than formal communications
- Largely used to serve the self-interests of those who use it

Grapevine results from:

- Desire for information about important situations
- Ambiguous conditions
- Conditions that cause anxiety

Grapevine is an important part of any group or organizational communication network because:

- It gives managers a feel for the morale of the organization
- It identifies issues that employees consider important
- It helps to tap into employee anxiety
- It acts like a filter and feedback mechanism
- It translates the formal communication into the group's own jargon

Suggestions for Reducing the Negative Consequences of Rumors

1. Announce timetables for making important decisions
2. Explain decisions and behaviors that may appear inconsistent or secretive
3. Emphasize the downside, as well as the upside, of current decisions and future plans
4. Openly discuss worst-case possibilities—it is almost never as anxiety-provoking as the unspoken fantasy

Source: Adapted from L. Hirschhorn, "Managing Rumors," in L. Hirschhorn (ed.), *Cutting*

*Back* (San Francisco: Jossey-Bass, 1983), pp.54–56.

### *Organizational level*

#### **There are new types of technological communications:**

- The Internet and the Intranet.
- Electronic mail or e-mail
- Voice mail.
- Video conferencing and teleconferencing.
- Electronic meetings

### **Knowledge Management (KM)**

Knowledge Management is a process of organizing and distributing an organization's collective wisdom so the right information gets to the right people at the right time.

Knowledge management is important because Intellectual assets are as important as physical assets. When individuals leave, their knowledge and experience goes with them. A KM system reduces redundancy and makes the organization more efficient.

### **Communicating Externally**

Typical external communication program includes four distinct programs: **public relations, advertising, promotion, and customer/client/patient surveys.**

**Multicultural Communication**-While the average European speaks several languages, the typical American speaks only English. The vast majority of the world's population does not speak nor understand English. International business requires foreign language training. Other barriers to effective international communication:

- a. Ethnocentrism—tendency to consider the values, norms, and customs of one's own country as superior. It may be implicit or explicit.
- b. Cultural Insensitivity: By not being sensitive to cultural differences we contribute to misunderstandings. Words and phrases, behaviors and other nonverbal expressions may mean different things across cultures.

### **Intercultural communications succeeds when communicators:**

- a. Familiarize themselves with significant cultural differences.
- b. Try to abandon ethnocentric tendencies.
- c. Maintain a posture of "knowing they do not know."

**Barriers to Effective Communication**- Barriers exist either within individuals (e.g., frames of reference, value judgments) or within organizations (e.g., in-group language, filtering).

**1. Frame of reference:** People can encode/decode messages differently because of different frames of reference. It results from different individual backgrounds and experiences. It produces distorted communication and occurs even at different organizational levels.

**2. Selective listening:** A form of selective perception where individuals perceive only information that affirms beliefs and blocks out new and disconfirming information.

- 3. Value judgments:** The receiver assigns an overall worth to the message based on his/her evaluation of the message's anticipated meaning, the communicator or previous experiences with the communicator.
- 4. Source credibility:** Trust, confidence and faith that the receiver has in the communicator's words/actions. Directly impacts message reception and reaction by the receiver.
- 5. Filtering:** The communicator manipulates the information so the receiver hears it as positive ("telling the boss what she wants to hear"). It frequently occurs in upward communication. It occurs because the direction (upward) carries control information to management that may affect merit evaluations, etc.
- 6. In-group language:** Language (jargon) developed by a particular group (e.g., researchers, engineers) that is meaningful/understandable only to the members; produces communication breakdowns when outsiders are involved.
- 7. Status differences:** Can be perceived as threats by those lower in the organizational hierarchy and channel of communication who normally would be included.
- 8. Time pressures:** Can produce short-circuiting wherein someone has been left out of the formal channel of communication who normally would be included.
- 9. Communication overload:** People feel buried by information and data that they cannot adequately absorb. It occurs because of the deluge of information with which managers must contend. Overloaded, the manager cannot absorb/adequately respond to all messages which results in "screening out" (never decoding) many messages.

### *Communication Barriers between Men and Women*

Men talk to:

- Emphasize status, power, and independence
- Complain that women talk on and on
- Offer solutions
- To boast about their accomplishments

Women talk to:

- Establish connection and intimacy
- Criticize men for not listening
- Speak of problems to promote closeness
- Express regret and restore balance to a conversation

### *Barriers to Effective Cross-Cultural Communication*

Semantics, Word Connotations, Tone Differences, Perception Differences

### *Communication Barriers and Cultural Context*

- High-Context Cultures- Cultures that rely heavily on nonverbal and subtle situational cues to communication.
- Low-Context Cultures-Cultures that rely heavily on words to convey meaning in communication.

### **Improving Communication in Organizations**

Effective communicators strive to be understood by others and to understand. Strategies include:

1. **Following up:** attempting to determine whether your intended message was actually received.
2. **Regulating information flow:** attempting to eliminate communication overload. Exception principle—regulating information quantity and quality by bringing only significant deviations from policies and procedures to the superior.
3. **Utilizing feedback ;** sent by receivers of your messages.
4. **Developing empathy:** placing yourself in the shoes of the receiver to anticipate how the message will be decoded. Essentially putting yourself in another's role and assuming their viewpoints/emotions.
5. **Repetition:** Introducing repetition/redundancy into communications to be sure that the message is understood. This is also an accepted learning principle.
6. **Encouraging mutual trust:** developing trust between managers and subordinates. Facilitates communication and makes follow up on each communication less critical.
7. **Effective timing:** Timing a communication so it does not compete with other messages being sent to a receiver.
8. **Simplifying language:** Encoding messages into words and symbols that the receiver understands.
9. **Effective listening:** Entails listening with understanding—removing distractions, putting the speaker at ease, showing that you want to listen, and asking questions.
10. **Using the grapevine;** Managers should know how to use it and increase its accuracy, as distortions traveling through the grapevine can be devastating.
11. **Promoting Ethical Communications:** Krep's principles guiding effective internal communications suggest that organization members: i. Should not intentionally deceive one another. ii. Should not purposely harm any other member. iii. Should be treated justly. Management in many instances says it has the right to gather intelligence on its employees, even spying if it is not illegal. There are any numbers of tools available for such monitoring of behavior. Competitive intelligence, a system for gathering information (all forms of communication) that affects a firm, analyzing the data, and taking action is becoming an accepted practice.

### 3.5 Assignment Questions:

1. What is the nature of groups? Discuss about the different types of groups with suitable examples
2. State the various reasons of group formation. Discuss about the stages of Group Development.
3. What are the characteristics of groups? Discuss the effect of group size, group norm and cohesiveness on individual/group performance.
4. Critically evaluate the different Group decision making Techniques. In this connection discuss group think and group shift.
5. What is the end result of group formation? Discuss the criteria of effectiveness of Group
6. Define teams. State the difference of workgroup and team. What are the reasons of popularity of Teams. Discuss with examples different types of teams

7. What is team building? What are the steps of team building? How do you build high performance teams?
8. Discuss in details the steps of creating Effective teams. Which of the above steps do you think is most important and why?
9. What is Teamwork? Discuss Team work in the light of model of Team effectiveness. Justify the relationship between team working and innovation in organization
10. Discuss the concept of power. What are the sources of power in an organization-discuss with examples.
11. What is politics? What are the factors that influence political behaviour? Elaborate the Political strategies and tactics prevalent in organization.
12. Discuss the relation between Ethics, power and politics. How can power be used to manage effectively?
13. Write short notes on (a)Defensive techniques (b) Impression Management.
14. Explain Conflict in Organizations. Discuss a contemporary perspective on intergroup conflict
15. What causes intergroup conflict? What are the causes of dysfunctional intergroup conflict. What are the ways of managing intergroup conflict through Resolution and Stimulating Constructive intergroup conflict. Discuss with suitable examples. Which conflict management technique is best and why?
16. What is Negotiation? What are the negotiation tactics followed in organizations?
17. What are the issues related to negotiation? Discuss with examples ways of Increasing negotiation effectiveness
18. What is Leadership? Compare Leadership vs management. Discuss the different functions of Leadership.
19. What are the different approaches to the study of Leadership? Discuss the different leadership styles under behavioural approach. Which style according to you is most effective and why?
20. Discuss the different leadership styles under situational approach. Which style according to you is most effective and why?
21. Write short notes on (a) Charismatic Leadership (b)Attribution Theory of Leadership (c) Authentic Leaders and Ethical Behavior (d)Trust: The Foundation of Leadership (e) Substitutes for Leadership
22. What are the Contemporary Leadership Roles? Discuss the significant aspects of Online Leadership
23. What is Multicultural Leadership and why knowledge of it is important for managers?- Justify with suitable examples.
24. Discuss with suitable examples the significant aspects of Leadership approaches in Developing Countries
25. What is the Importance of Communication in organization? Justify with examples
26. What are the elements of communication? Discuss the Communication Process Model
27. What are the types of Channels? Establish the relationship of Channel Richness with Communication effectiveness.
28. Discuss with suitable examples the different directions and levels of Communicating

Within organizations. Discuss the issues related with Communicating Externally.

29. What are the Barriers to Effective Communication? Discuss the ways of Improving Communication in Organizations. How can the organization promote ethical communication?

### 3.6 Business Cases :

#### 5. Case Study:

Brent Templeton is a draftsman for a large industrial equipment manufacturer. He has been with the company for more than seven years and is well respected for his abilities. In a recent conversation with one of his friends, Brent revealed the following thoughts about his work. I really shouldn't complain about my job, I guess. The money is good. The working conditions are excellent. I have good friends who work with me, and that's important. Although retirement is a long way off, I'm putting aside funds to help me live comfortably then. I'm also setting aside money to put our children through college when the time comes. My problem is this: I just don't see anything different in the future. I have already reached the top of the pay scale for draftsmen. Except for cost-of-living adjustments, my income will never be much greater than it is now. More important, I've reached the top level for promotions that a draftsman can achieve. To get into a higher level design or engineering job, the company requires you to be a college graduate. Since I don't have a college degree, I have no real hope of advancing. Even if I could go back to college to get a degree, it would take years for me to get one. I must support my family; so I can spare neither the time nor the money that would be necessary to get a degree. As I view the alternatives available, I just don't see many within the company itself. Perhaps what I should do is get involved in something off the job that would be stimulating. One of the boy's clubs in town needs someone to teach the kids how to do carpentry and woodwork, and I'm pretty good at those things; so I may volunteer to work in the program. I guess it's not really important that I be all fired up about my work with this company. Just so long as I do my job and stay out of trouble, That's all that's really important, isn't it?

#### Case Questions:

- (1) On the basis of case material which of Brent Templeton's needs are being fulfilled by his employing organization?
- (2) Which of Brent's needs, goals, or expectations are not being met by his employer? Why is this particularly discouraging to Brent?
- (3) Is it important that Brent's be excited about his work, or is it enough to expect him to do his job and stay out of trouble? What steps could Brent's employer take that would result in a change of attitude and improve his inspiration to perform?

#### 6. Case Study:

IG Ferns and Curtains is a manufacturer of curtains and have about 80 tailors. The tailors are of all ages, and they work together in a single large room. Their work consists mostly of processing orders, which include cutting the cloth to the required dimensions and stitching it as per design. Once an employee learns the work, it becomes routine. Therefore, few employees find the work mentally challenging.

Recognizing that many curtain companies have problems with their tailors, management has established policies that it believes will maintain high satisfaction and motivation. The employees are paid monthly salaries rather than hourly rates and on one are required to punch a time clock. The pay, which includes a year end bonus based on the overall profits of the

company, is 10% above the going rate in that geographic area; employee benefits are better than other similar organizations and the work environment is pleasant. Lighting and acoustics are ideal and management encourages friendly and informal relations among employees. Recent attitude surveys showed that employee satisfaction is high. Although the work is somewhat routine, the employees expressed approval of their compensation, supervision, employee benefits and other major aspects of their employment.

In spite of the favorable level of employee satisfaction, two problems – tardiness and a high rate of paid sick leave- plague the managers. They have counseled numerous employees about these problems and at times have warned of possible disciplinary action, but the problem persists. The managers have met the entire group of tailors and explained that because of absenteeism and tardiness an unnecessarily large number of employees are required, a condition that obviously lowers profits and end-of-year bonuses. The managers also appealed to the employee's loyalty to the company and to their sense of fearlessness. Management hoped that peer pressure would be extended on offenders leading to a solution to the problem. But for some reason that did not occur.

#### **Case Questions :**

- 1) Why do the employees not respond to the appeals of management?
- 2) Analyze the motivational factors involved in this case.
- 3) How would you solve the problem?

**For more Case Studies refer the website : The Times 100 business case studies**

<http://businesscasestudies.co.uk/case-studies/by-topic/#axzz43HADumMu>

**CHAPTER - 4**  
**ENHANCING INDIVIDUAL AND INTERPERSONAL PROCESS GOAL**  
**SETTING AND REWARD**

**Syllabus :** Job design - performance appraisal- stress - decision making and creativity.

**4.1 Job Design :**

**Job Compared to Work**

Job - a set of specified work and task activities that engage an individual in an organization

Work – mental or physical activity that has productive results

Meaning of Work - The way a person interprets and understands the value of work as part of life.

**Job Performance Outcomes**

**A. Objective Outcomes**

1. Quantity and quality of output, absenteeism, tardiness and turnover.
2. Outcomes that can be quantified and measured.
3. Outcomes for which quantifiable standards can be established.

**B. Personal Behavior Outcomes**

1. The jobholder's reaction to the job itself. performance.
2. Psychological and health-related problems can develop as a result of job impairments.
3. Stress related to job performance can contribute to physical and mental

**C. Intrinsic and Extrinsic Outcomes**

1. An intrinsic outcome is an object or event that follows from the worker's own efforts and does not require the involvement of any other person.
2. Extrinsic outcomes are objects or events that follow from the worker's efforts in conjunction with other factors or people (e.g., work conditions).
3. Extrinsic rewards reinforce intrinsic rewards in a positive direction when an employee can attribute the source of the extrinsic reward to his or her own efforts.

**D. Job Satisfaction Outcomes**

1. Depends on the levels of intrinsic and extrinsic outcomes and how the jobholder views those outcomes.
2. One such individual difference includes job involvement and commitment to the organization.
3. People differ in the extent that:
  - a. Work is a central life interest
  - b. They actively participate in work
  - c. They perceive work as central to self-esteem

- d. They perceive work as consistent with self-concept.
- e. They perceive the equity of the outcome in terms of what is a fair reward.

**The various issues of Job Performance outcome can be answered by a proper Job Design. What is Job Design?**

This is defined as ‘The process of combining tasks and responsibilities to form complete jobs and the relationships of jobs in the organization.’ Job design is the process by which managers decide individual job tasks and authority. It involves determining (1) What is to be done (i.e., responses) (2) How it is to be done (i.e. What techniques, equipment, and procedures tools etc.)(3) Why it is to be done (i.e., purpose). It results in job description (Shows nature of job in task-related behaviors). Human and organizational well-being depend on how well management designs jobs. Recent job design concerns have extended beyond job performance efficiency to providing quality of work life. QWL is a philosophy of management that enhances the dignity of all workers, introduces changes in an organization's culture, and improves the physical and emotional well-being of employees. Management's challenge is to provide for both quality of work life and improved production and efficiency through revitalization of business and industry. Job design/redesign techniques attempt: 1.To identify the most important needs of employees and the organization.2.To remove obstacles in the workplace that frustrate those needs. Managers hope that the results are jobs which:1. Fulfill important individual needs. 2.Contribute to individual, group, and organizational effectiveness.

***Job Designs are the results of Job Analysis. Job Analysis provides an objective description of the job itself. It gathers information about three aspects of all jobs:***

1. Job content—required activities the jobholder must perform to do the job successfully. a. Descriptions may vary from very general to very detailed. b. Functional job analysis (FJA)—one of the most used job analysis methods describes jobs in terms of four factors:(1)What the worker does in relation to data, people and jobs. (2)What methods and techniques the worker uses. (3)What machines, tools and equipment is used. (4) What materials, products, subject matter or services the worker produces.
2. Job requirements—minimum qualifications necessary to perform the job in an adequate manner.
3. Job context—physical demands and working conditions of the job, degree of accountability and responsibility, and other conditions or environmental variables.

*From the Job Analysis, three elements of Job Design like Task Analysis, Worker Analysis and Environmental Analysis are developed.* Task Analysis determines what tasks will be done, how each task will be done and how the tasks fit together to form a job. Worker Analysis determines the capabilities the worker must possess and responsibilities the worker will have. Environmental Analysis is used to analyze physical environment including location, lighting, temperature, noise, ventilation etc.

**Job Design specify three characteristics:**

1. Job range-the number of tasks a jobholder performs.

2. Job depth-the amount of discretion a jobholder has in deciding job activities and outcomes.

3. Job relationships-Range and depth distinguish jobs in the same organization and across different organizations. In determining range and depth of jobs, managers should provide the optimum job range/depth feasible given the economic and technical requirements of the organization's mission and objectives. A Job relationship is determined by departmentalization bases and spans of control that define the nature and extent of the jobholder's interpersonal relationships, individually and within groups. The wider the span of control, the more difficult it is to establish friendship and interest relationships. Functional departmentalization groups together jobs similar in range/depth. Product, territory and customer bases group together jobs that differ in range/depth. Perceptions of job characteristics are affected by: 1. Individual differences which cause different people to see the same objective stimuli differently. 2. Different social settings-e.g., different leadership styles, what peers say about the job.

**Designing Job Range: Job Rotation and Job Enlargement:** Two strategies were developed to improve jobs' range: job rotation and job enlargement. Job rotation involves rotating the employee from one job to another (boosting job range and perceived variety in job content); does not change the job's basic characteristics. Critics assert that rotation involves performing many boring tasks instead of one. It continues to be widely used. Job enlargement involves increasing the number of tasks that a jobholder performs. It requires more training but usually reduces boredom. It boosts job satisfaction and reduces absenteeism/turnover if the jobholder can handle enlargement. However, employees may demand pay raises.

**Redesigning Job Depth:** Job Enrichment is an application of Herzberg's two-factor theory of motivation. It involves designing jobs that meet individuals' needs for psychological growth, especially responsibility, challenge, and achievement. It involves designing a job that meets the jobholder's needs for personal growth by:

- a. Direct feedback: timely and direct evaluation of performance.
- b. New learning: provide opportunities to learn and grow.
- c. Scheduling: jobholder schedules part of his or her own work.
- d. Uniqueness: each job holds some unique qualities and features.
- e. Control over resources: jobholders have some control over their tasks.
- f. Personal accountability: give people a chance to be accountable for the job.

The job enrichment process: a. Encourages employees to behave like managers in managing their jobs. b. Redesigns the jobs to make such behavior feasible. Positive outcomes result from increasing employees' expectancies that: a. Efforts lead to performance. b. Performance leads to intrinsic and extrinsic rewards. c. These rewards have the power to satisfy needs. However, it requires a supportive work environment to succeed.

**Job Characteristics Model combines job enrichment and job enlargement** approaches and attempts to account for interrelationships between: a. Certain job characteristics. b. Psychological states associated with motivation, satisfaction and performance. c. Job outcomes. d. Growth need strength. Core dimensions of the job characteristics model are: a.

Variety—degree to which a job requires a wide range of operations and a variety of equipment and procedures. b. Autonomy—extent to which job holders have a say in work scheduling and selection of equipment and procedures in their work. c. Task identity—extent to which jobholders do an entire piece of work and identify with the results of their efforts. d. Feedback—degree to which jobholders receive information about their job performance. e. Dealing with others—the degree to which a jobholder can establish informal relationships with other workers on the job. f. Friendship opportunities—degree to which a jobholder can establish informal relationships with other workers on the job.

Application of core dimensions to job design: a. Variety, task identity and feedback are perceptions of job range. b. Autonomy is a perception of job depth. c. Dealing with others and friendship opportunities reflect perceptions of job relationships. The problems associated with job redesign using a job characteristics approach: a. Program is time-consuming. b. Unless lower level needs are satisfied, people will not respond to opportunities to satisfy upper level needs. c. Unrealistically high expectations for satisfaction may lead to dissatisfaction. d. Union may oppose it as an attempt to get more work for the same pay. e. It may not produce tangible improvements for some time.

**Job engineering (JEng)**- The scientific management approach evolved into what is now generally called job engineering. It is closely associated with cybernation and sophisticated computer applications, computer assisted design (CAD), and human-machine interactions. In fact, it has been the dominant aspect of job design analysis.

#### **Quality of work life (QWL) and socio-technical design:**

The overriding purpose of quality of work life is to change the climate at work so that the human- technological-organizational interface leads to a better quality of work life.

Social information processing approach (SIPA)-The social information processing approach to job design suggests that individual needs, task perceptions, and reactions are socially constructed realities. The process includes choice, revocability, publicness, explicitness, social norms and expectations and external priming, which combine with social information (from others and the organizational environment) and influence the jobholders' perceptions, attitudes and behavior. Four premises of this model are:

- 1) people provide cues to understanding the work environment
- 2) people help us judge our jobs
- 3) people tell us how they see our jobs
- 4) people's positive & negative feedback help us understand our feelings about our jobs

**Self-managed teams— job redesign at a group level.** A self-managed team (SMT) is a small group of individuals empowered to perform certain activities based on procedures and decisions made within the group; minimum outside direction. Possible forms:

- a. Task forces.
- b. Project teams.
- c. Quality circles.
- d. New venture teams.

Team management determine own work assignments within team and are responsible for

work from start to finish.

**Alternative work arrangements**-job redesign aimed at improving the job's context. New approaches are:

- a. Compressed workweek-working longer hours for fewer days.
- b. Flextime-employees determine, within some limits, when they will go to work.
- c. Job sharing-two or more individuals share one job.
- d. Telecommuting—involves working at home while being linked to the office via a computer and/or fax machine.

**Total Quality Management and Job Design** - It combines the ideas of technical knowledge and human knowledge. It empowers employees to handle the complexities and variabilities of work technologies. When the integration of technology and employee is considered, the employee's job is often redesigned to enhance this interaction. In the current global environment, socio-technical system design has been incorporated in the total quality management approach to management. An elaborated model of job (Garg and Rastogi, 2006) considers the designing of job at individual and group level keeping in view the various factors that influence and constrain the choice of job design. The antecedents are (a) external organizational factors like environmental uncertainty (downsizing, layoff), available technology (E commerce, E business, EPM) and labour market and (b) Internal organizational factors like management styles (HRM), technology and tasks (Knowledge management, ergonomics), Organizational design (Leadership styles, culture) workplace spirituality and High performance improvement.

The antecedents have an effect on the expanded job characteristics at (a) Individual level like job control, skill variety, performance/ feedback, cognitive demands (attention demands/problem solving demands), emotional demands, opportunity for skill acquisition, variable performance linked pay, flexible working hours.

(b) Group level like team autonomy, team feedback, team skill variety, team task interdependence, creativity and innovation

(c) Social level like social capital (structural, relational and cognitive social capital), establish intergroup processes, establish credibility, encourages interactions, meets social demands.

The expanded job characteristics leads to outcome in the form of proactive performances like motivation, quick response, learning and developing organizations, innovation and creativity, high performance environment.

The proactive performance leads to (a) Organizational outcomes like high productivity, customer satisfaction/retention and reduced accidents (b) Individual/group outcomes like increased job performance, rational decision making, reduced stress, group effectiveness, collectivistic culture (c) Social outcomes like collective representations, collective emotional experiences and within group solidarity. The proactive performance also influences the antecedents which in turn again has an effect on the job characteristics.

For further reading please refer to New model of job design: motivating employees' performance by Pooja Garg and Renu Rastogi Department of Humanities and Social Sciences, Indian Institute of Technology Roorkee, Roorkee, Uttaranchal, India, published in Journal of Management Development Vol.25 No.6, 2006, pp. 572-587; Emerald Group Publishing Limited 0262-1711.

## 4.2 Performance Appraisal :

Organizations use rewards to attract, retain, and motivate people. But methods for distributing rewards vary from organization to organization, within the same organization across different levels and according to the nature of rewards. Some rewards may be universal or across the board rewards, some rewards may be a function of seniority while others may be related to job performance. To distribute rewards equitably, organizations develop systems for performance evaluation. To maximize effectiveness of the organization, it is necessary to link employee evaluation systems with reward systems.

**Evaluation of Performance:** Performance of an individual is the function of ability, motivation, resources available to perform the task and direction/target set for the job. Purposes of evaluation may be judgmental or developmental. Judgmental purposes focus on past performance, helping managers evaluate training programs and decide on how rewards should be distributed. It provides a basis for reward allocation, identifies high-potential employees, validates the effectiveness of employee selection procedures and evaluates previous training programs. Developmental purposes seek to improve future performance by clarifying expectations and identifying training needs. It stimulates performance improvement, develops ways of overcoming obstacles and performance barriers, identifies training and development opportunities and establishes supervisor-employee agreement on performance expectations.

### Methods of Performance Evaluation:

Rating formats-Evidence indicates that ratings are not strongly related to results. Rating depends heavily on the mental process of the rater and as the processes are complex, there may be errors of judgment in the rating. Results depends heavily on conditions that may be outside the control of the individual employee and most measures of results provide only partial coverage of the overall domain of job performance Behavior – Oriented rating method Relative rating system Absolute rating system Result – Oriented rating system Management by objective Work planning and review.

### Behavior – Oriented rating method

#### *Relative rating system*

- Ranking and paired comparison-Good for making comparison across employees, but provides little basis for individual feedback and development.
- Forced Distribution-Forces rater to make distinction among employees but may be unfair and inaccurate comparisons across employees if a group of employees, as a group, is very effective or ineffective.
- Graphic rating scales (including behavioral anchored rating scales - BARS) are easy to use and very helpful for providing feedback for individual development. It facilitates comparison across employees but does not define dimensions and scale points are not defined clearly.
- BARS-Very time consuming to develop, but dimensions and scale points are defined clearly.

***Absolute rating system:***

- Narrative essay-Good for individual feedback and development, but difficult to make comparisons across employees.
- Behavioral checklist -Are easy to use and provide a direct link between job analysis and performance appraisal. They can be numerically scored and facilitate comparison across employees. However meaning of response categories may be interpreted differently by different raters.
- Critical incident-Focus directly on job behavior. Emphasizes on what employees did that was effective or ineffective, but can be very time consuming to develop.

**Result – Oriented Rating System:**

***Management by objective-*** Focuses on results. Each individual contribution to the success of the unit or organization. It is short – term oriented in approach. It provides few insights into employee behavior. But it does not facilitate comparison across employees. An example of an objective for a sales manager might be: Increase the gross monthly sales volume

***Work planning and Review-*** It focuses on results. It emphasizes process over outcomes. It requires frequent supervisor– subordinate reviews of work plan. It is time consuming to implement properly and does not facilitate comparison across employees

Effective performance evaluations are continuous, ongoing processes asking two questions:

- a. Is the work being done effectively? b. Are employee skills and abilities being fully utilized?

Focus should be on: a. Translating job responsibilities into daily activities. b. Helping employees understand and develop these responsibilities, relate them to goals, and recognize accomplishments. c. Emphasizing job performance, not individuals. d. Weighting relevant behaviors appropriately.

Relevancy in evaluations has three aspects: a. Deficiency-failure to focus on all aspects of the job. b. Contamination-Focusing on activities that are not part of the job. c. Distortion-improper emphasis of various job elements.

Improving evaluations—may be accomplished through: 1.Increasing employee participation in the evaluation process. 2. Setting specific performance goals. 3. Giving evaluators training. 4. Communicating results to employees. 5. Focusing on good performance, as well as performance problems.6.Conducting evaluations informally, throughout the year.

**Performance Evaluation Feedback-** Purpose of Evaluation Feedback 1. Instructional-when areas needing improvement are clearly identified and needed changes explained. 2. Motivational-when rewards or incentives are provided as part of the evaluation process.

Feedback should be:

- Behavioral: Focus feedback on employee’s behavior
- Specific: Give specific examples of observations; avoid exaggerations, e.g. “always” “never”

- Job-related: feedback must be about behaviors exhibited on the job.
- Timely: feedback should be given as soon as possible; time lapse allows inappropriate behavior to be repeated.
- Balanced: the “sandwich” method; deliver positive feedback, followed by constructive feedback, then positive again
- Respectful: feedback is more easily accepted if the employee’s dignity and self-worth are kept intact Effective Feedback is descriptive and not evaluative. It focuses on the behaviour of the person and not on the person himself. It is data based and specific and not impressionistic. Effective feedback reinforces positive new behaviour. It is continuous, suggestive and not prescriptive, need based and solicited. It is intended to help the person to whom feedback is given, focuses on modifiable behaviour and satisfies needs of both the feedback given and one who receive feedback

Approaches to increase the effectiveness of feedback in improving performance-

- a. Feedback should be given frequently.
- b. Permit the person being evaluated to participate in the feedback session.
- c. Focus on both ineffective and effective behaviors.
- d. Focus on results and goals.
- e. Gain and maintain respect throughout the entire process.

Multisource Feedback: A 360-Degree Approach uses information about the employee from various locations within, and sometimes outside of, the organization. An employee is rated on a range of competencies by people with whom he or she has a work or business relationship- self, boss, peer, subordinates, customers, and even family members. It is a common belief that such programs are effective when used for developmental purposes but not for administrative (e.g. promotion) purposes. A 360-degree feedback process usually consists of multiple steps – (1)Planning (2)buy-in (3)evaluation instrument design or selection (4) report generation (5)feedback delivery (6) setting development plan (7) follow-up.

Feedback can enhance self-awareness about own strengths and weaknesses. Based on Cognitive Dissonance Theory (Festinger, 1957), a significant gap between self-ratings and ratings from others can cause psychological dissonance. When this happens, people are motivated to reduce this gap and feel assonant again. According to Control Theory (Carter & Schneier, 1981,1982), when people detect discrepancies between their goals and their behavior, they are likely to take actions to reduce the discrepancies.

360-Degree Feedback is considered to be more fair and credible as it provides multiple points of view; thus, allowing comparisons. Also, it is considered more thorough.

However, feedback providers may be reluctant to provide honest and direct information for fear of retaliation that the information could negatively affect the recipient’s salary and/or career aspirations; results might be inflated; concern that the peer or subordinate evaluator does not have enough information upon which to make the evaluation.

There is a plenty of room between feedback and actual individual development /change  
Feedback: How was a person perceived by various raters? Judgment: what does the feedback

mean to the person? Intention: What does the person plan to do?

Action: What does the person really do?

Results: What does the person finally achieve?

*To close the gap between feedback and actual individual development/change steps should be taken at both organizational and individual level.*

### **What should be done at the Organizational Level**

When designing a 360-degree feedback program, it is important to make it clear that actual individual development /change is the major goal. It is better to model the individual learning process instead of simply using “follow-up”. During implementing the program, it is important to align the whole effort with the goal of individual development e.g., train people how to give constructive feedback in real work situations. After giving feedback, it is important to (1) ensure to keep focus on the major goal—individual development (2) set realistic expectations (3) allocate sufficient resources (4) provide supportive conditions (5) create a learning culture.

### **What should be done at the Individual Level**

Firstly, it is necessary for the individual to understand why he or she needs to learn or develop. Finding a good coach or mentor is the second important thing. The individual should have a focus—One of the keys is to identify one or two areas for improvement. Three ways to make a development focus: (a) focusing on strengths (from good to great) (b) focusing on weaknesses when they really create problems (c) leveraging strengths and compensating for weaknesses and learning how to mix them to have a better outcome. Being patient, persistent, resilient and creative is very much necessary. It is important to reflect. Seeking external emotional, strategic and technical support whenever needed

### **Benefits of this Integration**

It ensures the main objective, individual development is always at focus. Both organizations and individuals are responsible for making actual learning happen—they work as a joint force aligning personal development goals and organizational goals and objectives. Organizations can provide sufficient resources and create supportive conditions and culture to facilitate individual learning. Ideally, organizations can finally create a feedback culture which is characterized as (1) People often receive constructive feedback from various sources on a regular basis (2) People also often actively seek feedback for improvement. In a feedback culture, individuals can get feedback on a regular basis so that feedback is given in a timely manner and more likely to focus on behavior instead of trait because of vivid memory.

### **Reward Programs of Organizations**

*A model of Individual Rewards*—A reward program's main objectives are to attract qualified individuals to join the organization, to keep employees coming to work, to motivate employees to perform well. According to the model of the reward process:

1. An individual is motivated to perform.
2. Performance is affected by abilities, skills, and experiences.

3. Evaluating performance determines intrinsic and extrinsic rewards.
  4. These rewards are evaluated by the employee and result in some degree of satisfaction, which influences motivation.
- According to Lawler, the degree to which rewards satisfy an individual depends on: 1. The amount given and how much the individual feels should be given. 2. The individual's comparison of the rewards received with those received by others. 3. The individual's satisfaction with intrinsic and extrinsic rewards. 4. The importance of different rewards to the individual. 5. The extent to which some extrinsic rewards satisfy because they lead to other rewards. Managers should develop a rewards system that: 1. Satisfies basic needs. 2. Employees consider fair. 3. Responds to individuals.

### **Rewards can be Extrinsic and Intrinsic in nature.**

Extrinsic rewards are initiated from outside the person. Some primary ones are:

1. Salary and wages—money is a major extrinsic rewards. It's a powerful motivator if employees perceive a link between performance and pay.
2. Fringe benefits—usually financial benefits (the major financial fringe benefit is a pension), and usually based on seniority or attendance.
3. Interpersonal rewards—e.g., status and recognition.
4. Promotions—performance and seniority are usually the criteria used in making promotion decisions. Intrinsic rewards are self administered by the person. It provides a sense of satisfaction or gratification and often a feeling of pride for a job well done. Some major ones are:
  1. Completion—the ability to start and finish a project or job.
  2. Achievement—a self-administered reward received when a challenging goal is reached.
  3. Autonomy—the right and privilege of working and making decisions without close supervision.
  4. Personal growth—expanding capabilities via the job.

Organizations generally assume that motivation is determined by the sum of the effects of intrinsic and extrinsic rewards, but this assumption is questionable. The addition of extrinsic rewards tends to reduce the extent to which the individual experiences self-administered intrinsic rewards.

### **Administering rewards—three approaches are:**

**1. Reinforcement theory-** It is based on the learning theory of Operant conditioning which attempts to influence behavior by using rewards and punishments as consequences. Operants are behaviors that can be controlled via manipulating consequences.

#### **Reinforcement:**

1. Positive reinforcer—a stimulus that when added to the situation strengthens the probability of a desired behavioral response.
2. Negative reinforcer—when removed immediately after a response increases the frequency of that response.
3. Punishment— presenting an uncomfortable or undesired consequence for a particular

behavioral response (e.g., a demotion, suspension, criticism, termination). Punishment is increasingly used, but still controversial managerial strategy. It should be used with caution because it can have unintended consequences.

4. Extinction—Reduces unwanted behavior by withholding positive reinforcement from a learned response.

### **Reinforcement schedules—the timing of rewards or punishments**

1. Continuous reinforcement—reinforcing a behavior each time it occurs.
2. Intermittent reinforcement—reinforcing after some expressions of behavior, but not every one.
  - a. Fixed interval—reinforcing a desired behavior after a certain period of time.
  - b. Variable interval—reinforcing at some variable time interval.
  - c. Fixed ratio—reinforcing after a fixed number of desired behaviors (e.g., a bonus for every ten houses sold).
  - d. Variable ratio—reinforcing after a number of desired responses with the number varying around an average.

According to research ratio schedules produce higher response rates than do interval schedules.

Rewards in Organizations are generally based on Positive reinforcement—reinforcing desired behavior that leads to performance rather than performance alone.

### **2. Modeling and social imitation**—employees acquire desired behaviors by observational learning or imitating.

- a. Imitation depends on whether the modeled person was rewarded or punished for a behavior.
- b. For imitation to occur, the individual must view the model receiving a valued reward for the behavior.
- c. To use modeling to administer rewards, management must consider who responds to the approach, the appropriate model, and the modeling context.

### **3. Expectancy theory**—requires that managers:

- a. Identify desired rewards.
- b. Make them available (if possible) for desired behaviors, or;
- c. Increase the desirability of other rewards.

Often, a combination of these approaches is used in a rewards system.

**Rewarding Employees:** Four Aspects are (1)What to Pay (Internal vs. external equity) (2)How to Pay (e.g., Piece rate, merit based, bonuses, profit sharing, gain sharing, ESOPs, skill-based pay) (3)What Benefits to Offer (e.g., Flexible benefits) (4)How to Recognize Employees.

Types of Rewards in the Workplace are based on:

- (1)Membership and seniority
- (2)Job status
- (3)Competencies
- (4)Performance.

**Membership/Seniority Based Rewards**-Fixed wages, increases with seniority .Advantages are (1)Guaranteed wages may attract job applicants (2)Seniority-based rewards reduce

turnover. Disadvantages are (1)Doesn't motivate job performance(2)Discourages poor performers from leaving(3)May act as golden handcuffs (tie people to the job)

**Job Status-Based Rewards**-Includes job evaluation and status perks. Advantages are (1)Job evaluation tries to maintain pay equity(2)Motivates competition for promotions. Disadvantages are (1)Employees exaggerate duties, hoard resources (2)Reinforces status, hierarchy(3)Inconsistent with workplace flexibility.

**Competency-Based Rewards**-Pay increases with competencies acquired and demonstrated. Skill-based pay-Pay increases with skill modules learned. Advantages are more flexible work force, better quality, consistent with employability. Disadvantages are that it is potentially subjective and involves higher training costs

**Performance-Based Rewards:**

- (a) Organizational rewards like profit sharing, share ownership, stock options, balanced scorecard
- (b) Team rewards like bonuses and gain sharing
- (c) Individual rewards like bonuses, commissions, piece rate

**Rewarding Employees:**

Variable Pay Programs-A portion of an employee's pay is based on some individual and/or organization measure of performance.

Piece rate pay plans -Workers are paid a fixed sum for each unit of production completed

Profit sharing plans-Organization-wide programs that distribute compensation based on some established formula designed around a company's profitability.

Flexible Benefits- Employees tailor their benefit program to meet their personal need by picking and choosing from a menu of benefit options. (a)Core-Plus Plans-A core of essential benefits and a menu-like selection of other benefit options (b) Modular Plans -Predesigned benefits packages for specific groups of employees (c) Flexible Spending Plans- Allow employees to use their tax-free benefit dollars to purchase benefits and pay service premiums

Employee Recognition Programs- It is an intrinsic reward which stimulates intrinsic motivation. Here personal attention is given to an employee, approval and appreciation is given for a job well done. Growing in popularity and usage. Benefits of Recognition Programs are (1)fulfill employees' desire for recognition (2)inexpensive to implement (3)encourages repetition of desired behaviors. Drawbacks of Programs are that they are susceptible to manipulation by management.

**Innovative Reward Systems:**

Skill-based Pay Plans-Pay levels are based on how many skills employees have or how many jobs they can do. Clear demonstration of skill acquisition results in pay increase. It approximates how professionals are compensated. It relies on surveys of what other firms pay professionals to establish pay grades and maturity curves. Benefits of Skill-based Pay Plans are (1)Provides staffing flexibility to assign workers to different jobs (2) Requires

fewer job classifications.(3) Requires fewer employees.(4)Facilitates communication across the organization (5)Lessens “protection of territory” behaviors (6)Meets the needs of employees for advancement (without promotion) (7)Leads to performance improvements. (8) May reduce turnover and absenteeism. Drawbacks of Skill-based Pay Plans are: (1)Lack of additional learning opportunities that will increase employee pay (2)Continuing to pay employees for skills that have become obsolete (3)Paying for skills that are of no immediate use to the organization (4)Paying for a skill, not for the level of employee performance for the particular skill.

Broad banding-involves reducing numerous pay grades to a relatively few broadband grades.

Concierge Services—a variety of benefits from tracking down tickets to an event to massages and other lavish services. Only a small number of companies have these services for employees.

Team-Based Rewards—paying all members of a team equally based on the outcome performance of the entire team’s work. Team members must be rewarded differently than when individuals simply worked independently. To continue to reward employees, who are now functioning in teams, as independently organizational members increases competition among these members at the very time that collaboration is essential for both team and therefore, organizational success.

Part-time Benefits—with the shortage of talent more employers are relying on part-time employees and may are now providing benefits that only full time employees used to receive such as sick leave and paid vacations.

Gainsharing—provides employees with a share of the financial benefits the organization accrues from improved operating efficiencies and effectiveness. It is an incentive plan in which improvements in group productivity determine the total amount of money that is allocated. It may take many forms, including cash rewards and bonuses. To succeed, Gainsharing requires strong managerial and employee commitment to operating efficiencies.

Employee Stock Ownership Plans—companies contribute stock or cash to purchase stock to employees. Employee Stock Ownership Plans (ESOPs) is a company-established benefit plans in which employees acquire stock as part of their benefits. It is typically allocation is based on seniority. Benefit for the organization comes from improved performance by employees who have a direct financial stake in the business. Effectiveness of these plans is questionable, and seems to depend on how well management introduces and implements the plan.

### **Rewards Affect Organizational Concerns**

Turnover—the focus should be on frequency and who leaves (turnover of low performers is desirable).A reward system should retain the best employees and cause poor ones to go. A merit reward system should encourage the better employees to stay if the system clearly discriminates between high and low performance in rewards.

Absenteeism is a costly and disruptive problem. Managers exert some influence over attendance behavior via use of rewards and punishments.

Job Performance-To motivate individuals, rewards must be valued by the employee (high

valence) and related to the performance level that is to be motivated (high performance-outcome expectancy).

Organizational commitment-Organizational Commitment involves: 1. A sense of identification with organizational goals. 2. A feeling of involvement in organizational duties. 3. A feeling of loyalty to the organization. A committed employee: 1. Is less likely to leave. 2. Requires less supervision 3. Perceives the value and importance of integrating individual and organizational goals, viewing his/her goals and organizational goals in personal terms. Intrinsic rewards facilitate the development of organizational commitment.

### **Key Issue:**

Promotions, increased pay, recognition for a job well done or the opportunity to own a part of an organization can be motivators if there is a clear line of sight between what the employee is doing and the reward. Line of sight is that the employee perceives that there is a “real” linkage between his or her performance and the rewards received. In case of extrinsic rewards, organizations need to have systems that clearly tie rewards to desired performance. Intrinsic rewards are personal and come from the employees. However, organizations can influence intrinsic rewards and employees perception of them by providing jobs that are challenging and by providing clear feedback on job performance.

## **4.3 Stress:**

### **I. What is stress?**

- Stress – The mental and physical response of our bodies to the changes and challenges in our lives.
- Stressor – Any physical, social, or psychological event or condition that causes the body to adjust to a specific situation.
- Homeostasis – A level of functioning in which the body’s systems operate smoothly and maintain equilibrium.

### **Stress Definitions:**

#### **1. Stimulus Definition:**

Treats stress as some characteristic, event, or situation in the environment that in some way results in a potentially disruptive consequence. It represents an "engineering" definition of stress, borrowed from the physical sciences. The response is "strain."

#### **2. Response Definition:**

Treats stress as a response to a stimulus, called a stressor, or a potentially harmful or threatening external event or situation. Stress results from the unique interaction between an environmental stimulus and the individual's predisposition to respond in a particular way.

#### **3. Comprehensive Definition:**

An adaptive response moderated by individual differences, that is a consequence of any action, situation, or event that places special demands on a person. It includes the person's response and the stimulus conditions. Stress results from dealing with something that places "special," or unusual demands on an individual.

Potential stressors—not all stressors will always place the same demands on all people. To result in stress, an action, situation, or event must be perceived by the individual as the source of threat, challenge, or harm. If there are no perceived consequences, there is no stress.

Factors that determine whether ‘what an individual experiences’ is likely to result in stress are:

- i. Importance—how significant the event is to the individual.
- ii. Uncertainty—lack of clarity about what will happen.
- iii. Duration—the longer the demands are placed upon us, the more stressful the situation

**General Adaptation Syndrome has got three phases:**

- Alarm Phase
- Resistance Phase
- Exhaustion Phase

*Alarm Phase:* In this phase an alert is generated. In alarm phase the Cerebral cortex of the brain becomes active. Cerebral Cortex is the region of the brain that interprets the nature of events. Autonomic Nervous System (ANS) regulates bodily functions that we do not normally consciously control and Sympathetic Nervous System (SNS) energizes the body for “fight-or-flight” by signaling the release of hormones. Adrenal Gland releases Epinephrine and Cortisol. Endorphins helps in pain Relief.

**Resistance Phase:**

Parasympathetic Nervous System (PNS) slows all body systems stimulated by the stress response to normal levels of functioning and it is a return to homeostasis

**Exhaustion Phase:**

- Depletion of Energy
- Short-Term Stress
- Long-Term Stress

*Organizational Stress:* A Model Work stressors can come from the physical environment, the individual, the group, or the organization. The potential sources of stress are environmental factors like economic uncertainty, political uncertainty and technological change; organizational factors like task demands, role demands, interpersonal demands and personal factors like family problems, economic problems and personality. Moderated by individual variables like perception, job experience, social support, belief in locus of control, self efficacy and hostility the experience of work stress always produces some consequences. Potential stress consequences may be: a. Individual. b. Organizational. The individual consequences can be physiological symptoms like blood pressure, headache, heart disease, psychological symptoms like anxiety, depression, decrease in job satisfaction and behavioural outcomes like productivity, absenteeism and turnover.

Relationship between work stressors and stress is not necessarily direct. Stress moderators may influence or mediate stress relationships. Moderators are extremely important in

understanding stress.

Stress prevention and management may impact organizational stress.

- a. Stress prevention—minimizes the occurrence of stress.
- b. Stress management—attempts to eliminate or minimize negative consequences of stress.

### **Work Stressors: Individual, Group, and Organizational**

Stressors are actions situations, or events that place special demands on a person

*Individual stressors—the most widely examined category of stressors.*

1. Role conflict—the most widely examined individual stressor. It occurs when compliance by an individual to one set of expectations about the job is in conflict with compliance to another set of expectations. It can result from organizational policies or from other persons. Role conflict is linked to lower satisfaction and higher job-related tension. The greater the power or authority of the people sending conflicting messages the greater is the job dissatisfaction produced by role conflict.

Prevalent types of role conflict:

- i. Work and nonwork roles interfere with one another.
  - ii. Increases when both spouses in a family are employed, and one partner's career progress may be negatively affected by the other's progression.
2. Work Overload - Quantitative overload-having too many things to do and too little time. Research studies show that it may cause biochemical changes (i.e., elevated blood cholesterol levels) Executives with quantitative overload have more medical problems. Relationship between stressors, stress, and disease may be curvilinear—under loaded and overloaded people are most at risk. Physiological changes may persist even after one has left a job with high workload demands.
  3. Change—most pervasive individual stressor. Today we experience unprecedented levels of change. Within organizations, restructurings, new forms, mergers, acquisitions, "downsizings," renewed emphasis on teams and quality, all have intensified stress levels. Holmes and Rahe's research led to the development of the Social Readjustment Rating Scales (SRRS).The (SRRS) measures an individual's susceptibility to illness based on the life change events experiences in the last 12 months. Holmes and Rahe found individuals reporting "life-change units" at certain threshold levels within a limited time were more likely to experience a serious illness. Research does not strongly support the relationship between life change event scores and health problems. According to Kobasa, the relationship may be moderated by "hardiness," a personality characteristic. Hardy individuals believe they can control the events they encounter, are extremely committed to the activities in their lives and treat life changes as challenge. Hardiness buffers negative impact of life changes.

### ***Group and organizational stressors.***

Good relationships among the members of a work group are central to individual well-being. Participation can be a stressor as employees are asked to be a greater part of the decision process.

Intra and Intergroup Relations: Poor relations include low trust, low supportiveness and low

interest in listening to and trying to deal with problems that confront an employee. Research shows that mistrust of the people one works with in a group is positively related to high role ambiguity, which leads to inadequate communications and low job satisfaction.

Several aspects of groups and group activity can be stressors:

- a. Norms and how they are enforced.
- b. Hierarchy
- c. Group leadership
- d. Intergroup differences in goals, perceptions, and demand for specialists.

Organizational factors: Organizational Politics can be a source of stress for many employees. Organizational culture, because of its distinct personality, can be a stressor. Lack of performance feedback, Inadequate career development opportunities and Downsizing can also lead to stress.

### **Organizational Role Stress:**

Inter-role distance- Conflicts may exist between two roles played by an individual. Goffman (1961) introduced the concept of role distance to describe how an individual may demonstrate that his or her identity is not fully defined by a role in an organization.

Role stagnation- People grow into the roles they occupy in an organization. As they advance in an organization, their roles may change, and they may feel the need for new challenges. In some cases, if an individual occupies a role for a long period of time, he or she may feel too secure to take on new roles and challenges. In other cases, especially during middle age and usually at middle-management levels, an individual may have fewer chances to advance in an organization. Job opportunities are fewer, and those jobs that are available take longer to master and old knowledge and methods become obsolete. Levinson (1973) and Constandse (1972) stated that many middle-aged, middle-management managers suffer from fear and disappointment in silent isolation.

Role expectations conflict- Individuals develop expectations as a result of their socialization and identification with significant others, and there is usually some incompatibility between an individual's expectations of a role and the expectations of others.

Personal inadequacy- An individual may sacrifice his or her own interests, preferences, and values for a job because he or she is afraid of being inadequate enough to fill the role.

Self-role conflict- Conflict often develops between employee's self-concepts and their expectations about their roles.

Role erosion- Role erosion is likely to be experienced in an organization that is redefining roles and creating new roles. In these situations, people with not enough to do or not enough responsibility for a task experience as much stress as those with too much to do. People do not enjoy feeling underutilized (Beukel & Molleman, 2002).

Role overload. People experience role overload when they believe the expectations are too high for their role (Kahn et al., 1964). Kahn and Quinn (1970) suggested some conditions under which role overload is likely to occur: (a) in the absence of role integration, (b) in the absence of role power, (c) when large variations exist in expected output, and (d) when duties cannot be delegated. Marchall and Cooper (1979) categorized overload into

quantitative and qualitative. Quantitative refers to having too much to do, and qualitative refers to work that is too difficult. A number of studies (Breslow & Buell, 1960; French & Caplan, 1970; Margolis, Kroes, & Quinn,

1974; Miller, 1969; Russek & Zohman, 1958) have shown that quantitative overload is significantly related to a number of symptoms of stress: alcohol abuse, absenteeism, low motivation, lowered self-esteem, and many physical ailments. The result of some studies (e.g., French, Rupper, & Mueller, 1965) showed that (for some occupations) qualitative overload is a significant source of stress and lowered self-esteem. French and Caplan (1973) summarized the research by suggesting that qualitative and quantitative overload produce at least eight different symptoms of psychological and physical strain: (a) job dissatisfaction, (b) job tension, (c) lowered self-esteem, (d) paranoia, (e) embarrassment, (f) high cholesterol levels, (g) rapid heart rate, and (h) increased smoking.

**Role isolation.** People often believe that individuals occupying other roles are either psychologically near or distant. The main criterion of perceived role distance is frequency and ease of interaction. When relationships are strong, the role distance is considered low. When relationships are weak, the role distance can be measured in terms of the gap between desired and existing relationships. Kahn et al. (1964) and French and Caplan (1970) concluded that mistrust of coworkers is positively related to high role ambiguity and low job satisfaction.

**Role ambiguity.** When people are not clear about the expectations others have about them and their roles, whether due to poor feedback or poor understanding, they experience role ambiguity. Kahn and Quinn (1970) stated that role ambiguity may be related to activities, responsibilities, personal style, and norms. They suggested that role ambiguity is created by the actual expectations held by others, the expectations of the role occupant, and the expectations the role occupant receives and interprets in the light of prior information and experience. According to Kahn and Quinn, four types of roles are most likely to experience ambiguity: (a) roles new to an organization, (b) roles in expanding or contracting organizations, (c) roles in organizations exposed to frequent changes in demand, and (d) roles concerned with process.

### **Stress Outcomes on performance:**

There is an inverted U shaped relationship between stress and job performance. An individual performs best under an optimum or moderate level of stress and performance drops down both at low and high level of stress.

### **Individual outcomes:**

Psychological consequences—such as anxiety, frustration, apathy, lowered self-esteem, aggression, and depression. According to the National Mental Health Association, the cost of depression is \$43 million a year in medical bills, lost productivity, and absenteeism.

Cognitive effects—such as inability to make sound decisions, poor concentration and short attention span.

Behavioral effects—such as alcoholism, drug abuse, accident proneness, and excessive eating and smoking.

Physiological effects—as sweating, pupil dilation, increased heart rate and blood

pressure are most dysfunctional because they can in turn contribute to physical illness. Coronary Heart Disease (CHD)—job and life stress accounts for about 75 percent of the incidence of CHD. CHD accounts for about two-fifths of all deaths in the U.S. each year. Burnout—a psychological process brought about by unrelieved work stress that results in emotional exhaustion, depersonalization, and feelings of decreased accomplishment. It tends to be particularly likely among individuals whose jobs require much contact with other people. A high degree of involvement in, identification with, or commitment to one's job or profession is a prerequisite to burnout. People with lower job commitments are less likely to burn out.

Ways in which organizations contribute to burnout:

- i. High levels of work overload.
- ii. Dead-end jobs.
- iii. Excessive red tape and paperwork.
- iv. Poor communication and feedback, especially about job performance.
- v. Role conflict and ambiguity.
- vi. Difficult interpersonal relationships.
- vii. Reward systems that are not contingent on performance. Organizational consequences.

Hospital and medical costs, lost work time, turnover, sabotage, and other variables contribute to stress costs. It's estimated that stress costs U.S. society about \$150 billion a year (in reduced operating effectiveness).

### **Stress Moderators:**

Moderators in the stress model are variables that intensify or weaken the relationship between stress, stressors, and consequences.

Personality facets: Personality is a relatively stable set of characteristics, temperaments, and tendencies that shape the similarities and differences, or facets, in individuals' behavior.

Facets which moderate stress is long, but includes:

- a. Tolerance for ambiguity—extent to which an individual is comfortable with unstructured or ambiguous situations.
- b. Locus of control—beliefs individuals have regarding where control over their lives resides.
  - i. Internals—people who perceive themselves to be in control of events that shape their lives.
  - ii. Externals—people who feel control is external to them.
  - iii. Internals are more likely to experience stress they are unable to exercise the control they believe they should.
  - iv. Externals will be more stress in situations in which they do have the capability to exercise some control over what is happening.
- c. Self-esteem—degree of confidence in one's abilities and the way one feels

about oneself. It plays a pervasive role in moderating stress. It may moderate the perception of stressors and the consequences of stress.

**Type A Behavior Pattern**—Discovered by cardiologist researchers Meyer Friedman and Ray Rosenman in the 1950s. A pattern of behavior or traits that is significantly linked to CHD. The pattern is comprised of several characteristics including a struggle to complete things very quickly; aggressiveness; ambitiousness and competitiveness; fast, explosive speech; impatience; preoccupation with deadlines; and a struggle with people, things, and events.

Type B individuals may have drive and work hard but work at a steadier pace.

According to much research TABP is a significant predictor of CHD (some research indicates that Type A's run twice the risk of incurring CHD as Type B's; however more research is needed). Recent research indicates that not all aspects of behavior are equally associated with negative consequences: e.g., hostility is the Type A subcomponent most like to lead to CHD. Overall, managers attempting to manage stress should include TABP in their assessments.

**Social support**—the comfort, assistance, or information that an individual receives via contacts with others (e.g., a co-worker listening to a friend who failed to get a promotion). Social support buffers individuals from the negative effects of stressors.

### **Stress Prevention and Management**

Stress prevention vs. stress management:

**Stress prevention**—focuses on controlling or eliminating stressors that might provoke the stress response.

**Stress management**—suggests procedures for helping individuals cope effectively with or reduce stress already being experienced.

Some of the targeted, corrective programs include:

- Training programs for managing and coping with stress
- Redesigning work
- Changes in management style
- More flexible work hours
- Better communication and team-building
- Better feedback

### ***Maximizing person-environment fit.***

Person-environment fit (P-E fit) approach focuses on two dimensions of fit:

- a. Extent to which work provides formal and informal rewards that meet or match the person's needs. (E.g., job provides too little money or job security to meet the individual's needs)
- b. Extent to which the employee's skills, abilities, and experience match the demands and requirements of the employer.

Strategies for maximize P-E fit:

- a. Recruitment and selection programs.
  - i. Match the right people with requisite skills, knowledge, experience, and abilities for the job.
  - ii. Link personal predispositions to relevant aspects of the work environment.
- b. Socialization—process by which the individual learns and internalizes the values, expected behaviors, and social knowledge that are linked to being an effective member.

***Effective job design and on-going redesign efforts.***

Well-designed reward systems, communication processes, and leadership.

***Organizational stress prevention and management programs.***

Programs are generally comprised of two types:

**a. Employee Assistance Programs (EAPs):**

- i. Designed to deal with a wide range of stress-related problems, both work and non-work related.
- ii. Tend to be based on the traditional medical approach to treatment.

Diagnosis of the employee's problem.

Treatment via counseling or supportive therapy.

Screening—periodically examining employees in high stress jobs to detect early problems.

Prevention—via education and persuasion.

- iii. May be company-run programs or external efforts.
- iv. Usually staffed by a psychologist, a physician, and counselors.
- v. Focuses on individual intervention.
- vi. Offers biofeedback, relaxation training, and counseling.
- vii. Success depends on employees trusting:
  - On getting real help. Confidentiality.
  - Use carries no negative job implications.

**b. Wellness programs:**

It focus on employee's overall physical and mental health. It includes a variety of activities designed to identify and help prevent or correct specific health problems (e.g., smoking).

**Importance of wellness programs in stress management:**

Stress prevention and management is often a component of wellness programs. Many concerns of wellness programs are stress related. Organizations are interested in healthier, more productive and effective employees, which wellness programs help create. Stress cannot be separated from health issues. Ensuring program success requires: a. Top-management support. b. Union support. c. Long-term commitment. d. Extensive employee involvement. e. Clearly stated objectives. f. Employees freely participate. g. Confidentiality.

**Individual Approaches to Stress Prevention and Management:**

- 1. Cognitive Techniques—involves teaching people to change the underlying expectations,

beliefs, and assumptions which trigger emotional responses.

2. Relaxation—reduced arousal level, bringing about calmer states.
3. Meditation.
4. Biofeedback—involves training individuals to detect, monitor and control changes in the body (temperature, heart rate).

### **Employee Counseling at Workplace:**

Many firms today realize the importance of attracting and retaining highly skilled, quality employees as a necessary component of their competitive advantage. One of the reasons that a quality workforce along with innovative tools for attracting and retaining has become so important is because previous sources of competitive advantage have become less important overtime.

For example, previously, a firm's success was attributed to an emphasis on product and process technology, access to financial markets, developing economies of scale & learning curves, patents, protected and regulated markets & individual attractiveness. Recently, however, some scholars have noted that these traditional sources of success are less important than in the past and emphasize that the selection and management of a quality workforce has become an increasingly critical factor to organizational success. Today, HR practitioners are busy developing new and innovative tools to attract and retain quality workforce.

One such tool that soon is likely to gain popularity in the corporate world is Employee Counseling. Employee counseling is a service offered by companies to their employees. Organizations that care for their employees are perceived as more meaningful and purposeful. Every organization has economic and social goals. Here, it is worthwhile to note some observations made by the Chairman of Infosys in this regard. He states, "The task of leadership is to make people believe in themselves, the organization, in the aggressive targets the organization sets. Belief comes from trust: the trust that this organization isn't about making one set of stakeholders better off; it is about making every one of us better off...."

A firm may gain competitive advantages from Employee Counseling activities especially if its reputation and image is valuable, rare and not easily imitated. Employee counseling therefore is a very powerful tool in the hands of companies in attracting and retaining quality workforce.

Organisations have realized the importance of having a stress-free yet motivated and capable workforce. Therefore, many companies have integrated the counseling services in their organisations and making it a part of their culture. Organisations are offering the service of employee counseling to its employees.

### **What is Counseling?**

Counseling is a process through which one person helps another by purposeful conversation in an understanding atmosphere. It seeks to establish a helping relationship in which the one counseled can express their thoughts and feelings in such a way as to clarify their own situation, come to terms with some new experience, see their difficulty more

objectively, and so face their problem with less anxiety and tension. Its basic purpose is to assist the individual to make their own decision from among the choices available to them. (British Association for Counseling, Rugby 1989) Although Counseling is known by many names like 'therapy' or 'helping' it is by and large, an attempt to encourage change. The counsellor's problems could be so complex that it might be difficult to see any system of help as an elegant solution. But, Counseling has shown some effectiveness over the years, as a process of helping people come through with their troubles.

### **What is Employee Counseling?**

Employee counseling can be explained as providing help and support to the employees to face and sail through the difficult times in life. At many points of time in life or career people come across some problems either in their work or personal life when it starts influencing and affecting their performance and, increasing the stress levels of the individual. Counseling is guiding, consoling, advising and sharing and helping to resolve their problems whenever the need arises. Counseling is discussion of an employee's problem that usually has an emotional content to it, in order to help the employee cope with the situation better. Counseling seeks to improve employee's mental health. People feel comfortable about themselves and about other people and are able to meet the demands of life when they are in good mental health.

Technically, Psychological Counseling, a form of Counseling is used by the experts to analyze the work related performance and behaviour of the employees to help them cope with it, resolve the conflicts and tribulations and re-enforce the desired results.

Counseling is a process of helping people to learn how to solve certain interpersonal, emotional and decision problems. Counsellors help their counsellees to 'learn'. The criterion for success in any Counseling is real changes in behaviour on the part of the counsellee. Counsellors are concerned that their counsellees become independent problem solvers. Continued dependence on the counsellor as well as others is discouraged. Counsellors are concerned with habit changes that increase peoples' satisfaction with themselves. It could be anything from helping people choose a career option, becoming appropriately assertive or communicating more harmoniously with team members. Largely, Counseling has been a 'remedial approach'. But recently there has been a slight change in emphasis, from remedial to 'preventive'.

### **Ingredients of Counseling:**

Counseling of staff is becoming an essential function of the managers. The organisation can either take the help of experienced employees or expert, professional counselor to take up the Counseling activities. Increasing complexities in the lives of the employees need to address various aspects like:

**Performance Counseling:** Ideally, the need for employee counseling arises when the employee shows signs of declining performance, being stressed in office-hours, bad decision-making etc. In such situations, Counseling is one of the best ways to deal with them. It should cover all the aspects related to the employee performance like the targets, employee's responsibilities, problems faced, employee aspirations, inter-personal

relationships at the workplace, et al.

**Personal and Family Wellbeing:** Families and friends are an important and inseparable part of the employee's life. Many a times, employees carry the baggage of personal problems to their workplaces, which in turn affects their performance adversely. Therefore, the counselor needs to strike a comfort level with the employees and, counseling sessions involving their families can help to resolve their problems and getting them back to work- all fresh and enthusiastic.

**Other Problems:** Other problems can range from work-life balance to health problems. Counseling helps to identify the problem and help him / her to deal with the situation in a better way.

### **Need of Counseling at workplace:**

An employee should be counseled when he or she has problems that affect job performance. Apart from their personal problems like various family problems, health problems, career problems, etc, there are various reasons which can create stress for the employees at the workplace like unrealistic targets or work-load, constant pressure to meet the deadlines, career problems, responsibility and accountability, conflicts or bad inter-personal relations with superiors and subordinates, problems in adjusting to the organizational culture. "HR initiatives only look at the organizational perspective, but the well being of the workforce depends just as much on the individual's well being. And stress, from home or from the routine of work affects not just the individual, but the workplace in turn," says Dr. Samir Parikh, consultant psychiatrist at Max Healthcare.

Some signs of a troubled employee include:

- Sudden change of behavior
- Preoccupation
- Irritability
- Increased accidents
- Increased fatigue
- Excessive drinking
- Reduced production
- Waste
- Difficulty in absorbing training

Counseling at workplace is a way of the organisation to care about its employees. Counseling helps the employee to share and look at his problems from a new perspective, help himself and to face and deal with the problems in a better way. Counseling is a process of helping an individual to help himself. Counseling, basically aims at helping individuals take charge of their lives. For this, individuals need two types of skills: ability to make decisions wisely and altering one's own behaviour to yield desirable consequences. A counsellor's job, then, becomes one of arranging appropriate learning experiences so that people develop these skills.

### **Hurdles faced for counseling at workplace**

The biggest bottleneck in employee counseling at the workplace is the lack of trust on the

employee's part to believe in the organisation or his superior to share and understand his problems. Also, the confidentiality that the counselor won't disclose his personal problems or issues to others in the organisation. Time, effort and resources required on the part of the organisation are a constraint. For introducing and sustaining employee counseling system at workplace, the following four steps prove handy – creating awareness, educating the employees, then motivating them and finally all this will lead to (expected or required) actions.

### **Benefits of Counseling:**

According to Eisenberg & Delaney, the aims of Counseling are as follows:

1. Understanding self
2. Making impersonal decisions
3. Setting achievable goals which enhance growth
4. Planning in the present to bring about desired future
5. Effective solutions to personal and interpersonal problems.
6. Coping with difficult situations
7. Controlling self defeating emotions
8. Acquiring effective transaction skills.
9. Acquiring 'positive self-regard' and a sense of optimism about one's own ability to satisfy one's basic needs.

### **Basic requisites of employee Counseling:**

Sometimes the problems in the employee are first recognized by the peers and peers can take an active role in counseling the employee so that this stress is relieved or may make referrals to the counseling centre if the case of the employee is serious and requires professional intervention.

Two skills form the basic foundation for peer counseling. They are active listening and Messaging.

### **Active Listening**

Active listening is a listening process that forces you, the listener, into an active role. Active listening is more than merely hearing or listening. Rather, it is a conglomerate of specific behavior that directs your peer counseling session towards a successful conclusion. Active listening is divided into two forms of behavior, verbal and non-verbal.

### **Non -verbal behavior**

Non verbal behavior is a natural and essential part of communication. Actually, some researchers say that up to 80% of all communication is non-verbal. The fact that you were chosen to become a RA proves that you already possess, perhaps unconsciously, the ability to read other people's body language as well as control your own. Yet in order to be an effective peer counselor, you will have to learn to consciously utilize and read non-verbal behavior. Although in a peer counseling session, your resident will be the main focus of your attention, it is wise to periodically monitor your own behavior. This will not detract from the counseling session, but rather enhance it. Here are some rules of thumb.

Active non-verbal behaviors include:

- making eye contact
- maintaining an interested facial expression
- nodding
- facing the other person
- maintaining an open position (i.e.. not crossing legs and arms)
- maintaining an attentive posture
- keeping a close proximity
- Active non-verbal behaviors do not include:
- checking your watch
- fidgeting
- sighing
- foot tapping
- listening to loud music or other conversations

### **Verbal Behavior**

The verbal behavior component of active listening is more complex than the non-verbal component. Verbal active listening is comprised of open-ended questions and reflection.

### **Open-ended Questions**

Simply put, open-ended questions are questions that cannot be answered with a "yes" or "no." These types of questions moving a peer counseling session forward.

### **Reflection**

Reflection is the process of acting like a verbal mirror. Rephrasing someone's thoughts help clarify issues and usually have a calming effect on the situation. Effective reflection is actually quite complicated for in order to reflect well, you must capture the speaker's content and emotion. This is a skill that takes a great deal of practice and, at first, may feel unnatural. However, mastering this skill will make you a very successful peer counselor.

### **"I Messages"**

"I Messages are a clear assertive and non-threatening way of telling another person how you feel, when something happens and why" (DeBenedetti, 1992). As a RA you will probably find them most useful when dealing with conflict, especially when you are thrust into the role of mediator. I messages usually conform to the following format.

"I feel . . ." State how you feel "When . . ." State the problem "Because . . ." State why

Example:

"I feel disappointed when you cancel our plans at the last minute, because I look forward to the time we spend together." is much better than . . .

"You are so irresponsible and unorganized, you always cancel our plans last minute." " I messages" DO:

- focus on the present conflict
- speak about yourself
- describe your needs

"I messages" DO NOT:

- blame

- criticize
- name call
- bring up past grievances
- offer solutions
- assume the other person knows how you feel
- accuse
- attack

### **Making a Referral**

Making a referral is an important skill. It is useful for all types of peer counseling sessions. "I don't know what they could do."

"Give them a try--you've got nothing to lose.

"I want to deal with the problem myself."

"You will have to. The counselor won't deal with it for you."

"I don't want anyone to know."

"Your conversations with anyone in the Counseling Center are confidential. You don't even have to give your name. No one will tell me, or your parents, or professors, or deans or anyone without your permission."

"I hate to call to make an appointment."

"Would you like me to call?" (make the call with the student there)"

"I feel funny about going in there and talking to a stranger." "I know they are very friendly. If you'd like, I'll come along with you for your first appointment."

### **Skills of a counselor:**

Employee Counseling needs to be tackled carefully, both on the part of the organization and the counselor. The Counseling can turn into a sensitive series of events for the employee and the organisation; therefore, the counselor should be either a professional or an experienced, mature employee.

Types of counseling processes generally followed are: are Sigmund Freud's Psychoanalytic Therapy; Carl Roger's Client Centered Therapy; Carkhuff Model of Personal Counseling; Gestalt approach to Counseling; Rational Emotive Behaviour Therapy by Albert Ellis.

Freud's Psychoanalytic Therapy is based on the power of the unconscious mind. According to Freud, who is the Father of Psychology the human mind is like an iceberg. As only the tip of the iceberg is seen by the naked eye so is only one tenth of the human mind known to us. Psychoanalytic therapy taps this semi and unconscious mind through different techniques like dream analysis, etc. (should be tried only by someone who is professionally trained for it)

It was Carl Roger who supported a view that counselees should be addressed as 'clients' and unlike Freud's psychoanalytic therapy where a counselee plays a passive role, in Client centered therapy the client plays a more active role as compared to the counselor. Hence the name Client Centered Therapy".

Carkhuff model of personal counseling is an offshoot of Roger's Client Centered Therapy.

It focuses on attending, responding, personalizing and initiating action as indispensable counselor skills.

Gestalt approach to counseling focuses on looking at human beings from a 'holistic' perspective. The word 'gestalt' means "a whole being".

REBT is a practical, action-oriented approach to coping with problems and enhancing personal growth. REBT places a good deal of its focus on the present: on currently-held attitudes, painful emotions and maladaptive behaviors that can sabotage a fuller experience of life. REBT then provides a variety of methods to help people reformulate their dysfunctional beliefs into more sensible, realistic and helpful ones by employing the powerful REBT technique called "disputing." Ultimately, REBT helps people to develop a philosophy and approach to living that can increase their effectiveness and happiness at work, in living successfully with others, in parenting and educational settings, in making our community and environment healthier, and in enhancing their own health and personal welfare.

REBT is based on a few simple principles having profound implications:

1. You are responsible for your own emotions and actions.
2. Your harmful emotions and dysfunctional behaviors are the product of your irrational thinking,
3. You can learn more realistic views and, with practice, make them a part of you,
4. You'll experience a deeper acceptance of yourself and greater satisfactions in life by developing a reality-based perspective.

REBT distinguishes clearly between two very different types of difficulties: practical problems and emotional problems. Your flawed behavior, unfair treatment by others, and undesirable situations, represent practical problems. Regrettably, your human tendency is to upset yourself about these practical problems, thereby unnecessarily creating a second order of problems--emotional suffering.

Based on one or a combination of the above processes and according to the need of the counselee the counselor develops his/her own process of counseling.

The set of attitudes required for an efficient counselor are:

- Respect i.e. High esteem for human dignity, recognition of a person's freedom & rights and faith in human potential to grow.
- Sincerity, authenticity.
- Understanding
- Non-judgmental approach towards the counselee.

The set of skills required for an efficient counselor are:

- Decency skills i.e. social etiquettes, warm manners
- Excellent communication skills which also include non-verbal communication and listening skills
- Objectivity
- Maintaining confidentiality
- Empathy

Through these attitudes and skills the counselor creates a positive feeling in the counselee, and a hope that the counselor will be of some help. The establishment of this rapport marks the start of treatment.

There are seven core techniques given by Rogers, Carkheff and Patterson, which assist the counselor to apply appropriate core Counseling conditions. They are as follows:

Structuring Active Listening Silence Responding Reflection Questioning Interpretation

Employee Counseling — Do's and Don'ts

Employee counseling can be one of the most difficult aspects of being a good manager. Since employees can come to you with a variety of different questions, needs, etc., it is important to follow some key guidelines to ensure your employee counseling sessions are productive and bring resolution to any issues at hand.

DO counsel employees behind closed doors. It's important that the employee is able to speak freely without fear that someone will hear the conversation.

DO keep all conversations confidential. Provided the conversation is not one in which the employee has indicated that they may harm another individual or themselves, it is critical that the employee can trust that your conversation will be kept private.

DO take notes. This will help you effectively address questions or concerns the employee may have objectively, and will also ensure you don't forget anything that was said during your discussion.

DO remain objective. Regardless of your relationship with the employee, it is critical that you remain objective toward the employee and their situation. (Again, taking notes helps with this) You can empathize with the employee's situation while remaining objective in your response.

DO support positive behavior. When you are counseling an employee for behavioral reasons, make sure you support positive behaviors before addressing any behaviors that are unproductive. This will help the employee feel good about themselves while understanding that there area in which they may need work.

DON'T record your conversation. It is against the law to record conversations without prior written consent from your employee. Taking notes is legal, but recording conversations is not.

DON'T repeat what is said. Make sure that you do not share your discussion with co-workers. This will damage your reputation as a manager and could potentially put the employee at risk.

DON'T get angry. If you are providing behavioral counseling, it is important that you remain calm and stick to the subject at hand. Do not get angry or show emotion, as it will minimize your position as a manager and a leader within your company.

DON'T gossip. If an employee has come to your office to "chat" about someone else in the office, politely inform them that you don't participate in such activities and would appreciate it if they would not as well. Establishing this guideline is very important to

ensure success, especially early in the working relationship.

DON'T make empty promises. If you promise to do something to help them, then do it. If not, the employee will not forget the empty promises. Make sure you commit your promises to paper, whatever they might be. This will ensure you are committed to helping the employee through their situation quickly and effectively.

Ethics for counseling and psychotherapy

Values of counseling and psychotherapy

The fundamental values of counseling and psychotherapy include a commitment to:

- Respecting human rights and dignity
- Ensuring the integrity of practitioner-client relationships
- Enhancing the quality of professional knowledge and its application
- Alleviating personal distress and suffering
- Fostering a sense of self that is meaningful to the person(s) concerned
- Increasing personal effectiveness
- Enhancing the quality of relationships between people
- Appreciating the variety of human experience and culture
- Striving for the fair and adequate provision of counseling and psychotherapy services

Values inform principles. They represent an important way of expressing a general ethical commitment that becomes more precisely defined and action-orientated when expressed as a principle.

### **Ethical principles of counseling and psychotherapy:**

Principles direct attention to important ethical responsibilities. Each principle is described below and is followed by examples of good practice that have been developed in response to that principle.

Ethical decisions that are strongly supported by one or more of these principles without any contradiction from others may be regarded as reasonably well founded. However, practitioners will encounter circumstances in which it is impossible to reconcile all the applicable principles and choosing between principles may be required. A decision or course of action does not necessarily become unethical merely because it is contentious or other practitioners would have reached different conclusions in similar circumstances. A practitioner's obligation is to consider all the relevant circumstances with as much care as is reasonably possible and to be appropriately accountable for decisions made.

#### ***Fidelity: honouring the trust placed in the practitioner***

Being trustworthy is regarded as fundamental to understanding and resolving ethical issues. Practitioners who adopt this principle: act in accordance with the trust placed in them; regard confidentiality as an obligation arising from the client's trust; restrict any disclosure of confidential information about clients to furthering the purposes for

which it was originally disclosed.

***Autonomy: respect for the client's right to be self-governing***

This principle emphasises the importance of the client's commitment to participating in counseling or psychotherapy, usually on a voluntary basis. Practitioners who respect their clients' autonomy: ensure accuracy in any advertising or information given in advance of services offered; seek freely given and adequately informed consent; engage in explicit contracting in advance of any commitment by the client; protect privacy; protect confidentiality; normally make any disclosures of confidential information conditional on the consent of the person concerned; and inform the client in advance of foreseeable conflicts of interest or as soon as possible after such conflicts become apparent. The principle of autonomy opposes the manipulation of clients against their will, even for beneficial social ends.

***Beneficence: a commitment to promoting the client's well-being***

The principle of beneficence means acting in the best interests of the client based on professional assessment. It directs attention to working strictly within one's limits of competence and providing services on the basis of adequate training or experience. Ensuring that the client's best interests are achieved requires systematic monitoring of practice and outcomes by the best available means. It is considered important that research and systematic reflection inform practice. There is an obligation to use regular and on-going supervision to enhance the quality of the services provided and to commit to updating practice by continuing professional development. An obligation to act in the best interests of a client may become paramount when working with clients whose capacity for autonomy is diminished because of immaturity, lack of understanding, extreme distress, serious disturbance or other significant personal constraints.

***Non-maleficence: a commitment to avoiding harm to the client***

Non-maleficence involves: avoiding sexual, financial, emotional or any other form of client exploitation; avoiding incompetence or malpractice; not providing services when unfit to do so due to illness, personal circumstances or intoxication. The practitioner has an ethical responsibility to strive to mitigate any harm caused to a client even when the harm is unavoidable or unintended. Holding appropriate insurance may assist in restitution. Practitioners have a personal responsibility to challenge, where appropriate, the incompetence or malpractice of others; and to contribute to any investigation and/or adjudication concerning professional practice which falls below that of a reasonably competent practitioner and/or risks bringing discredit upon the profession.

***Justice: the fair and impartial treatment of all clients and the provision of adequate services***

The principle of justice requires being just and fair to all clients and respecting their human rights and dignity. It directs attention to considering conscientiously any legal requirements and obligations, and remaining alert to potential conflicts between legal and ethical obligations. Justice in the distribution of services requires the ability to determine impartially

the provision of services for clients and the allocation of services between clients. A commitment to fairness requires the ability to appreciate differences between people and to be committed to equality of opportunity, and avoiding discrimination against people or groups contrary to their legitimate personal or social characteristics. Practitioners have a duty to strive to ensure a fair provision of counseling and psychotherapy services, accessible and appropriate to the needs of potential clients.

***Self-respect: fostering the practitioner's self-knowledge and care for self***

The principle of self-respect means that the practitioner appropriately applies all the above principles as entitlements for self. This includes seeking counseling or therapy and other opportunities for personal development as required. There is an ethical responsibility to use supervision for appropriate personal and professional support and development, and to seek training and other opportunities for continuing professional development. Guarding against financial liabilities arising from work undertaken usually requires obtaining appropriate insurance. The principle of self-respect encourages active engagement in life-enhancing activities and relationships that are independent of relationships in counseling or psychotherapy.

**Personal moral qualities**

The practitioner's personal moral qualities are of the utmost importance to clients. Many of the personal qualities considered important in the provision of services have an ethical or moral component and are therefore considered as virtues or good personal qualities. It is inappropriate to prescribe that all practitioners possess these qualities, since it is fundamental that these personal qualities are deeply rooted in the person concerned and developed out of personal commitment rather than the requirement of an external authority. Personal qualities to which counselors and psychotherapists are strongly encouraged to aspire include:

- Empathy: the ability to communicate understanding of another person's experience from that person's perspective.
- Sincerity: a personal commitment to consistency between what is professed and what is done.
- Integrity: commitment to being moral in dealings with others, personal straight forwardness, honesty and coherence.
- Resilience: the capacity to work with the client's concerns without being personally diminished.
- Respect: showing appropriate esteem to others and their understanding of themselves.
- Humility: the ability to assess accurately and acknowledge one's own strengths and weaknesses.
- Competence: the effective deployment of the skills and knowledge needed to do what is required.
- Fairness: the consistent application of appropriate criteria to inform decisions and actions.
- Wisdom: possession of sound judgement that informs practice.
- Courage: the capacity to act in spite of known fears, risks and uncertainty.

The challenge of working ethically means that practitioners will inevitably encounter

situations where there are competing obligations. In such situations it is tempting to retreat from all ethical analysis in order to escape a sense of what may appear to be unresolvable ethical tension. These ethics are intended to be of assistance in such circumstances by directing attention to the variety of ethical factors that may need to be taken into consideration and to alternative ways of approaching ethics that may prove more useful. No statement of ethics can totally alleviate the difficulty of making professional judgements in circumstances that may be constantly changing and full of uncertainties.

### **Providing a good standard of practice and care**

All clients are entitled to good standards of practice and care from their practitioners in counselling and psychotherapy. Good standards of practice and care require professional competence; good relationships with clients and colleagues; and commitment to and observance of professional ethics.

#### ***Good quality of care***

1. Good quality of care requires competently delivered services that meet the client's needs by practitioners who are appropriately supported and accountable.
2. Practitioners should give careful consideration to the limitations of their training and experience and work within these limits, taking advantage of available professional support. If work with clients requires the provision of additional services operating in parallel with counselling or psychotherapy, the availability of such services ought to be taken into account, as their absence may constitute a significant limitation.
3. Good practice involves clarifying and agreeing the rights and responsibilities of both the practitioner and client at appropriate points in their working relationship.
4. Dual relationships arise when the practitioner has two or more kinds of relationship concurrently with a client, for example client and trainee, acquaintance and client, colleague and supervisee. The existence of a dual relationship with a client is seldom neutral and can have a powerful beneficial or detrimental impact that may not always be easily foreseeable. For these reasons practitioners are required to consider the implications of entering into dual relationships with clients, to avoid entering into relationships that are likely to be detrimental to clients, and to be readily accountable to clients and colleagues for any dual relationships that occur.
5. Practitioners are encouraged to keep appropriate records of their work with clients unless there are adequate reasons for not keeping any records. All records should be accurate, respectful of clients and colleagues and protected from unauthorized disclosure. Practitioners should take into account their responsibilities and their clients' rights under data protection legislation and any other legal requirements.
6. Clients are entitled to competently delivered services that are periodically reviewed by the practitioner. These reviews may be conducted, when appropriate, in consultation with clients, supervisors, managers or other practitioners with relevant expertise.

#### ***Maintaining competent practice***

7. All counsellors, psychotherapists, trainers and supervisors are required to have regular and on-going formal supervision/consultative support for their work in accordance with professional requirements. Managers, researchers and providers of counselling skills are

strongly encouraged to review their need for professional and personal support and to obtain appropriate services for themselves.

8. Regularly monitoring and reviewing one's work is essential to maintaining good practice. It is important to be open to, and conscientious in considering, feedback from colleagues, appraisals and assessments. Responding constructively to feedback helps to advance practice.

9. A commitment to good practice requires practitioners to keep up to date with the latest knowledge and respond to changing circumstances. They should consider carefully their own need for continuing professional development and engage in appropriate educational activities.

10. Practitioners should be aware of and understand any legal requirements concerning their work, consider these conscientiously and be legally accountable for their practice.

### ***Keeping trust***

11. The practice of counselling and psychotherapy depends on gaining and honouring the trust of clients.

Keeping trust requires:

- attentiveness to the quality of listening and respect offered to clients
- culturally appropriate ways of communicating that are courteous and clear
- respect for privacy and dignity
- careful attention to client consent and confidentiality.

12. Clients should be adequately informed about the nature of the services being offered.

Practitioners should obtain adequately informed consent from their clients and respect a client's right to choose whether to continue or withdraw.

13. Practitioners should ensure that services are normally delivered on the basis of the client's explicit consent. Reliance on implicit consent is more vulnerable to misunderstandings and is best avoided unless there are sound reasons for doing so. Overriding a client's known wishes or consent is a serious matter that requires commensurate justification. Practitioners should be prepared to be readily accountable to clients, colleagues and professional body if they override a client's known wishes.

14. Situations in which clients pose a risk of causing serious harm to themselves or others are particularly challenging for the practitioner. These are situations in which the practitioner should be alert to the possibility of conflicting responsibilities between those concerning their client, other people who may be significantly affected, and society generally. Resolving conflicting responsibilities may require due consideration of the context in which the service is being provided. Consultation with a supervisor or experienced practitioner is strongly recommended, whenever this would not cause undue delay. In all cases, the aim should be to ensure for the client a good quality of care that is as respectful of the client's capacity for self-determination and their trust as circumstances permit.

15. Working with young people requires specific ethical awareness and competence. The practitioner is required to consider and assess the balance between young people's dependence on adults and careers and their progressive development towards acting

independently. Working with children and young people requires careful consideration of issues concerning their capacity to give consent to receiving any service independently of someone with parental responsibilities and the management of confidences disclosed by clients.

16. Respecting client confidentiality is a fundamental requirement for keeping trust. The professional management of confidentiality concerns the protection of personally identifiable and sensitive information from unauthorized disclosure. Disclosure may be authorised by client consent or the law. Any disclosures should be undertaken in ways that best protect the client's trust. Practitioners should be willing to be accountable to their clients and to their profession for their management of confidentiality in general and particularly for any disclosures made without their client's consent.

17. Practitioners should normally be willing to respond to their client's requests for information about the way that they are working and any assessment that they may have made. This professional requirement does not apply if it is considered that imparting this information would be detrimental to the client or inconsistent with the counselling or psychotherapeutic approach previously agreed with the client. Clients may have legal rights to this information and these need to be taken into account.

18. Practitioners must not abuse their client's trust in order to gain sexual, emotional, financial or any other kind of personal advantage. Sexual relations with clients are prohibited. 'Sexual relations' include intercourse, any other type of sexual activity or sexualized behaviour. Practitioners should think carefully about, and exercise considerable caution before, entering into personal or business relationships with former clients and should expect to be professionally accountable if the relationship becomes detrimental to the client or the standing of the profession.

19. Practitioners should not allow their professional relationships with clients to be prejudiced by any personal views they may hold about lifestyle, gender, age, disability, race, sexual orientation, beliefs or culture.

20. Practitioners should be clear about any commitment to be available to clients and colleagues and honour these commitments.

Ethical Framework for Good Practice in Counseling & Psychotherapy © BACP 2001, 2002, 2007.

**Conclusion:** Counseling can go a long way in helping the employees to have better control over their lives, take their decisions wisely and better charge of their responsibilities, reduce the level of stress and anxiety. Counseling of employees can have desirable consequences for the organisation. It helps the organisation when the employees know that the organization cares for them, and build a sense of commitment with it. It can prove to be of significant help to modify the behaviour of the employees and more so to re- enforce the desired behaviour and improve and increase the employee productivity.

### Questions:

1. Define Stress. Describe an Organizational Stress model with special emphasis on

Organizational Role Stress.

2. What are the Stress outcomes? Describe the moderators of Stress. Explain with examples Stress prevention and management techniques.
3. What is Employee counseling? What are the types of counseling? What are the do's and don't's of counseling.
4. What are the ethical principles of Counseling and psychotherapy? What are the moral qualities required of a counselor- Describe with suitable examples.

#### **4.4 Decision Making:**

Quality of the decisions that managers make is the yardstick of effectiveness. Management *is* decision making; however, decision-making is also fundamentally a people process.

#### **Types of Decisions:**

##### **Two primary types of decisions:**

**1. Programmed**—repetitive and routine with a definite procedure for handling them. It is handled through rules and standard operating procedures without expending substantial resources and more recently, via mathematical models.

Handling the problem. It is characterized by an absence of procedures because the problem is unique or complex and very important. It requires special treatment and is usually handled via general problem-solving processes, judgment, intuition and creativity. Advancements in improving non-programmed decision-making have not been as great as for programmed decisions

##### ***Managerial decision-making:***

1. Top management focuses on non-programmed decision-making,
2. First-level managers focus on programmed decision-making.
3. Middle managers focus mostly on programmed decision making.

If top management focuses on programmed decision-making then organizational planning is neglected, short-run control is overemphasized and delegation of authority is insufficient.

#### **Decision making process**

##### **A Rational Decision Making Process:**

Decisions are the means to certain ends. They are the organizational mechanisms that attempt to achieve a desired state. Decisions are organizational responses to problems and outcomes of a dynamic process.

##### ***Steps in Rational Decision Making Process***

##### **1. Establishing specific goals and objectives and measuring results-**

Objectives specify desired decision outcomes and serve as guidelines in the decision process.

**2. Problem identification and definition-**The problem comes to light when a gap exists between performance levels specified by organizational objectives and actual levels.

##### ***Types of problems:***

- i. Opportunities—these must be found.

- ii. Crisis—problems of this kind find the manager.
- iii. Routine problems.

***Defining the problem is hindered by three factors:***

- i. Perceptual problems-information (especially negative) is often selectively perceived which distorts its true meaning.
- ii. Defining problems in terms of solutions-i.e., jumping to conclusions
- iii. Identifying symptoms as the problem

**3. Establishing priorities**-Scarce resources demand that managers deal with problems in order of significance.

Significance determined by: *i. Urgency*—time pressure. *ii. Impact*—seriousness of the problem's effects.

*iii. Growth tendency*—future considerations.

**4. Consideration of causes**—the search for causes often leads to a new and better problem statement.

**5. Development of alternative solutions**—a search process constrained by time and cost factors.

**6. Evaluation of alternative solutions**— It should be:

- a. Guided by objectives (step 1).
- b. Assessed in terms of its potentially favorable and negative outcomes.
- c. The alternative-outcome relationship is based on three possible considerations:
  - i. **Certainty**—you have complete knowledge of the probability of each alternative's outcome.
  - ii. **Uncertainty**—you have no knowledge of the probability.
  - iii. **Risk**—you have some probabilistic estimate of the outcomes of each alternative.

This is the most common situation.

**7. Solution selection:** With multiple objectives, often the objectives can't be optimized simultaneously; with two objectives, one is optimized, the other is sub-optimized. Situations exist where attaining an organizational objective is done at the expense of a societal objective. In managerial decision-making, optimal decisions are often impossible. Instead of an **optimizer**, the decision maker is a **satisfier**, selecting the alternative that meets an acceptable standard.

**8. Implementation:** It usually involves people. Decisions must be transformed into behavior.

**9. Follow-up**-Involves periodically measuring the decision results (comparing to planned results specified by the objectives) and acting to reduce/eliminate the desired-actual results gap.

Actions can include:

- i. Changing implementation.
- ii. Changing the implementation strategy decision

process

**Alternatives to Rational Decision Making**-Decision makers do not always follow the letter of decision-making. Time pressures, incomplete information, limited human resources, and many other factors are involved. Herbert Simon called this approach to decision-making, **Bounded Rationality**. Within the concept there is also selective perception. In this approach, the following assumptions are made: *i. Decision makers rarely have all the information they need or want. ii. Decision makers are not aware of all possible alternatives and cannot predict consequences. iii. Early alternatives and solutions are quickly adopted because of constraints and limitations. iv. The organization's goals constrain decision-making. v. Conflicting goals of different constituents can restrict decisions, forcing a compromise solution.* Sometimes managers make decisions based on a 'gut' feeling or intuition. Intuitive decision-making occurs frequently because of high levels of uncertainty, there is no history or past experience to draw on, time pressure is intense, and there can be an excessive number of alternatives to examine.

### **Behavioral Influences on Decision Making**

**A.Values:** Values are the guidelines used when confronting a situation that requires a choice.

Values are acquired early in life and exert a profound influence on the decision-making process, influencing:

- a. Establishing objectives (making value judgments about selecting opportunities and assigning priorities).
- b. Developing alternatives (making value judgments about selecting opportunities and assigning priorities).
- c. Selecting an alternative.
- d. Implementing (values influence means chosen).
- e. Evaluating and control (value judgments affect corrective action taken).

**B. Propensity for risk:** A personality characteristic that strongly influences decision-making by affecting selection of objectives, and alternative evaluation and selection. Decision is affected by whether potential outcomes are characterized in terms of losses or gains, which in turn depends on how the decision maker "frames" the decision.

**C. Potential for dissonance:** Cognitive dissonance theory-asserts that often inconsistency/disharmony exists among the decision maker's attitudes, beliefs and values after a decision is made—a conflict between what he/she know/believes and what was done. Anxiety occurs and intensifies when the decision is important, involves a number of foregone alternatives, involve foregone alternatives with many favorable features.

Rather than admit the mistake, the decision maker often reduces dissonance by:

- a. Seeking information that supports the decision.
- b. Distorting other information to support the decision.

- c. Adopting a less favorable view of the foregone alternatives.
- d. Underestimating the importance of negative aspects and exaggerate the importance of positive aspects.

**D. Escalation of commitment.** It refers to an increasing commitment to a previous decision when a "rational" decision maker would withdraw. This "loss of objectivity" results from:

- a. A need to turn a losing or poor decision into a winning or good decision.
- b. Excessive ego involvement; threatens self-esteem.
- c. Peer pressure; makes it difficult to reverse a course of action publicly supported in the past.

**E. Culture**, not behavior alone, influences the decision maker

#### **Different Decision Making Styles**

All individuals bring their style to the decision making process. Research has found that there are four broad types of styles:

- (1) **Directive:** fast decisions; focus on short term
- (2) **Analytic:** careful analysis; and tackle all types of problems
- (3) **Conceptual:** Creative solutions; long range focus
- (4) **Behavioural:** Team working; conflict avoidance

**The four styles emerge from the premise that people differ along two broad dimensions :**

**(a) Way of thinking :** (i) **logical rational, serial way of thinking,** (ii) **Creative, intuitive, holistic**

**(b)Tolerance for ambiguity :** Some people are uncomfortable with broad overlapping, and blurred boundary issues; they have a need for structure, compartments and interconnections. Whilst some are quite comfortable with situations with ambiguous and overlapping components, and can process many thoughts at the same time.

- People using the Directive style have low tolerance for ambiguity.**
- People of analytic style have a much greater tolerance for ambiguity.**

**Decisions after generating several alternatives.**

- Persons with behavioural style work well with others and readily accept suggestions.** They work best in a group setting with good communications and many meetings to obtain consensus and avoid conflict.

#### **Group Decision Making**

Group decision-making is prevalent in organizations, especially in non-programmed problems. They help in decisions where the manager must seek and combine judgments. Complexity of non-programmed decisions requires specialized knowledge in numerous fields, which one person rarely possesses.

#### ***Individual versus group decision-making.***

Groups usually take more time to decide than do individuals. Mutually reinforcing impact of

specialists and experts results in better decisions. Research indicates that consensus decisions with five or more participants are superior to individual decision-making, majority vote, and leader decisions.

**Negative influences on open group discussion:**

- a. Pressure to conform.
- b. Influence of a dominant personality type in the group.
- c. "Status incongruity," which inhibits lower status participants and may cause them to "go along" with the experts even when they think their own ideas are better.
- d. Framing effects occur more often in groups.

Groups make more effective non-programmed decisions because the group benefits from pooled talent. Concerning each step of the decision process:

- a. Groups do better in **establishing goals and objectives** because of a greater knowledge pool.
- b. Individual efforts are required in **identifying causes and developing alternative solutions** to obtain a broad search in functional areas.
- c. Groups **evaluate alternative solutions** more effectively because of the group's collective judgment.
- d. Groups accept more risk than individuals at the point of **solution selection** and the solution is more likely to be accepted.
- e. **Implementation and follow-up** is usually made by an individual manager, whether or not the decision is made by a group

**Creativity in group decision-making.**

An atmosphere fostering group creativity can be created. Creativity is a process by which an individual, group, or team produces novel and useful ideas to solve a problem or capture an opportunity. Use lateral, not linear thinking.

Creative decision makers share some common characteristics such as:

- a. Perseverance.
- b. Risk-taking propensity.
- c. Openness.
- d. Tolerance for ambiguity.

***Techniques for stimulating creativity:***

**a. Brainstorming**—implemented via a set of rules:

- i. State any ideas regardless of how extreme or outlandish.
- ii. Approach each idea as belonging to the group and build upon the ideas of others.
- iii. Generate, don't evaluate, ideas.

**b. Delphi technique**—involves soliciting and comparing anonymous judgments on a problem/topic via a set of sequential questionnaires.

- i. Involves no face-to-face interaction between the judges (removing biasing effects).
- ii. A questionnaire is sent to participants via mail, completed surveys are returned and

responses summarized by analysis.

- iii. Participants receive a written summary (again by mail), along with a second questionnaire for reassessment.
- iv. Participants independently evaluate their earlier responses.
- v. Analysts typically go with tabulated results as the decision after the second or third round.

### c. Nominal group technique

- i. A group (7-10 members) sits around a table, but do not speak.
  - ii. Each writes ideas on a pad of paper.
  - iii. After five minutes, each member presents an idea in round robin fashion until all ideas are presented (a recorder writes all ideas on chart before the group). No discussion.
  - iv. Structured discussion occurs; each idea receives attention.
- mathematically pooled vote outcome.

### *Delphi and NGT differ in several ways:*

- i. Member anonymity (D—yes; NGT—no).
- ii. Face-to-face interaction (NGT—yes; D—no).
- iii. Mode of communication (D—written only; NGT—written and oral).

## Types of Organizational Decision Making Processes

1. Management Science Approach
2. Carnegie Model
3. Incremental Decision Process Model
4. Garbage Can Model

### 1. MANAGEMENT SCIENCE APPROACH:

It is the analog to the rational approach by individual managers. It came into prominence during World War II for military application, e.g. Naval Gunnery. Later it diffused into corporations and business schools. Today many corporations have assigned departments to develop and use these techniques for problem solving. It is very effective where problems are analyzable quantitatively and the variables can be identified and measured, e.g. transportation networks optimizations, scheduling of employees etc. Weakness is that quantitative data does not convey tacit knowledge as human experience and judgment does and can lead to erroneous results. It is very useful for composite decision approach – where the quantitative results can be given to managers as an input for decision making which would result from discussions on qualitative aspects also.

### 2. CARNEGIE MODEL (Cyert, March & Simon)

Organization level decisions involves many managers. A final decision choice is based on a coalition among those many managers. A Coalition is an alliance among several managers who agree about organizational goals and problem priorities. Management coalitions are needed because organisational goals and departmental operative goals are often inconsistent requiring **bargaining** to focus on specific problems and priorities for solving. It is based on the principle of “many heads are better than one”.

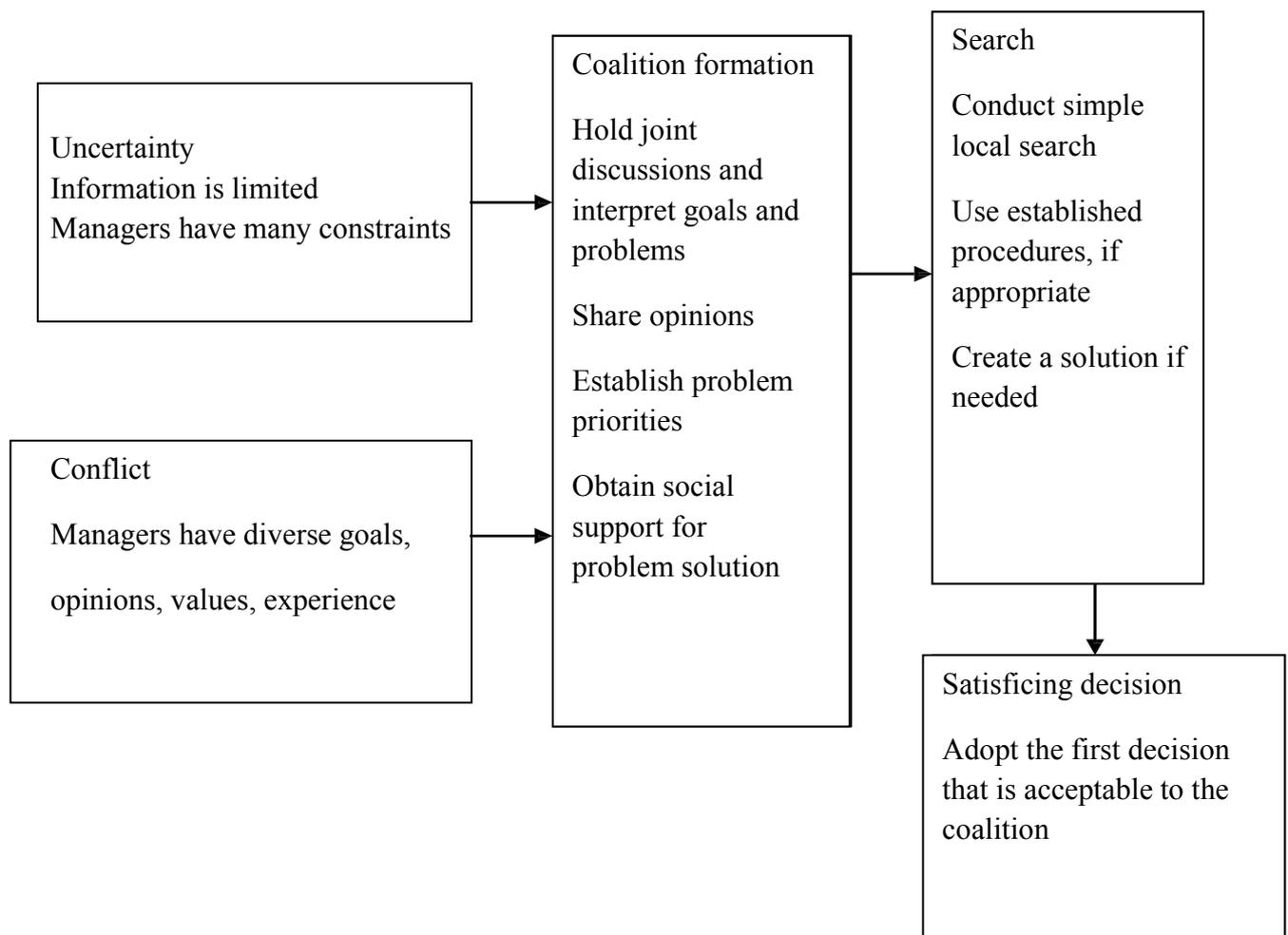
Implications of coalition formation are:

·SATISFICING: organizations accept a “satisfactory”, rather than a maximum or optimum level solution.

·PROBLEMATIC SEARCH: concern with the immediate environment, search to quickly resolve a problem: speed rather than perfection.

Discussion and bargaining are especially important in the problem identification stage of the decision making. Unless coalition members perceive a problem, no action will be taken. Building agreement through a managerial coalition is a major part of organizational decision making. This is especially true at upper management levels. Organizations suffer when managers are unable to build a coalition around goals and problem priorities.

### CHOICE PROCESSES IN THE CARNEGIE MODEL



### 3. INCREMENTAL DECISION PROCESS MODEL:

The incremental decision process model tells more about the structured sequence of activities undertaken from the discovery of a problem to its solution. It places less emphasis on the political and social factors of the Carnegie Model. In this decision process, a series of small choices combine to produce the major decision. Organisations move through several decision points and may hit barriers along the way. These barriers may be called *decision interrupts*. An interrupt may mean an organization has to cycle back through a previous decision and try something new.

### INCREMENTAL DECISION PHASES Identification Phase

Managers become aware of a problem and the need to take a decision. This is called the *recognition*.

This is usually stimulated by a problem or an opportunity. The second step is *diagnosis*. Here, more information is gathered as needed to define the problem situation.

#### For solving problems there are:

A solution is shaped to solve the problem defined in the identification phase. This can be done by -

- **Search:** for alternatives within the organization's repertoire of solutions.
- **Design:** If the problem is new and has no precedents, then the solution has to be custom-made in a groping, incremental procedure, building a solution, brick by brick.

**Selection Phase:** Here, the solution is chosen. The choice is often not a selection of one solution amongst alternatives, but rather a single, tailor made solution. Most decisions do not involve systematic analysis and evaluation of alternatives. **Judgement** form of selection is used when the final choice falls upon a single decision maker. When the decision makers are a group of people, **bargaining** occurs. When a decision is formally accepted by the organization, **authorization** takes -place, by someone usually high up in the hierarchy.

### The Learning Organisation Decision Process Models

#### Learning Organisation Decision Processes when Problem Identification and Problem Solution are uncertain

##### **PROBLEM IDENTIFICATION**

When Problem Identification is uncertain, Carnegie Model applies. Here Political and Social Process is needed. Build coalition, seek agreement, and resolve conflict about goals and problem priorities.

##### **PROBLEM SOLUTION**

When Problem Solution is uncertain, Incremental Process Model applied. Incremental trial and error process is needed to solve big problems in little steps. It should be recycled and tried again when blocked. It is characterized by rapid change, and a collegial, non-bureaucratic environment.

**4. GARBAGE CAN MODEL-** Combining the Incremental Process and the Carnegie Models, The Garbage Can Model deals with the pattern of flow of multiple decisions within organizations whereas, the Incremental and the Carnegie Models focus on how a **single** decision is made. The Garbage Can Model helps the decision maker to think about the whole organization and the frequent decisions being made by managers throughout. The Garbage Can Model was developed to explain the pattern of decision making in organizations that experience extremely high uncertainty, such as the growth and change required in a learning organization. Michael Cohen, James March and Johan Olsen, the originators of the model called the highly uncertain conditions, **organized anarchy**. Organised anarchies do not rely on the normal vertical hierarchy of authority and bureaucratic decision rules. They are caused

by:

(a) **Problematic Preferences** : goals, problems, alternatives and solutions are ill defined. Ambiguity characterizes each step of a decision process.

(b) **Unclear, poorly understood technology** : Cause-and-effect relationships within the organization are difficult to identify. An explicit data base that applies to decisions is not available.

(c) **Turnover** : Organisational positions experience turnover of participants. In addition, employees are busy and have only limited time to allocate to any one problem or decision. Participation in any given decision will be fluid and limited.

The organized anarchy describes organizations

### **Contingency Decision-Making Framework**

The use of a decision-making approach is contingent on the organization setting.

Two characteristics of organizations that determine the use of decision approaches are

(a) **Problem Consensus**

(b) **Technical knowledge about the need to solve the problem**

#### **(a) PROBLEM CONSENSUS**

It refers to agreement among the managers about the nature of a problem or an opportunity, and about which goals and outcomes to pursue. This variable ranges from complete agreement to complete disagreement. When managers agree, there is little uncertainty – the problems and goals of the organization are clear and so are the standards of performance. And when managers disagree, organization direction and performance expectations are in dispute, creating a situation of high uncertainty.

#### **(b) TECHNICAL KNOWLEDGE ABOUT SOLUTIONS**

This refers to understanding and agreement about how to solve problems and reach organization. When means are well understood, appropriate alternatives can be identified and calculated with some degree of certainty. When the means are poorly understood, potential solutions are ill defined and uncertain. Intuition, judgement, and trial and error become the basis for decisions.

### **Contingency Framework for Using Decision Models:**

When problem consensus is certain and solution knowledge is certain the individual decision making approach is rational approach computation, organizational approach is management science.

When problem consensus is uncertain and solution knowledge is certain the Individual decision making approach is bargaining and coalition formation, Organizational approach is Carnegie model.

When problem consensus is certain and solution knowledge is uncertain the individual decision making approach is judgment, trial and error, organizational approach is Incremental decision process model.

When problem consensus is uncertain and solution knowledge is uncertain the Individual decision making approach is bargaining and judgement, inspiration and imitation; Organizational approach is Carnegie model and Incremental decision process model, evolving to garbage can model.

### **Tools for Decision-Making**

**The different decision making tools are:**

- Flow Charts
- Run Charts
- Pareto Charts
- Fishbone Diagrams
- Scatter Diagrams
- Pie Chart
- Control Chart
- Force Field Analysis
- Affinity Diagram
- Tree Diagram
- Interrelationship Digraph
- Matrix Diagram
- Six Hat Thinking

### **Pareto Analysis:**

Pareto analysis is a very simple technique that helps to choose the most effective changes to make.

It uses the Pareto principle – the idea that by doing 20% of work one can generate 80% of the advantage of doing the entire job\*. Pareto analysis is a formal technique for finding the changes that will give the biggest benefits. It is useful where many possible courses of action are competing for your attention.

### **Paired Comparison Analysis:**

Paired Comparison Analysis helps to work out the importance of a number of options relative to each other. It is particularly useful where there is no objective data to base this on.

This makes it easy to choose the most important problem to solve, or select the solution that will give the greatest advantage. Paired Comparison Analysis helps to set priorities where there are conflicting demands on your resources.

### **Grid Analysis:**

Grid Analysis (also known as Decision Matrix Analysis, Pugh Matrix Analysis or MAUT, which stands for Multi-Attribute Utility Theory) is a useful technique to use for making a decision.

It is particularly powerful where there are a number of good alternatives to choose from, and many different factors to take into account. This makes it a great technique to use in almost any important decision where there isn't a clear and obvious preferred option.

### **PMI**

PMI stands for 'Plus/Minus/Interesting'. It is a valuable improvement to the 'weighing pros and cons' technique used for centuries.

### **Force Field Analysis:**

Force Field Analysis is a useful technique for looking at all the forces for and against a decision. In effect, it is a specialized method of weighing pros and cons.

### **Six Thinking Hats:**

"Six Thinking Hats" is a powerful technique that look at important decisions from a number of different perspectives. It helps to make better decisions by pushing one to move outside habitual ways of thinking. As such, it helps to understand the full complexity of a decision, and spot issues and opportunities which one might otherwise not notice. Each "Thinking Hat" is a different style of thinking. These are explained below:

#### **White Hat:**

With this thinking hat, focus is on the data available. One has to look at the information at hand, and see what one can learn from it, look for gaps in knowledge, and either try to fill them or take account of them. This is where one analyzes past trends, and try to extrapolate from historical data.

#### **Red Hat:**

Wearing the red hat, one looks at the decision using intuition, gut reaction, and emotion. Also trying to think how other people will react emotionally, and trying to understand the intuitive responses of people who do not fully know one's reasoning.

#### **Black Hat:**

When using black hat thinking, one looks at things pessimistically, cautiously and defensively. One tries to see why ideas and approaches might not work. This is important because it highlights the weak points in a plan or course of action. It allows one to eliminate them, alter approach, or prepare contingency plans to counter problems that arise.

#### **Yellow Hat:**

The yellow hat helps to think positively. It is the optimistic viewpoint that helps to see all the benefits of the decision and the value in it, and spot the opportunities that arise from it. Yellow Hat thinking helps to keep one going when everything looks gloomy and difficult.

#### **Green Hat:**

The Green Hat stands for creativity. This is where one can develop creative solutions to a

problem. It is a freewheeling way of thinking, in which there is little criticism of ideas.

□ **Blue Hat:**

The Blue Hat stands for process control. This is the hat worn by people chairing meetings. When running into difficulties because ideas are running dry, they may direct activity into Green Hat thinking. When contingency plans are needed, they will ask for Black Hat thinking, and so on.

**Star bursting:**

Understanding new ideas by brainstorming questions.

Asking questions like these is a valuable way of understanding the new idea, and of challenging it to ensure that all of the relevant aspects of it have been considered before any work begins on implementing it. To get the most out of this approach, it's important that the questions are asked in a systematic and comprehensive way.

**Stepladder Technique**

The Stepladder Technique is a simple tool that manages how members enter the decision-making group. Developed by Steven Rogelberg, Janet Barnes-Farrell and Charles Lowe in 1992, it encourages all members to contribute on an individual level BEFORE being influenced by anyone else. This results in a wider variety of ideas, it prevents people from "hiding" within the group, and it helps people avoid being "stepped on" or overpowered by stronger, louder group members.

**Decision Tree Analysis:**

Decision Trees are useful tools for helping you to choose between several courses of action.

They provide a highly effective structure within which one can explore options, and investigate the possible outcomes of choosing those options. They also help one to form a balanced picture of the risks and rewards associated with each possible course of action. This makes them particularly useful for choosing between different strategies, projects or investment opportunities, particularly when your resources are limited.

**Quantitative Strategic Planning Matrix (QSPM)**

Choosing the best strategic way forward. Organizations spend a lot of time and effort on strategy formulation. Often, there are several different approaches or strategies that the organization could follow. But how to decide which option is best? Does one rely on intuition, or take a more objective approach?

The Quantitative Strategic Planning Matrix (QSPM) helps to address this question. It gives a systematic approach for evaluating alternate strategies, and helps to decide which strategy is best suited to the organization.

**The Vroom-Yetton-Jago Decision Model**

Deciding How to Decide. How to go about making a decision that can involve as many choices as the decision itself. Sometimes one have to take charge and decide what to do on

own. Other times its better to make a decision using group consensus. How does one decides which approach to use?

Making good decisions is one of the main leadership tasks. Part of doing this is determining the most efficient and effective means of reaching the decision.

The Vroom-Yetton-Jago Decision Model provides a useful framework for identifying the best leadership style to adopt for the situation one is in

### **A Systematic Approach to Decision Making**

Simple decisions usually need a simple decision-making process. But difficult decisions typically involve issues like these:

- Uncertainty** - Many facts may not be known.
- Complexity** - You have to consider many interrelated factors.
- High-risk consequences** - The impact of the decision may be significant.
- Alternatives** - Each has its own set of uncertainties and consequences.
- Interpersonal issues** - It can be difficult to predict how other people will react.

A logical and systematic decision-making process helps to address the critical elements that result in a good decision. By taking an organized approach, one is less likely to miss important factors, and one can build on the approach to make decisions better and better.

There are six steps to making an effective decision:

1. Create a constructive environment.
2. Generate good alternatives.
3. Explore these alternatives.
4. Choose the best alternative.
5. Check your decision.
6. Communicate your decision, and take action.

(For details on tools for decision making please read from [http://www.mindtools.com/pages/main/newMN\\_TED.htm](http://www.mindtools.com/pages/main/newMN_TED.htm))

### **Organizational Constraints:**

Organizations impose their own constraints on the decision making process :

**(1) PERFORMANCE EVALUATION** : Managers are quite often influenced in their decision-making, keeping at the back of their minds how different decisions will affect their own performance evaluation which their superior will make. E.g. if a college dean believes that if good instruction is given, then no more than about 10% of the students would fail, then each of the instructors would more likely than not, ensure that this happens, so as to avoid poor evaluations for themselves.

**(2) REWARD SYSTEMS** : If the organization rewards innovations and risks taken by managers, then they will tend to take such decisions to enhance their personal rewards – and vice versa.

(3) **FORMALISATION:** Rules and procedures limit and direct a manager's decision making process.

(4) **TIME AND COST DEADLINES** : Such deadlines limit the decision making process.

(5) **HISTORICAL PRECEDENTS** : Are very powerful moulders of decision making, particularly in large bureaucratic organizations

#### **Cultural Differences in Decision Making:**

Different cultures have different value systems. Components of the decision making process like time deadlines, role of the group, role of the senior, acceptance co-efficients of situations, rational approach vs. intuitive approach etc., have a strong role in decision making, across cultures. Managers working in Multinational organizations need to be sensitized to this aspect.

#### **4.5 Creativity:**

**Nature of Creativity:** Creativity refers to the process by which novel but situationally appropriate outcomes are brought about. The essence of creativity is the element of freshness, originality, and novelty that is also appropriate to the context. If a manager gives dictation standing on his head, there is novelty but the act is hardly appropriate. In other words to call anything creative, the act must be unique and appropriate to the context. The social and technological changes that organizations face require creative decisions. Managers of the future need to develop special competencies to deal with the turbulence of change, and one of these important competencies is the ability to promote creativity in organizations.

It is not that creativity is needed now more than ever before. In fact most of the inventions we are enjoying today were discovered hundreds or even thousands of years ago as Exhibit 1 indicates. But business being so complex and competitive now, a firm gains competitive edge if it is creative.

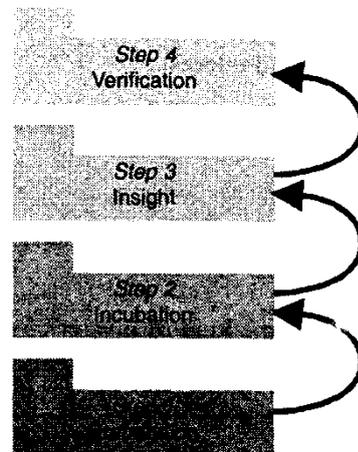
#### **Exhibit 1 : ANCIENT CREATIVITY AND MODERN LIFE**

As modern humans, we pride ourselves on our creativity and inventiveness and how they have given us a wondrous standard of living. But much of what we include in our standard of living originated hundreds or even thousands of years back. Tea-the cup that cheers-came from China, as did gun powder, paper, rockets, kites, printing, silk, and porcelain. India supplied sugar, cotton, steel, and umbrellas. The clock was invented in medieval Europe; enameling on metal and the mirror in the Mediterranean basin; the spoon, bathtub and the toilet seat in Rome. Soap was invented by the Gauls in France, the towel in Turkey. The chair was invented in the Near East. Buttons were invented during the stone age in Europe, shoes in ancient Egypt, and their polishing in Greece. Italy provided the first forks. As far as beverages are concerned, coffee was an Arabic invention from an Ethiopian plant, beer came from the Near East, whisky from medieval Europe, and milk, or rather milking, was a Turkish invention. Amongst fruit, the orange was first grown in the Mediterranean basin, the cantaloupe in Persia, and grapes in Turkey. Wheat, bread, and

butter originated in Near East, while chicken and pig were first domesticated in South-east Asia for food. The cigarette was invented in Mexico and the Cigar in Brazil. Coins were invented in ancient Lydia. Even the English alphabet was not invented in England but in Phoenicia (the modern Lebanon).

(Source: Pradip N. Khandwalla, *Corporate Creativity*, Tata McGraw-Hill, 2003, p.34).

**FIGURE 19.5**  
**STEPS IN THE CREATIVE PROCESS**



**Creativity Process:** Although it is difficult to describe how people come out with creative ideas, researchers have developed a model that outlines the various stages of the creative process. Specifically, the model, shown in Fig.19.5, specifies that the process of creativity occurs in the following four stages:

**Preparation:** Creative ideas do not come out of thin air. Preparation is an important condition for creativity. Preparation involves developing a clear understanding of what one wants to achieve through a novel solution.

**Incubation:** Incubation is a process of reflective thought and is often conducted subconsciously. During incubation, the individual engages in other pursuits while the mind considers the problem and works on it. Incubation plays a powerful role in dissolving previously held notions about a problem. It does not involve forgetting about the problem or issue; rather it involves putting the problem on the back burner. The problem is still simmering in one's mind, but it is not at the forefront of his or her attention.

Along with dissolving fixed notions of the problem, incubation assists in divergent thinking. Divergent thinking involves reframing the problem in a unique way and generating different approaches to the issue.

**Insight:** Individuals experience insight at some point during the incubation stage. Insight refers to the experience of suddenly becoming aware of a unique idea. These flashes of

inspiration do not follow any particular schedule; they might come at any time of the day or night. They are also fleeting and can be lost quickly if not documented. With this in mind, many people carry small voice recorders that allow them to capture their ideas before they are lost. Similarly, writers keep diaries, artists keep sketch pads, and lyricists keep tape recorders handy to capture ideas whenever inspiration strikes.

**Verification:** Ideas are generated at the insight-stage. But coming up with ideas is one thing, and verifying whether they are of any value is quite another. Assessing the usefulness of an idea requires consciously thinking about it and subjecting it to evaluation and experimentation. At the verification stage, tenacity may be critical, because other people often resist creative ideas or quickly reject them as impractical.

### **CHARACTERISTICS OF CREATIVE INDIVIDUALS**

It is said that creative people possess intellectual and personality characteristics different from their less creative counterparts. Some of the traits of creative people include:

1. A willingness to give up immediate gain to reach long-range goals
2. A great amount of energy
3. An irritation with the status quo
4. Perseverance
5. A pursuit of hobbies and specialized interests
6. A belief that fantasy and daydreaming are not a waste of time<sup>20</sup>
7. Inventive thinking style
8. High intellectual abilities

### **METHODS OF ENHANCING CREATIVITY:**

Nevertheless, OB experts have identified several techniques which help improve creative ability among individuals. One such technique is brainstorming. This technique is used to train individuals to be more creative. In a brainstorming session, a group of people are encouraged to exchange ideas freely in an atmosphere characterized by little censorship or criticism when presented with a problem group members try to generate as many alternative solutions as they can. At this point, the quality of the ideas is not important, rather sheer number is emphasized. Outlandish ideas are especially encouraged-they may turn out to be creative. Later, the recorded proposals are refined and evaluated.

Another technique which helps promote creativity is grid analysis. In this technique, ideas or materials of possible relevance to a problem are listed on two sides of a two-dimensional grid. Then each possible combination of ideas is created and examined for its usefulness as a solution. For example, a marketing firm may be interested in promoting alternative uses for its current products. To uncover such novel uses, they may list their products on the horizontal axis, and target customers or products that they do not manufacture, on the vertical axis. The resulting combinations may suggest new markets for their products, or the possible conversion of their equipment of goods for the manufacture of other products.

Yet another technique of promoting creativity is lateral thinking, first developed by De Bono. This technique is designed to help people escape from habitual mind patterns called vertical thinking.

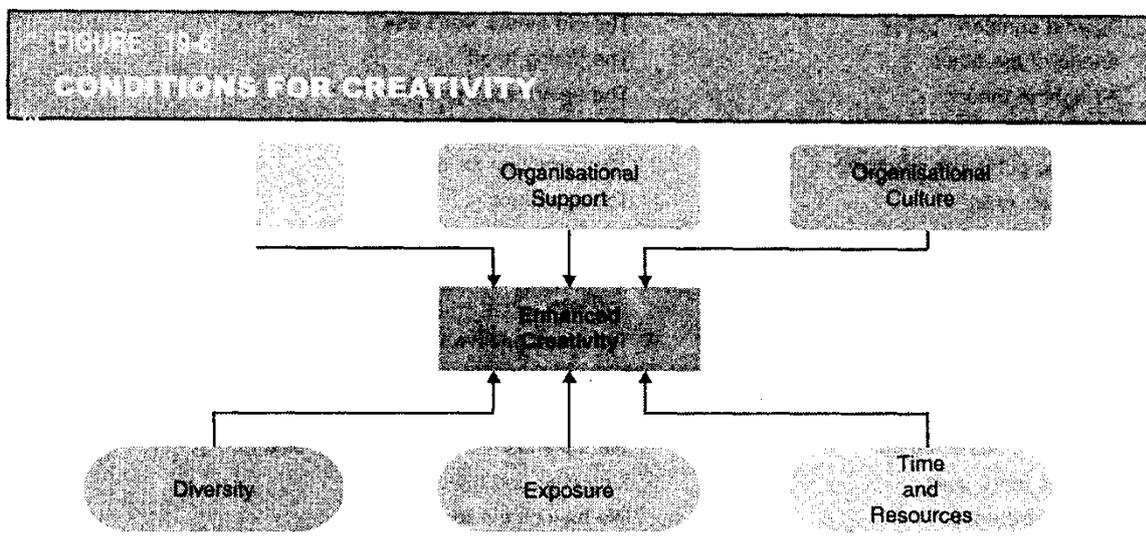
With vertical thinking, each step in the cognitive process follows the previous step in an unbroken sequence; it could be considered rational because only relevant information is considered at each stage. For example, within an organization there are many habitual ways of processing and analysing information based on vertical thinking.

But lateral thinking poses a deliberate and provocative challenge to one's preconceptions. It emphasizes thinking in sideways mode and invites restructuring conventional ways of looking at a problem. For example, a problem could be looked at from the angle of solution, and then go backwards to the beginning of the process and look at it afresh. It is not necessary to be correct at each step of tackling a problem; in fact, one could go down the wrong alleyway, but there could be weird logic in such a deviation because from this vantage point a better pathway may be visible. One could also use what was once considered irrelevant information as a means to arrive at a new way of examining a problem.

### CREATIVITY-INDUCING FACTORS:

Having techniques to promote creativity is not enough. There needs to be supporting environment and facilities to encourage people search for novel ideas. Following are some of the factors which help induce creativity: (1) creative people, (2) organizational support, (3) organizational culture, (4) diversity, (5) exposure, and (6) sufficient time and resources.

*Creative people:* We have stated earlier the characteristics of creative people. Selecting creative people is the starting point in enhancing creativity in organizations.



**Organizational support:** Organizational support to creativity may come in several ways. First, set goals for creativity. For instance, 3M Company has set a goal that 35 per cent of its total revenue should come from new products developed in the past four years. Second, firms encourage employees to take risks and are prepared to accept the inevitable failures that result from those risks. Corporate leaders allow employees not only to make mistakes, but also encourage them to try out ideas where failure is more than a remote possibility. Third, some

companies help employees break out of their shoulders and become risk-takers. Finally, organizations make jobs intrinsically motivating. Employees tend to be more creative when they believe their work has a significant impact on the organization and/or the larger society.

**Organizational culture:** Openness to new ideas, friendly supervision, team building, participative decision making, flexible organization structures, and the like help promote creative thinking.

**Diversity:** When companies are staffed by people from diverse ethnic and cultural groups, they are bound to think differently about the situations they face. Divergent thinking is a key element in creativity. It is well understood that highly creative ideas emanate from California's Silicon Valley because over one-third of its resident engineers and scientists come from countries outside the US. Many MNCs have realized the benefits of diversity and hence follow a geocentric policy while hiring people.

**Exposure:** Exposing employees to varying kinds of experience, such as foreign assignments, seminars, or extended leaves help enhance creative thinking.

**Time and Resources:** It is no secret that people tend to be more creative when they have adequate funds, material, facilities, information, and time. This requirement does not mean that creativity flourishes in the most lavish work settings. Rather, people simply need enough resources to be able to explore alternatives and test their ideas.

It is not enough to take positive steps to promote creativity. It is also essential to guard against ways which hinder creativity. Table 2 contains certain hindrances to creative thinking.

### **60 Ways to Block Creativity :**

A good idea but.

Against company policy.

Ahead of the times.

All right in theory.

Be practical.

Can you put it into practice?

Costs too much.

Don't start anything yet.

Have you considered.

I know it won't work.

It can't work.

Too many projects now.

It doesn't fit human nature.

It has been done before.

It needs more study.

It's not budgeted.

It's not good enough.

It's not part of your job.  
Let me add to that.  
Let's discuss it.  
Let's form a committee.  
Let's make a survey first.  
Let's not step on toes.  
Let's put it off for a while.  
Let's sit on it for a while.  
Let's think it over for a while.  
Not ready for it yet.  
Of course, it won't work.  
Our plan is different.  
Some other time.  
Surely you know better.  
That's not our problem.  
The boss won't go for it.  
The new people won't understand.  
The old timers won't use it.  
The timing is off.  
The union won't go for it.  
There are better ways.  
They won't go for it.  
Too academic.  
Too hard to administer.  
Too hard to implement.  
Too late.  
Too much paperwork.  
Too old fashioned.  
Too soon.  
We have been doing it this way for a long time and it works.  
We haven't the manpower.  
We haven't the time.  
We're too big.  
We're too small.  
We've never done it that way.  
We've tried it before.  
What bubble head thought that up?  
What will the customers think?  
What will the union think?  
What you're really saying is.  
Who do you think you are?  
Who else has tried it?  
Why hasn't someone suggested it before if it's a good idea?  
You are off base.

#### 4.5 Assignment Questions:

##### Questions

1. Describe Evaluation of Performance. Explain with suitable examples the methods of Performance Evaluation. Also describe Performance Evaluation feedback
2. State the three approaches of administering rewards in the organization. What are the four aspects of rewarding employees? Describe the relationship of Types of Rewards in the Workplace with (1)Membership and seniority of employees (2)Job status (3)Competencies (4)Performance.
3. Describe a model of Individual rewards. State with examples the different ways of rewarding employees in the organization. State the Innovative reward system in the organization.
4. Rewards Affect Organizational concerns-Explain.
5. What are the different types of decisions? In this connection describe the managerial decision making in the organization.
6. Describe the decision making process in the organization. What are behavioral Influences on Decision-Making. In this connection describe the different Decision Making Styles
7. Compare the Individual Decision Making and the Group Decision Making process. What is Creativity in group decision-making? Describe the various creative decision making processes.
8. What are the different types Of Organizational Decision-Making Processes-Describe with examples. In this connection describe the Contingency Framework For Using Decision Models
9. What is a Systematic Approach to Decision-Making. In this connection describe the use of the different Tools for Decision-Making.
10. Write short notes on (a) the Organizational Constraints on Decision making (b)Cultural Differences in Decision-Making.

#### 4.6. Business cases :

##### 7. Case Study:

Mr. Waverly Bird builds pianos from scratch. His occupation is a piano consultant to a piano manufacturer. He is on call and works about one week a month including some travel to solve problems of customers. He also rebuilds about a dozen grand pianos every year for special customers, but according to Bird, the most satisfying part of his life is his hobby of building pianos from the beginning." It's the part that keeps a man alive" he says. The challenge of the work is what lures Bird onwards. He derives satisfaction from precision and quality, and he comments, "Details make the difference; When you cut a little comer here and a little comer there, you have cut a big hole. A piano is like a human body, all the parts are important.

Bird has a substantial challenge in making a whole piano. His work requires skill in cabinet making, metal working, engineering with knowledge of acoustics and a keen ear for music. It requires great precision, because a tiny misalignment would ruin a piano's tune. It also requires versatility, ranging from a keyboard that is balanced to respond to the touch of a finger all the way to the pin block that must withstand up to 20 tons of pressure. Bird had to make many of his own piano construction tools.

Bird has built 40 pianos in his 34 - year career. Though construction takes nearly a year, he sells the pianos at the modest price of a commercial piano. He is seeking not money but the challenge and satisfaction. He says, "The whole business is a series of closed doors. You learn one thing, and there is another closed door waiting to be opened" Bird says his big dream is to build a grand piano." It is the one thing, I haven't done yet and want to do".

1. Discuss the nature of Bird's motivation in handling pianos. Discuss whether an organization could build the same motivation in most of its employees.
2. Will Bird succeed in making a grand piano?
3. Explain this with the help of achievement theory of motivation.

### 8. Case Studies:

Read the following case and answer the questions given at the end.

Sudhakar, the technical head at Mont. Electronics Ltd., was happy that he was able to fill up the two vacancies in the systems department by selecting Ajay and Ganesh. Ajay was a M.Sc. (Electronics) degree holder along with 6 months of industrial experience. Ganesh were intelligent, hard working and usually were able to complete the projects assigned to them.

After a few months, at Mont. Sudhakar realized that Ganesh always perceived himself to be more qualified than Ajay, because of his engineering background coupled with his better communication skills. Once he had overheard Ganesh taking the full credit for overseeing an overseas project completed in an efficient manner. Sudhakar spoke to their (Ajay's and Ganesh's ) immediate superior Naveen, who confirmed that completion of the said project was a combined effort, with rather more inputs from Ajay's side. He also told Naveen to have a talk with Ganesh and rectify communication gaps, if any.

The talk seemed to help Ganesh who realised that if he had to come up, he had to transform his image for the good and try to mould himself into a strategic thinker. Ganesh honed his skills and started attending marketing and strategic planning classes to upgrade his knowledge. The classes opened his eyes on how to make assumptions on project sales, revenues, costs and profits. Very often he was seen voluntarily helping his superior to study the company data and analyse it. Seeing the change in Ganesh, Sudhakar was happy. Observing Ganesh's motivation, at the end of the probation period, he was offered a confirmed job as an assistant manager. Meanwhile Ajay was offered the position of a database analyst, after his probation period was completed successfully.

Sudhakar had presumed that both Ajay and Ganesh would be happy on being confirmed and promoted. One day he happened to meet the Human Resources head during an informal meeting of the various heads of departments to discuss about the managerial problems they each grapple with. The HR head was speaking to Sudhakar, " I was satisfied and feeling quite competent as a HR person, when something like this has to occur". "Why? What happened?". Sudhakar enquired. "It is concerning your boy Ganesh. Based on his superior's feedback and your observation of his area of competence, he was offered a confirmed job of an assistant manager. But yesterday he come to meet me and said 'I feel I am my own enemy. May be it would be better if I go back to fixing things because I was quite comfortable with that. Now I realise that I have to learn on how to manage the impressions that others have of my role'. On further questioning the HR head, he related that quite often Ganesh became, by

default, the technological fix-it person on projects because of his engineering experience background. Also he had to learn to communicate with non technical people. Now the HR head asked Sudhakar whether he could suggest a remedy or solution to the problem.

**Case Questions:**

1. Do you think Sudhakar was wrong in his initial perception about Ganesh being more suitable for carrying out managerial functions?
2. Which facet of socialisation is relevant in the above case? Justify your answer.
3. Can you suggest way (s) to solve the problem mentioned in the case?

**For more Case Studies refer the website : The Times 100 business case studies**

<http://businesscasestudies.co.uk/case-studies/by-topic/#axzz43HADumMu>

## CHAPTER 5

### Integrating Individual, Groups and Organisation

**Syllabus :** Organisational change and Development, Career Dynamics, International Aspects of Organisation - Managing Diversity.

#### 5.1 Organisational change and Development :

##### What is Organizational Change?

Organizational change is the process by which organizations move from their present state to some desired future state to increase their effectiveness. Goal is to find improved ways of using resources and capabilities in order to increase an organization's ability to create value.

##### Targets of change include improving effectiveness at four different levels:

- Human Resource changes include:
  - Investment in training and development
  - Socializing employees into the organizational culture
  - Changing organizational norms and values to motivate a multicultural and diverse workforce
  - Promotion and reward systems
  - Changing the composition of the top- management team
- Functional Resources changes Include:
  - Transferring resources to the functions where the most value can be created in response to environmental change
  - An organization can improve the value that its functions create by changing its structure, culture, and technology
- Technological capabilities changes include:
  - Efforts intended to give an organization the capacity to change itself in order to exploit market opportunities
  - Adoption and use of new technologies
  - Development of new products/ technologies and the changing of existing one's
- Technological capabilities are a core competence
- Organizational capabilities changes include:
  - Changing organizational design
  - Culture and structure
  - Changing strategy
  - Changes that permeate entire organization

##### Types of Change in Organizations :

- Evolutionary change: change that is gradual, incremental, and narrowly focused. It involves continuous progression, maintaining equilibrium, affecting parts of

organization ,it is brought through normal structure and management process and new technology and results in product improvement.

- Revolutionary change: change that is sudden, drastic, and broadly focused. it involves frame breaking burst, reaching new equilibrium, transforming entire organization, it is brought through creating new structure and management and breakthrough technology leading to new product development which create new market.

#### **Developments in Evolutionary Change :**

- Socio-technical systems theory: a theory that proposes the importance of changing role and task or technical relationships to increase organizational effectiveness
- Total quality management (TQM): a technique developed by W. Edwards Deming to continuously improve the effectiveness of flexible work teams
- Quality circles: groups of workers who meet regularly to discuss the way work is performed in order to find new ways to increase performance
- Flexible workers and flexible work teams: a group of workers who assume responsibility for performing all the operations necessary for completing a specified stage in the manufacturing process
- Flexible work teams also assume responsibility for TQM efforts.
- Managers' role is to facilitate the team activities.

#### **Developments in Revolutionary Change**

- Reengineering: involves rethinking and redesigning business processes to increase organizational effectiveness. Instead of focusing on an organization's functions, the managers of a reengineered organization focus on business processes. Business process is an activity which cuts across functional boundaries and which is vital to the quick delivery of goods and services, or that promotes high quality or low costs

#### **Guidelines for Reengineering**

- **Three guidelines for performing reengineering successfully are:**
  1. Organize around outcomes, not tasks
  2. Have those who use the output of the process perform the process
  3. Decentralize decision making to the point where the decision is made
- E-engineering: refers to companies' attempts to use information systems to improve their performance
- Restructuring: changing task and authority relationships and redesigning organizational structure and culture to improve organizational effectiveness
- Downsizing: the process of streamlining the organizational hierarchy and laying off managers and workers to reduce bureaucratic costs
- Innovation: the process by which organizations use their skills and resources:

- To develop new goods and services OR
- To develop new production and operating systems so that they can better respond to the needs of their customers

### **Change Management**

Change is most likely the most common occurrence in business today. Successful managers must accept the responsibility for managing change. Managers can undertake organizational change in a variety of ways. Different authors label these approaches differently, however, most authors identify the following approaches:

**1. Managing Change through power**— It implies the use of coercion and often- manifest autocratic leadership, which contemporary organization typically do not encourage.

**2. Managing Change through reason**— It is based on the dissemination of information prior to the intended change. Underlying assumption is that reason alone will prevail and participants will make the rational choice.

However, individuals have various personal motives and needs, and groups function as social units, therefore, rational choices may become clouded.

**3. Managing Change through re-education**—a middle ground approach this is understood to be the essence of organizational development. It implies a normative, re-education strategy intended to affect systems of beliefs, values and attitudes.

### **Learning Principles in Change Management**

To understand how change is brought about, one must understand how learning takes place. The principles of learning provide this understanding (Kurt Lewin):

**1. Unfreezing Old Learning-** Unfreezing-Change efforts to overcome the pressures of both individual resistance and group conformity. it involves push and pull movements between the driving forces and the restraining forces. Driving Force- Forces that direct behaviour away from the status quo and Restraining Forces-Forces that hinder movement from the existing equilibrium. When driving forces overcome restraining forces there is unfreezing of status quo. It deals directly with resistance to change. Individuals may not accept that change is necessary

The manager must motivate individuals to accept and implement change.

**2. Movement to New Learning-**It requires training, demonstration and empowerment. The result of these three actions is that employees take on behaviours they would not in the past.

**3. Refreezing the Learned Behaviour-** Stabilizing a change intervention by balancing driving and restraining forces. It requires the application of reinforcement and feedback. It may require imparting punishment. Management must ensure that learning received in training is transferred to the workplace.

### **Managing Planned Change**

Planned Changes are activities that are intentional and goal oriented.

#### **Goals of Planned Change**

Changing the behaviour of individuals and groups in the organization

**Katter's Eight-Step Plan for Implementing Change**

The eight steps are as follows:

1. Establishing a sense of urgency by creating a compelling reason for why change is needed.
2. Forming a coalition with enough power to lead the change.
3. Creating a new vision to direct the change and strategies for achieving the vision.
4. Communicating the vision throughout the organization.
5. Empowering others to act on the vision by removing barriers to change and encouraging risk taking and creative problem solving.
6. Planning for, creating, and rewarding short-term “wins” that move the organization toward the new vision.
7. Consolidating improvements, reassess changes, and make necessary adjustments in the new programs.
8. Reinforcing the changes by demonstrating the relationship between new behaviours and organizational success.

**Change Agents: Forms of Intervention**

Change Agents are persons who act as catalysts and assume the responsibility for managing change activities. A change agent can bring a new viewpoint, which the manager has been unable to see, to a situation

**External Change Agents**

1. Temporary Employees who are engaged with the organization only for the duration of the change process.
2. May be a university professor or private consultant who is trained in the behavioural sciences.
3. Typically has graduate level learning in this area.
4. Provides the perspective needed to facilitate the change process.
5. Are at times not trusted since employees may believe the individual does not have a full understanding of the issues and nuances of the situation.

**Internal Change Agent**

Improving the ability of the organization to adapt to changes in its environment information to understand the problem being addressed.

1. An individual who works for the organization who has the necessary
2. Often a newly appointed manager, who is given the particular assignment with the understanding that change is imminent to improve upon the current negative situation.
3. Progress can be seen when barriers have begun to be removed.
4. May be hindered in effectiveness since some employees may believe the internal change agent has a bias toward one or more divisions, which unfairly influences

decision making.

### **External-Internal Change Agents**

1. A team approach used to intervene and develop programs.
2. Has the benefits of both the internal and external change agents.
3. Is somewhat rare, but seems to have the greatest change for success.

### **The Politics of Change**

- Impetus for change is likely to come from outside change agents.
- Internal change agents are most threatened by their loss of status in the organization.
- Long-time power holders tend to implement only incremental change.
- The outcomes of power struggles in the organization will determine the speed and quality of change.

### **A Model for Managing Organizational Change**

#### **Key Management Responsibilities**

1. Assumes forces for change continually act on the organization.
2. The manager must sort out the information that reflects the magnitude of change forces to recognize when change is needed.
3. When malfunction is recognized, managers must diagnose the problem and identify relevant alternative techniques.
4. The manager must implement change and monitor results.

#### **Steps for Managing Organizational Change:**

##### **Step one: Understanding Forces for Change**

#### **Levin's Three-Step Change Model**

Argues that two sets of opposing forces within an organization determine how change will take place

- Forces for change and forces making organizations resistant to change
- When forces for and against change are equal, the organization is in a state of inertia
- To change an organization, managers must increase forces for change and/or decrease forces resisting change

#### **Forces for and Resistances to Change**

**External forces:** those beyond management's control

1. Three types of external changes:

- a. **Marketplace change**—e.g., competitors' actions (introducing new products, boosting advertising, cutting prices, etc.)
- b. **Technological changes**—especially in production technology.
- c. **Social and political changes**—e.g., changes in the business-government relationship, international markets, etc.

**Competitive forces: organization must make changes to attempt to match or exceed its competitors on at least one of the following dimensions:**

- Efficiency

- Quality
- Innovation
- Customer responsiveness

**Economic, political, and global forces:** affect organizations by forcing them to change how and where they produce goods and services

- Need to change organizational structure to:
- Allow expansion in foreign market
- Adapt in a variety of national cultures
- Need to help expatriates adapt to the cultural values of where they are located

**Demographic and social forces:** changes in the composition of the workforce and the increasing diversity of employees has presented many challenges for organizations

- Increased need to manage diversity

**Ethical forces:** important for an organization to take steps to promote ethical behaviour

- Creation of ethics officer position
- Encourage employees to report unethical behaviours

**Boundary functions:** Organizational methods for bridging the gap between external forces and the organization's units. **Boundary roles** must sense changes in the external environment. (e.g., marketing research, labour relations, personnel recruiting).

**Internal forces:** occur within the organization. Can be traced to:

1. **Process problems**—e.g., breakdowns in decision-making and communication.
2. **Behavioural problems**—symptoms include high absenteeism/turnover, low morale.

### **Resistance to Organizational Change**

Under the situation when change is best for the organization, there is fear, anxiety and resistance. It lowers an organization's effectiveness and reduces its chances of survival.

Forms of Resistance to Change –Overt and immediate

- Voicing complaints, engaging in job actions –Implicit and deferred
- Loss of employee loyalty and motivation, increased errors or mistakes, increased absenteeism

### **Resistances to change at different levels**

#### **Sources of Individual Resistance to Change**

- Cognitive biases
- Uncertainty and insecurity
- Selective perception and retention
- Habit

#### **Sources of Group-level resistance to change**

- Group norms
- Group cohesiveness
- Groupthink and escalation of commitment

**Sources of Functional level resistance to Change**

- Differences in subunit orientation
- Power and conflict

**Sources of Organizational Resistance to Change**

- Structure
- Culture
- Strategy

**Overcoming Resistance to Change****Strategies for Overcoming Resistance to Change**

- a. There must be a reason to change.
- b. Involve more people in the total plan.
- c. Communicate on an ongoing basis.
- d. Create a learning organization
  - i. Open discussions
  - ii. Clear vision
  - iii. Strong emphasis on interdependence
  - iv. Clear goals and concept of performance expectations
  - v. Commitment to learning, improving and personal growth
  - vi. Concern for measurable results whenever possible
  - vii. A curiosity to try new methods, experiment and accept failure

**Tactics for dealing with resistance to change:**

- Education and communication
- Participation
- Facilitation and support
- Negotiation
- Manipulation and cooptation
- Selecting people who accept change
- Coercion

**Step Two: Diagnosis of a Problem**

Management must recognize the problem before deciding whether to act.

Management should ask:

1. What is the problem distinct from its symptoms?
2. What must be changed to resolve the problem?
3. What outcomes are expected from the change and how will the outcomes be measured?

Data collection methods-Questionnaires, direct observation, key interviews, workshops, documents and record observations.

**Step Three: Selection of Appropriate Methods****A) Structural approaches**

Managerial actions that attempt to improve effectiveness by introducing change through formal policies and procedures. It may involve actual change in the organizational structure;

sometimes does not.

### **Reengineering**

The objective of reengineering is to create processes, systems, and structure that meet customer needs efficiently and in an economically sound manner. Reengineering consists of three strategies: streamlining, integrating, and transforming.

Streamlining breaks down the core process into segments to eliminate waste, delays, and slow response time. Integrating is the unification of systems, processes, or work-related activities across functional lines. Transforming involves benchmarking to locate 'best in class' organizations.

#### **A) Management by Objectives**

Management by Objectives encourages managers to participate in establishing objectives for themselves and their units. It requires participant ability to define and attain objectives. MBO needs a superior and subordinate who:

- i. Meet and discuss objectives that contribute to overall goals.
- ii. Jointly establish attainable objectives for the subordinate.
- iii. Meet at a predetermined later date to evaluate the subordinate's progress to achieving the objectives.

MBO's intended effects—improved subordinate performance, satisfaction.

#### **B) Task and technological approaches.**

Focus directly on the work performed. Unique aspects of these approaches are: a. Task approaches emphasize job design changes. b. Technological approaches emphasize changes in the flow of work. It requires emphasis on training to provide skills and knowledge to handle changes in jobs, workflow, or equipment.

On-the-job training focuses on teaching specific skills and techniques needed to master a job.

Off-the-job training:

- i. Gets executives away from job pressures and "part-line" thinking.
- ii. Challenges executives and enhances their motivation for self-development.
- iii. Provides resource people and resource material.
- iv. Much of what is learned may not be carried back to the job.

#### **C) Human asset approaches.**

Methods designed to result in less specific and much broader outcomes of helping individuals learn and grow professionally. It helps to prepare people for ongoing change and learning. Peter Senge's "learning organization" is based on this philosophy. Learning organizations value continuing individual and collective learning. To increase effectiveness, organizational members must be open with other, understand how the company really works, develop plans all can agree to, and work together to achieve those plans.

A well-known method in the human asset approach is **Team building**. Purpose of this approach is to improve work group performance via :1)Setting goals and priorities.2)Analyzing how the group gets its work done.3)Examining group norms and processes for communicating and decision-making. 4)Examining interpersonal relationships

in the group. Process involves diagnostic meetings (where members exchange perceptions of group problems) and developing an action plan acceptable to all. It is often used with new groups. Research support on effectiveness is mixed, but mostly positive.

**Ethics training**—methods vary, but most have one or both of these objectives: to increase awareness or to focus on specific ethical issues. Developing employee awareness of business ethics seeks to: 1) Enable recognition of ethical components of a decision. 2) Legitimize ethics in decision-making processes. 3) Avoid variability caused by lack of awareness. 4) Avoid confusions as to who is responsible for misdeeds. 5) Provide decision-making frameworks for analyzing ethical choices.

Focusing on specific ethical issues with which the company may come in contact. Ethics training is so new that it is difficult to measure its effectiveness.

**Mentorship programs**—using individuals who serve as role models and "teachers" for new organization members. It is frequently used in organizations. "Mentorship" is old, but formalizing such relationships is new. Positive benefits from mentoring programs:

1. Early identification of talent.
2. Sensing by mentors of employee attitudes and morale.
3. Transmission of informal expectations (culture).

**Important reminders about mentoring:**

1. Formalized mentor-mentee relationships should be voluntary for both parties.
2. Not everyone is suited to being a mentor.
3. Not everything passed from mentor to mentee will be factually correct or desirable.

**Introspection development**—encouraging employees to take time to reflect. Goals:

1. Developing objectivity.
2. Learning.
3. Improving self-confidence.
4. Increasing sense of personal responsibility and willingness to look internally rather than projecting blame externally.
5. Increasing tolerance for ambiguity and paradox.
6. Encouraging action taking.
7. Achieving a balance in life.
8. Opening an individual's access to creativity and intuition.
9. Achieving **agelessness** or the ability to transcend selfish concerns.

Research: too few programs and too few numbers to draw conclusions regarding the efficacy of the approach.

**D) Multifaceted approaches**-Combines techniques from different categories.

**i) Organizational Development (OD)**

- A collection of planned interventions, built on humanistic-democratic values, that seeks

to improve organizational effectiveness and employee well-being. Organizational development (OD) is a series of techniques and methods that managers can use in their action research program to increase the adaptability of their organization

- Goal is to improve organizational effectiveness and to help people in organizations reach their potential and realize their goals and objectives
- Can be used to unfreeze, change, and refreeze attitudes and behaviors

#### **OD Values**

1. Respect for people
2. Trust and support
3. Power equalization
4. Confrontation
5. Participation

#### **Organizational Development Techniques**

- OD techniques to deal with resistance to change
- Education and communication: inform workers about change and how they will be affected
- Participation and empowerment: involve workers in change
- Facilitation: help employees with change
- Bargaining and negotiation
- Manipulation: change the situation to secure acceptance
- Coercion: force workers to accept change
- OD techniques to promote change
- *Counselling*: help people understand how their perception of the situation may not be right
- Sensitivity training: intense counselling in which group members, aided by a facilitator, learn how others perceive them and may learn how to deal more sensitively with other
- Process consultation: an OD technique in which a facilitator works closely with a manager on the job to help the manager improve his or her interactions with other group members
- Team building: an OD technique in which a facilitator first observes the interactions of group members and then helps them become aware of ways to improve their work interactions
- Intergroup training: an OD technique that uses team building to improve the work interactions of different functions or divisions
- Organizational mirroring: an OD technique in which a facilitator helps two interdependent groups explore their perceptions and relations in order to improve their work interactions
- Total organizational interventions
- Organizational confrontation meeting: an OD technique that brings together all of the

managers of an organization to meet to confront the issue of whether the organization is effectively meeting its goals.

- (Reference: Organizational Behaviour, Robbins, Judge and Sanghi, 12<sup>th</sup> edition, p 723-726, Pearson education)

## 5.2 Career Dynamics :

## 5.3 International Aspects of Organisation :

### Conditions affecting Multinational operations

Today many organizations do business in more than one country. These multinational organizations add new dimensions to organizational behaviour as communication lines are lengthened and control often becomes difficult. In this context, it is necessary that managers acquire both language and intercultural skills in dealing with people- customers, suppliers, competitors and colleagues from other countries as they are taking a risky step into different social, legal, political and economic environments- the primary conditions affecting multinational operations.

#### Social Condition:

The overriding social conditions affecting multinational operations are:

- (a) Poorly developed human resources which limit the ability to employ local labour productively. Needed skills are temporarily imported from other countries and vast training programs begin to prepare local workers.
- (b) Local culture not being familiar with advanced technology or complex organization
- (c) Differences in work ethic of employees across cultures. Legal and Ethical Conditions

The overriding Legal and Ethical conditions affecting multinational operations are:

- a) Difference across countries in their legal systems and specially in their relevant employment laws and business practices.
- b) Difference across countries in the judicial system regarding time for disposition of cases and penalties for seemingly minor offences.
- c) Differences across countries in local mores, customs and ethical behaviours.
- d) The treatment of women and other minorities to prohibit workplace discrimination.

#### Political Conditions

The overriding Political conditions affecting multinational operations are:

- (a) Instability of the government of the host country spills over onto organizations that wish to establish or expand operations in host country, making them cautious of further investments. This organizational instability leaves workers insecure and causes them to

be passive and low in initiative.

- (b) Strong nationalistic drive may impel locals to desire to run their country and their organizations by themselves, without interference by foreign nationals- a foreign manager simply may not be welcome.
- (c) Organized labour in many nations is not an independent force but is mostly an arm of the authoritarian state. In other nations labour is somewhat independent, but it is socialistic, class-conscious and oriented towards political action more than direct negotiation with organizations. Employers find that the state tends to be involved in collective bargaining and other practices like employee layoffs and employee transfers affecting workers.

### **Economic Conditions**

The overriding Economic conditions affecting multinational operations are:

- a) Low per capita income
- b) Rapid inflation making the economic life of workers insecure. It encourages them to spend rapidly, not to save for retirement security, develops their dependence on the government which is often incapable of responding and gives rise to social unrest.

## **5.4 Managing Diversity:**

### **Managing an international workforce**

Whenever the geographical boundaries of an organization spans over two or more countries, it will then face the challenge of blending various cultures. Multiculturalism occurs when the employees in two or more cultures interact with each other in a regular basis. Expatriates (both parent country nationals from the nation in which home office is located or third country nationals from some other nations) need to adjust their leadership styles, communication patterns and other practices to fit the culture of their host country

An expatriate manager may find several obstacles to a smooth adaptation to a new culture. An early requirement for overcoming such obstacles is to acquire cultural awareness of the multiple ways in which cultures differ.

### **Individual differences**

Five major dimensions that result in sharpest differences among employees include individualism/collectivism, power distance, uncertainty avoidance, masculinity /femininity and time orientation.

Cultures that emphasize individualism tend to accent individual rights and freedoms, have very closely knit social networks and place considerable attention on self respect. Collectivism heavily accents the group and values harmony among members. Individual feelings are subordinated to the group's overall good. Face saving (maintaining one's self image in front of others) is highly important in collectivistic cultures.

Power distance refers to the belief that strong and legitimate decision making rights separate

managers and employees in different cultures.

Uncertainty avoidance is the value for clarity and preference to avoid ambiguity at work in different cultures.

Masculinity and femininity is the way of defining gender roles in more traditional and stereotypical ways or having a broader viewpoint on the great variety of roles that both males and females can play in the workplace and at home in different cultures.

Time orientation is the accent cultures place on necessity of preparing for future or valuing the past and emphasizing on present.

Individual differences also occur due to the differences in culture on the emphasis it places on using situational cues to develop a complete portrait of a visitor. High context cultures tend to emphasize personal relations, place high value on trust, focus on nonverbal cues and accent the need to attend to social needs before business matters. Low context cultures tend to rely on written rules and legal documents, conduct business first and value expertise and performance.

In addition to individual differences, parochialism, ethnocentrism, cultural distance and cultural shock can also have an impact on cultural adaptation.

Parochialism is the predisposition of expatriate managers to see situations around them from their own perspective i.e. the culture of the home country in which the organization is based and not from the perspective of the culture of the host country in which the international operation is spread.

Ethnocentrism or self reference is the predisposition of the expatriate managers to believe that their homeland conditions are the best. Expatriate employees need to develop cultural empathy to integrate the imported and local social systems. Cultural empathy is the awareness of differences across cultures, an understanding of the ways in which those differences can affect business relationships, and the appreciation of the contributions each culture makes to overall success. Cultural empathy when demonstrated consistently will result in geocentric organizations which largely ignore a person's nationality while accenting employee ability in selection, assignment and promotional decisions.

Cultural Distance is the amount of difference between any two social systems and range from minimal to substantial.

Cultural shock is the feeling of confusion, insecurity and anxiety caused by a strange new environment. They are rightfully concerned about not knowing how to act and about losing

their self confidence when wrong responses are made. When employees enter another nation, they may experience several reactions in a series of four phases as follows;

In the first phase they are often excited and stimulated by the challenge of the new job, home and culture. Each day is filled with new discoveries.

The positive attitude is soon followed by a second phase of disillusionment as they discover various problems they had not anticipated before.

In the third and most critical phase they tend to suffer culture shock, which is insecurity and disorientation caused by encountering all parts of a different culture. Culture shock may result from encountering different management philosophies, an unfamiliar language, new foods, dress, driving patterns etc, unfamiliar currency system, reduced availability of goods, different attitudes toward work and productivity and separation from friends and work colleagues.

Reverse culture shock which occurs when the expatriate comes back to the home country after staying for a considerable period of time in the host country may result from encountering a loss of decision making authority, a loss of responsibility, changes in one's level of status in the organization, changes in personal lifestyle and technological and organizational changes.

The fourth phase is that of adaptation where the employees accept new culture, regain a sense of self esteem and respond constructively to their new surroundings at work and at home.

### **Overcoming barriers to cultural adaptation**

For overcoming the barriers to cultural adaptations the following actions are useful:

1. Careful selection of employees who are low in ethnocentrism, have a desire to experience another culture and stay in another culture, have a knowledge of the foreign language of the host country, have experience of travelling to the host country previously, family members of the employee have a positive attitude to the assignment and employee have a high cultural intelligence (CQ). Cultural intelligence consists of the cognitive strategies for learning about new cultures at both surface and deeper levels; an intuitive sense of what is happening and why it is happening; confidence that one can fit into the new culture and motivation to do so and the translation of knowledge, intuition, confidence and motivation into appropriate cultural action.
2. Compatible assignments of employees within similar sociocultural clusters at the initial stages.
3. Pre-departure training in the local language.
4. Orientation and support in the new country to get settled there and include assistance with housing, transportation, shopping etc. Organizational support is also required in the form of assurance that the expatriates on their return to the homeland will get a better or

comparable position in their organization and their foreign experience will be valued.

5. Preparation for re-entry– a process which is called repatriation and people face reverse culture shock.

### **Productivity and Cultural contingencies:**

Productivity is achieving quantity and quality of results while controlling inputs. The productive practices for a particular nation depends heavily on its culture-this is called cultural contingency. The ideas that work in home nation's culture must be blended with the culture of the host country and integration of the most workable ideas from both the nations should take place. Cultural contingencies are illustrated by Theory Z proposed by William Ouchi. Theory Z provides examples in which behavioural prescriptions for management must be adapted to fit the organization's cultural environment. Theory Z selectively adapts some Japanese practices to the American culture. The idea of cultural contingency suggests that expatriate managers must learn to operate effectively in a new environment. Although they must operate within the limits of most home-office policies, managers must be flexible enough to respond to local conditions.

Once managers are on location in a host country, their attention needs to be directed toward integrating the technological approaches with the local cultures involved. The job of international managers is to try to retain in their management practices the essential elements of both familiar and new cultures so that their employees may work with the security of some familiar practices but also with greater productivity than the old culture normally has accomplished. Expatriate managers also need to consider what their role will be in a local community. Although they are generally respected figures with considerable economic powers, they are considered as guests and may not be absorbed into the social and power structure of a local community. Because of their marginal role and subsequent insulation from important insights, they risk misinterpreting much of the community's value structure.

### **Cross Cultural Communication:**

Expatriates also need to understand the differences in nonverbal communication across cultures. If they do not, they risk making serious errors that might damage their relationships with their employees, partners, customers and suppliers. Areas in which orientations to cross cultural communication may differ include contrasts in the relative value placed on time efficiency, thought patterns, values placed on seeing the future, the need for personal space, eye contact, physical appearance, posture, gesture, meaning of silence and legitimacy of touch. These factors make it challenging to communicate effectively with another person in an international setting. As a consequence, they are important contingency factors that must be considered carefully by managers.

When considerable attention is given to cultural preparation of expatriate employees, they develop into transcultural employees who operate effectively in several cultures as they are low in ethnocentrism, can communicate in more than one language and adapt readily to

different cultures without major culture shock leading to effective functioning of multinational firms. For a firm which is truly multinational in character, its leaders look to the world as an economic and social unit, they recognize each local culture, respect its integrity, acknowledge its benefits and use its differences effectively in their organizations.

### 5.5 Assignment Questions:

### 5.6 Business cases:

#### 9. Case Study:

Read the following Case and answer the questions given at the end:

Mr. Gautam Ghosh founded a small radio manufacturing plant in Western India in the late sixties. From this small beginning came one of the country's largest radio, television and allied products companies. By 1996, it had recorded annual sales of RS.800 million, with 25,000 employees and 8 manufacturing locations. Throughout its growth, the founder remained an active imaginative and driving force behind his company. In earlier days, every manager and worker knew him, and he was able to call most of them by their first names; so even after the company grew fairly !2.'QE:, people feit they knew the founder and chief executive, and their strong feeling of personal loyalty had much to do with the fact that the company's workers never formed a union. However, as the company prospered and grew, Mr. Ghosh through that it was losing its "Small company" spirit. He also felt that communications were suffering, that his objectives and philosophy were not being understood in the company, that much wasteful duplication was product development and marketing were suffering as a result. Likewise, he was concerned that he lost touch with the people. To solve the communication problem, he hired a Director of communications reporting directly to him. The issues were discussed in detail between the two. They then put into effect every communication device they found in other large companies, namely:

- a) Bulletin boards in every office and plant throughout the country.
- b) A revitalized company newsletter carrying detailed company and persona! News
- c) Affecting all locations.
- d) Regular profit-sharing letters.
- e) Company-sponsored courses to teach communication methods.
- f) Monthly one-day meetings at headquarters for the top 100 executives.
- g) Annual three-day meetings of 900 executives at all levels, at a resort town and
- h) A large number of special committee to discuss company matters.

After much time, effort and expense spread over a year, Mr. Ghosh was disappointed to find that his problems of communication and of the "small company" feeling still existed and that the results of his programmes did not seem to be significant.

Read the above case carefully and answer the following questions after analyzing it in the light of your knowledge about the subject matter of communication.

**Questions:**

1. Why do you think Mr. Ghosh was disappointed? Should he have been?
2. What do you see as the company's real communication problem?
3. What would you suggest to improve communication in the company?
4. Was Mr. Ghosh right in believing that communication would help him maintain the 'small company' spirit?

**10. Case Study:**

Analyse the following case and give answers to the questions given at the end of the case.

Kshama and Anuradha were colleagues. Kshama was efficient and competent, always up-to-date with the work and enjoyed the his confidence; but she was content in her position which she could balance well with her family responsibilities. Anuradha was ambitious, eager to prove her ability and hoping to be considered for a new position with a much higher pay in the office.

Kshama had just been given a project by their boss. Anuradha was eager to, the project and - Kshama readily delegated it to Anuradha when she saw she was eager to do it. A few days later, the boss made significant changes in what he wanted as the outcome of the Project.

KShama walked over to Anuradha and said, "Have you started on the project yet?"

Anuradha abruptly responded with, "I didn't really have to take on that project. I'm doing you a big favour by taking it when I have so much to do myself".

Kshama was surprised and hurt; she became defensive-and said, "You didn't have to take it on. You said you wanted it because it would probably make the boss consider you for a new position with a much higher pay. Forget it! I'll just do it myself".

**Case Questions:**

- a) What might have made Anuradha, respond sharply?
- b) Are there any defects in the listening skill-of the persons?
- c) Re-write the dialogue as you think--it should be.

**For more Case Studies refer the website: The Times 100 business case studies**

<http://businesscasestudies.co.uk/case-studies/by-topic/#axzz43HADumMu>

## CHAPTER 6

### Personality

**Syllabus :** Personality- Personality - Job Fix Theory, Using Traits to Predict Workplace Behaviour, Using Traits to Predict Workplace Behaviour, The Big Five Personality Traits & Work place behaviour, Myers-Briggs Type Indicator (MBTI), Personality Framework : Strengths & Weakness, Machiavellianism in Organizations, Justifying the Means by the Ends, Narcissism in organizations : Definition, Characteristics, and Effects on the Workplace, Risk takers in Business Description & Effects on Organizational behaviour, Type A and Type B Personalities in Organizations, Definition & Characteristics.

#### 6.1 Personality-

Personality is the overall profile or combination of characteristics that capture the unique nature of a person as that person reacts and interacts with others. It combines a set of physical and mental characteristics that reflect how a person looks, thinks, acts, and feels. It is a relatively stable set of feelings and behaviors that have been significantly formed by genetic and environmental factors. Heredity sets the limits on the development of personality characteristics. Environment determines development within these limits. Across all characteristics there is about a 50-50 heredity-environment split. Key environmental factors in personality development are cultural values and norms and situational factors.

Social traits -Surface-level traits that reflect the way a person appears to others when interacting in various social settings. An important social trait is problem-solving style. Problem-solving style components are information gathering; getting and organizing data for use; evaluation and using collected information. There are Sensation-type individuals; Intuitive-type individuals; Feeling-type individuals and Thinking-type individuals. Problem-solving styles are Sensation-feeling (SF); Intuitive- feeling (IF);Sensation-thinking (ST) and Intuitive-thinking (IT).

Personal conception traits - The way individuals tend to think about their social and physical settings as well as their major beliefs and personal orientation. Key Traits are Locus of control; Authoritarianism/dogmatism; Machiavellianism and Self-monitoring.

Locus of control - The extent to which a person feels able to control his/her own life. Internal locus of control where people believe they control their own destiny. In External locus of control people believe that much of what happens to them is determined by environmental forces.

Authoritarianism/dogmatism-Authoritarianism. Is the tendency to adhere rigidly to conventional values and to obey recognized authority. Dogmatism is the tendency to view the world as a threatening place.

Machiavellianism - Rooted in Niccolo Machiavelli's The Prince evokes images of guilt, deceit, and opportunism. It is a tendency to view and manipulate others purely for personal gain. People with a high-Mach personality approach situations logically and thoughtfully, are capable of lying to achieve personal goals, are rarely swayed by loyalty, friendships, past promises, or others' opinions, are skilled at influencing others, try to exploit loosely structured situations, perform in a perfunctory or detached manner in highly structured situations. People with a low-Mach personality accept direction imposed by others in loosely structured situations, work hard to do well in highly structured situations, are strongly guided by ethical considerations and are unlikely to lie or cheat.

Self-monitoring - A person's ability to adjust his/her behavior to external, situational factors. High self-monitors are sensitive to external cues, behave differently in different situations. Low self-monitors are not sensitive to external cues and are not able to disguise their behaviors.

Emotional adjustment traits.

How much an individual experiences distress or displays unacceptable acts.

Type A orientation are characterized by impatience, desire for achievement, and perfectionism.

Type B orientation are characterized as more easygoing and less competitive in relation to daily events.

Personality and self-concept.

Personality dynamics are the ways in which an individual integrates and organizes personality dimensions and traits. Self-concept is the view individuals have of themselves as physical, social, and spiritual beings. Two aspects of self-concept are Self-esteem i.e. a belief about one's worth based on an overall self-evaluation and Self-efficacy i.e. an individual's belief about the likelihood of successfully completing a specific task.

### 6.2 Personality - Job Fit Theory :

The personality–**job fit theory** postulates that a person's personality traits will reveal insight as to adaptability within an organization. The degree of confluence between a person and the organization is expressed as their Person-Organization (P-O) **fit**. This is also referred to as a person–environment **fit**.

The **personality–job fit theory** postulates that a person's personality traits will reveal insight as to adaptability within an organization. The degree of confluence between a person and the organization is expressed as their Person-Organization (P-O) fit. This is also referred to as a person–environment fit. A common measure of the P-O fit is workplace efficacy; the rate at which workers are able to complete tasks. These tasks are mitigated by workplace environs- for example, a worker who works more efficiently as an individual than in a team will have a higher P-O fit for a workplace that stresses individual tasks (such as accountancy). By matching the right personality with the right job, company workers can achieve a better synergy and avoid pitfalls such as high turnover and low job satisfaction. Employees are more likely to stay committed to organizations if the fit is 'good'.

In practice, P-O fit would be used to gauge integration with organizational competencies. The Individual is assessed on these competencies, which reveals efficacy, motivation, influence, and co-worker respect. Competencies can be assessed using various tools like psychological tests, assessment centres competency based interview, situational analysis, etc.

If the Individual displays a high P-O fit, we can say that the Individual would most likely be able to adjust to the company environment and work culture, and would be able to perform at an optimum level.

Buettner proposed a framework for recommender systems searching online social networks for future employees that covers the whole P-O fit. The framework shows how the candidate's personality traits and the organization's culture traits can be automatically extracted from online social networks.

### Examples of Personality Types and Job Fit

Jill is familiar with the six different personality types that exist. She stressed to Adams how important it is to match up employee personalities with the correct tasks. Here are the six employee personality types and their matching job examples:

**Realistic:** Employees prefer physical activities that require coordination. They are also shy, inner-directed, and would excel in a factory or farmer environment.

**Investigation:** Employees enjoy analyzing and organizing and are naturally curious and independent. Jobs that would work well for this type of employee would be mathematician, scientist, or reporter.

**Social:** These employees enjoy helping and mentoring others. They would find a good fit with jobs such as social worker, teacher, counselor, and clinical psychologist.

**Conventional:** Employees enjoy regulation, order, and rules. They are efficient but unimaginative workers, and jobs such as accountant, bank teller, or file clerk would fit their personality type.

**Enterprising:** This type of worker prefers verbal activities and yearns for power. They are very confident and ambitious. The best jobs for this type of personality would be lawyer, real estate agent, or public relations.

**Artistic:** This last personality type prefers creativity and likes to use their imagination. The best job fit would be a painter, musician, writer, or interior decorator.

To unlock this lesson you must be a Study.com Member.

### 6.3 Using Traits to Predict Workplace Behaviour :

Personality-job fit theory revolves around the idea that every organization and individual has specific personality traits. The closer match between the traits of the person and the company equals a higher chance of workplace productivity and satisfaction.

#### Personality-Job Fit Theory Definition

Personality-job fit theory revolves around the idea that every organization and individual has specific personality traits. The closer the traits between the person and the company match, the higher the chance of workplace productivity and satisfaction. The best personality fit will also decrease job turnover and stress, absenteeism, and poor job satisfaction. **Personality-job fit theory or person-environment (P-E) fit** is a match between a worker's abilities, needs, and values and organizational demands, rewards, and values.

Director Adams of Ninja Corporation has an employee problem that she's not sure how to handle. Adams recently hired an experienced accountant who has been extremely productive in his past career. Since the hire, he has had enormous difficulty with being motivated and productive. Adams has asked for a meeting with the human resource manager to discuss how to fix the employee issue.

### How Job Fit Issues Develop

The human resource manager, Jill, is well trained in motivational and stress theories of workers. She spent some time interviewing both Adams and the new manager, Nick. Nick explained in his interview that he demands daily feedback on job performance and a structured work environment. Ninja Corp is known for a loose workplace structure, and supervisors only give feedback at performance reviews due to busy product development schedules. This is causing stress on Nick and resulting in his poor work performance.

### How Personality-Job Fit is Calculated

Jill understands how to run a personality-job fit calculation. She measures specific worker characteristics, such as worker skills and traits, and then compares them to the work and job environmental specifics. If there is a difference, it's called a discrepancy. This discrepancy can then be calculated as an index to see how vast of a difference exists. The larger the distance, the more stress on the worker.

### 6.4 The Big Five Personality Traits & Work place behaviour :

The “Big Five” Personality Factors (Mc. Crae and Costa,1997) (Each factor is a continuum of many related traits)

(1) OPENNESS TO EXPERIENCE : Characterized by imaginativeness, sensitivity, intellectualism, artistic disposition. The related traits are Imaginative/Practical and Independent/Conforming.

(2) EMOTIONAL STABILITY: Characterized by self- assured, serene, positive attitude. The related traits are Calm/Anxious and Secure/Insecure.

(3) CONSCIENTIOUSNESS: Characterizes people who are persevering, dependable, responsible, organized. The related traits are Organized/Disorganized and Careful/Careless.

(4) AGREEABLENESS: Characterizes people who are good-natured, trusting and cooperative. The related traits are Soft-Hearted/Ruthless and Trusting/Suspicious

(5) EXTRAVERSION: Characterized by a nature which is outgoing, social, functioning and assertive. The related traits are Sociable/Retiring and Fun Loving/Sober.

Personality and Behavior: Specific Personality Traits and Their Linkage to the “Big Five”

- Self-esteem (“self-worth”) is part of adjustment
- Locus of control (“fate vs. personal control”) is part of conscientiousness
- Introversion and extraversion (preference for thinking vs. interacting--NOT “social skills”) are part of sociability
- Dogmatism (generalized rigidity of beliefs) and authoritarianism (narrower personality type who prefers to follow orders) are part of intellectual openness.

### Strengths of the model :

- Since the 1990s there has been increasing evidence to support the Big Five traits (over other models)

- Moreover, these traits seem to be the result of approximately equal influence from environment and hereditary circumstances
- The Big Five traits seem to be prevalent in non-Western cultures
- modified versions discuss five 'personality developments' rather than traits (this allows for fluidity with time)

**Weaknesses of the model :**

- the rankings of these traits change with time:  
*"Extroversion, Neuroticism, and Openness generally decrease as a person ages"*
- gender and birth-order have been found to be correlated with these traits (i.e. first-borns are generally less agreeable)
- The five factors are not independent variables
- rely on self-report methods - inherent self bias. Therefore, factors like current health, or mood, can change a person's responses. However, Hirsh & Peterson (2008) have formulated a set of questions that seems immune to self-enhancement - see psych-it link below.

**Other qualities :**

- Geert Hofstede's cultural factors seem to be correlated with the Big Five traits within particular countries.

**6.5 Myers-Briggs Type Indicator (MBTI) :**

The purpose of the Myers-Briggs Type Indicator® (MBTI®) personality inventory is to make the theory of psychological types described by C. G. Jung understandable and useful in people's lives. The essence of the theory is that much seemingly random variation in the behavior is actually quite orderly and consistent, being due to basic differences in the ways individuals prefer to use their perception and judgment.

"Perception involves all the ways of becoming aware of things, people, happenings, or ideas. Judgment involves all the ways of coming to conclusions about what has been perceived. If people differ systematically in what they perceive and in how they reach conclusions, then it is only reasonable for them to differ correspondingly in their interests, reactions, values, motivations, and skills."

In developing the Myers-Briggs Type Indicator [instrument], the aim of Isabel Briggs Myers, and her mother, Katharine Briggs, was to make the insights of type theory accessible to individuals and groups. They addressed the two related goals in the developments and application of the MBTI instrument:

The identification of basic preferences of each of the four dichotomies specified or implicit in Jung's theory. The identification and description of the 16 distinctive personality types that result from the interactions among the [preferences](#)."

Excerpted with permission from the MBTI® Manual: A Guide to the Development and Use of the Myers-Briggs Type Indicator®

Reference : <http://www.myersbriggs.org/my-mbti-personality-type/take-the-mbti-instrument/>

Favorite world: Do you prefer to focus on the outer world or on your own inner world? This is called Extraversion (E) or Introversion (I).

Information: Do you prefer to focus on the basic information you take in or do you prefer to interpret and add meaning? This is called Sensing (S) or Intuition (N).

Decisions: When making decisions, do you prefer to first look at logic and consistency or first look at the people and special circumstances? This is called Thinking (T) or Feeling (F).

Structure: In dealing with the outside world, do you prefer to get things decided or do you prefer to stay open to new information and options? This is called Judging (J) or Perceiving (P).

Your Personality Type: When you decide on your preference in each category, you have your own personality type, which can be expressed as a code with four letters. The 16 personality types of the Myers-Briggs Type Indicator® instrument are listed here as they are often shown in what is called a "type table."

ISTJ	ISFJ	INFJ	INTJ
ISTP	ISFP	INFP	INTP
ESTP	ESFP	ENFP	ENTP
ESTJ	ESFJ	ENFJ	ENTJ

For a description of your MBTI type, place your cursor over the box containing your four-letter type code. You may also wish to browse through all of the [16 type descriptions](#).

If you do not know your MBTI type, you may wish to [take the instrument](#).

[Type tables](#) can also be used to gather and facilitate analysis of information about teams or specific groups of people.

[All types are equal](#): The goal of knowing about personality type is to understand and appreciate differences between people. As all types are equal, there is no best type.

The MBTI instrument sorts for preferences and does not measure trait, ability, or character. The MBTI tool is different from many [other psychological instruments](#) and also different from other [personality tests](#).

The best reason to choose the MBTI instrument to discover your personality type is that hundreds of studies over the past 40 years have proven the instrument to be both [valid and reliable](#). In other words, it measures what it says it does (validity) and produces the same results when given more than once (reliability). When you want an accurate profile of your personality type, ask if the instrument you plan to use has been validated.

The theory of psychological type was introduced in the 1920s by [Carl G. Jung](#). The MBTI tool was developed in the 1940s by [Isabel Briggs Myers](#) and the [original research](#) was done in the 1940s and '50s. This research is ongoing, providing users with updated and new information about psychological type and its applications. Millions of people worldwide have taken the Indicator each year since its first publication in 1962.

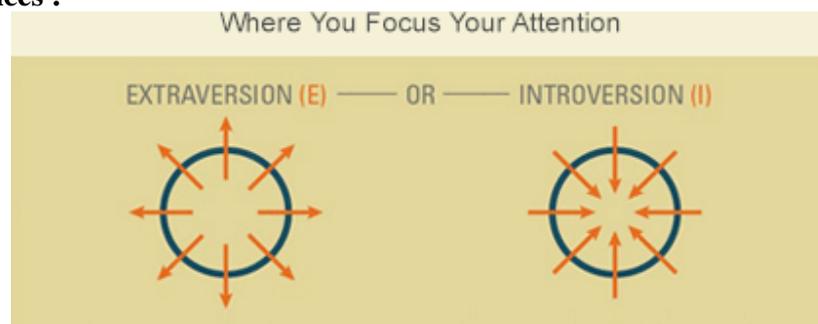
The Myers-Briggs assessment is the world's most trusted personality assessment because it is:

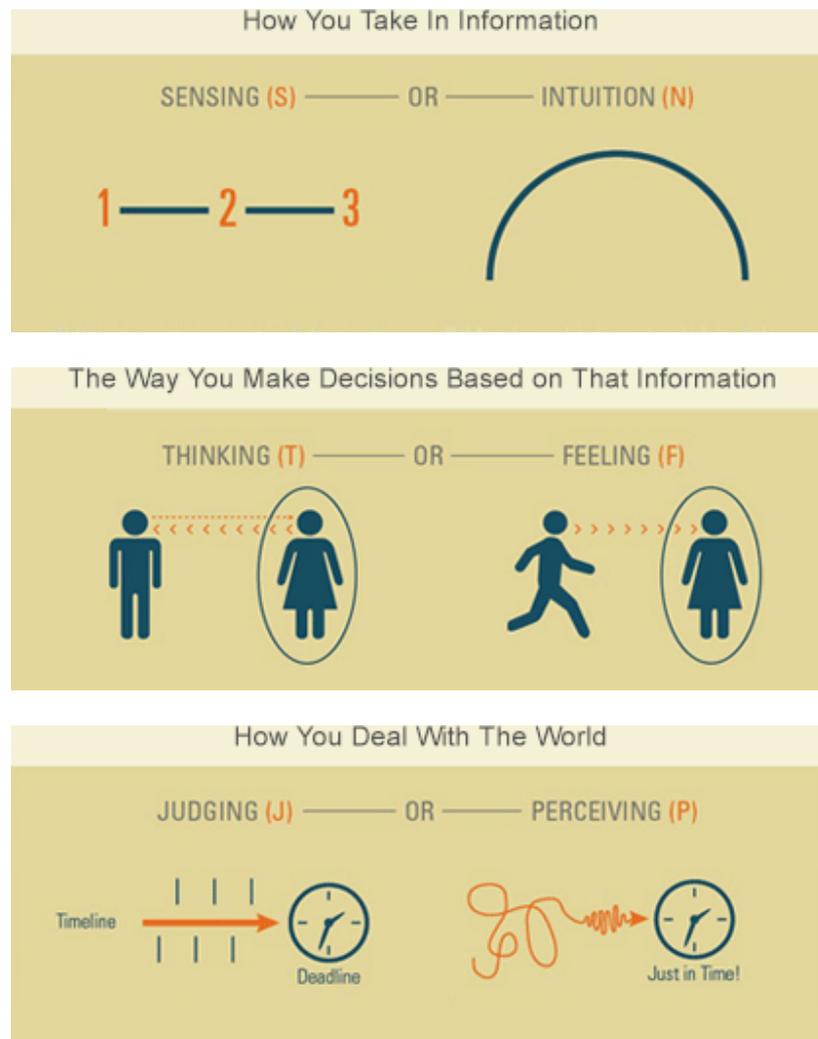
- Easy to grasp, insightful, and thought provoking
- Reliable and valid, backed by ongoing global research and development investment
- Highly flexible in terms of administration options and applications
- Available in 20+ languages—with new translations in the pipeline and with culturally appropriate norms for each country for which a translation is available
- Backed by excellent support and guidance through CPP's global distributor network

**The MBTI assessment is ideal for a wide range of applications, including :**

- Team development—helps ease communication among team members, identify team strengths and weaknesses, and create action plans for improved performance.
- Leadership development—deepens leaders' understanding of their personality type and the types of those they are leading to help them manage better, give more meaningful feedback, and improve individual and team performance.
- Conflict management—improves skills in identifying sources of conflict and intervening early to prevent underperformance, disruption, and disengagement.
- Stress management—builds resilience, increases productivity, and offers strategies for identifying and managing stress triggers.
- Career transition and planning—helps guide individuals on career choice, development, and management.

**MBTI Preferences :**





Reference : <https://www.cpp.com/products/mbti/index.aspx>

### MBTI Brand Portfolio

There are different forms of the MBTI assessment to address different needs.

- MBTI Step I (Form M): Identifies an individual's 4-letter personality type (made up of four basic preferences) and provides a common language for how we interact with the world and each other. The insights gained provide a framework for tackling a broad range of issues that can be applied in both professional and personal situations.
- MBTI Step II (Form Q): Delves beyond the 4-letter type framework proposed by Step I and uncovers the many different facets of type that make each individual unique. These deeply personalized insights are perfect for coaching, action planning and building cohesive teams.

As a practitioner, you can choose which version of the instrument will best suit the specific development goals for a given opportunity.

### MBTI Step I™ (Form M) Key Highlights

- 93 items, available in print and online formats, takes approximately 20 minutes to complete
- Powerful application and problem solving over a broad range of issues, from stress management to communication to innovation

- Identifies individuals' 4-letter Myers-Briggs personality type code (e.g. ESTJ)
- Provides a common language for describing how individuals interact with each other and the world around them
- Generates a variety of in-depth reports to support applications, including communication, stress management, decision-making, team dynamics and more

#### **MBTI Step II™ (Form Q) Key Highlights**

- 144 items (including the 93 Step I items), available online, takes approximately 35 minutes to complete
- Drills down to a finer level of detail to explore how individuals of the same personality type may express their personality differently
- Provides individuals' 4-letter Myers-Briggs personality type code plus results on 20 facets of that type
- Provides in-depth development actions across a range of important individual issues
- Generates two reports: Profile and Interpretive Report.

#### **Criticism on MBTI :**

##### **(1) No evidence for dichotomies**

As described in the Four dichotomies section, Isabel Myers considered the direction of the preference (for example, E vs. I) to be more important than the degree of the preference. Statistically, this would mean that scores on each MBTI scale would show a bimodal distribution with most people scoring near the ends of the scales, thus dividing people into either, e.g., an extraverted or an introverted psychological type. However, most studies have found that scores on the individual scales were actually distributed in a centrally peaked manner, similar to a normal distribution, indicating that the majority of people were actually in the middle of the scale and were thus neither clearly introverted nor extraverted. Most personality traits do show a normal distribution of scores from low to high, with about 15% of people at the low end, about 15% at the high end and the majority of people in the middle ranges. But in order for the MBTI to be scored, a cut-off line is used at the middle of each scale and all those scoring below the line are classified as a low type and those scoring above the line are given the opposite type. Thus, psychometric assessment research fails to support the concept of *type*, but rather shows that most people lie near the middle of a continuous curve

##### **(2) Validity and utility**

The content of the MBTI scales is problematic. In 1991, a National Academy of Sciences committee reviewed data from MBTI research studies and concluded that only the I-E scale has high correlations with comparable scales of other instruments and low correlations with instruments designed to assess different concepts, showing strong validity. In contrast, the S-N and T-F scales show relatively weak validity. The 1991 review committee concluded at the time there was "not sufficient, well-designed research to justify the use of the MBTI in career counseling programs". This study based its measurement of validity on "criterion-related validity (i.e., does the MBTI predict specific outcomes related to interpersonal relations or career success/job performance?)."<sup>[48]</sup> There is insufficient evidence to make claims about utility, particularly of the four letter type derived from a person's responses to the MBTI items

##### **(3) Lack of objectivity**

The accuracy of the MBTI depends on honest self-reporting. Unlike some personality questionnaires, such as the 16PF Questionnaire, the Minnesota Multiphasic Personality Inventory, or the Personality Assessment Inventory, the MBTI does not use validity scales to assess exaggerated or socially desirable responses. As a result, individuals motivated to do so can fake

their responses, and one study found that the MBTI judgment/perception dimension correlates weakly with the Eysenck Personality Questionnaire lie scale. If respondents "fear they have something to lose, they may answer as they assume they *should*." However, the MBTI ethical guidelines state, "It is unethical and in many cases illegal to require job applicants to take the Indicator if the results will be used to screen out applicants." The intent of the MBTI is to provide "a framework for understanding individual differences, and ... a dynamic model of individual development".

#### (4) Terminology

The terminology of the MBTI has been criticized as being very "vague and general",<sup>[53]</sup> so as to allow any kind of behavior to fit any personality type, which may result in the Forer effect, where people give a high rating to a positive description that supposedly applies specifically to them. Others argue that while the MBTI type descriptions are brief, they are also distinctive and precise. Some theorists, such as David Keirsey, have expanded on the MBTI descriptions, providing even greater detail.

#### (5) Factor analysis

Researchers have reported that the JP and the SN scales correlate with one another. One factor-analytic study based on (N=1291) college-aged students found six different factors instead of the four purported dimensions, thereby raising doubts as to the construct validity of the MBTI.

#### (6) Correlates

According to Hans Eysenck: "The main dimension in the MBTI is called E-I, or extraversion-introversion; this is mostly a sociability scale, correlating quite well with the MMPI social introversion scale (negatively) and the Eysenck Extraversion scale (positively).<sup>[56]</sup> Unfortunately, the scale also has a loading on neuroticism, which correlates with the introverted end. Thus introversion correlates roughly (i.e. averaging values for males and females) -.44 with dominance, -.24 with aggression, +.37 with abasement, +.46 with counselling readiness, -.52 with self-confidence, -.36 with personal adjustment, and -.45 with empathy. The failure of the scale to disentangle Introversion and Neuroticism (there is no scale for neurotic and other psychopathological attributes in the MBTI) is its worst feature, only equalled by the failure to use factor analysis in order to test the arrangement of items in the scale.

#### (7) Reliability

The test-retest reliability of the MBTI tends to be low. Large numbers of people (between 39% and 76% of respondents) obtain different type classifications when retaking the indicator after only five weeks.<sup>[8][46][57]</sup> In *Fortune Magazine* (May 15, 2013), an article entitled: "Have we all been duped by the Myers-Briggs Test", stated that:

"The interesting -- and somewhat alarming -- fact about the MBTI is that, despite its popularity, it has been subject to sustained criticism by professional psychologists for over three decades. One problem is that it displays what statisticians call low "test-retest reliability." So if you retake the test after only a five-week gap, there's around a 50% chance that you will fall into a different personality category compared to the first time you took the test."

The consequence is that the scores of two people labelled "introverted" and "extraverted" may be almost exactly the same, but they could be placed into different categories since they fall on either side of an imaginary dividing line

### 6.6 Personality Framework : Strengths & Weakness :

The MBTI is the world's most popular personality test. In spite of the fact that it has existed since 1943, the MBTI is still going strong. Recently, newspaper criticisms have tended to accumulate, calling the MBTI no better than random Facebook quizzes. These criticisms are uninformed.

It is true that the MBTI has its weak points. Like everything in life, the MBTI is not perfect. But the idea that the Big Five test should somehow be able to replace the MBTI seems like wishful thinking on behalf of academic psychologists who want to "smash the old icons."

In spite of the fact that the Big Five construct has been around for 35 years or more, it is not at all close to replacing the MBTI. Ordinary people tend to find the Big Five boring and confusing, and conversely, they tend to intuitively "get" the MBTI.

### Strengths

- The **MBTI and Jungian Type** framework packs a lot of complexity into a deceptively simple model. Far from being static stereotypes, the 16 "types" described by Jung, Myers, and Briggs are dynamic entities with vast descriptive potential.
- Clients introduced to the typology recognize it as a useful way of making sense of themselves and others. People with no psychological training intuitively recognize the four dichotomies as real.
- The MBTI endeavors to be normatively neutral, avoiding negative or "wrong" personality traits like neuroticism; all individual differences are described as normal.
- As opposed to the **Big Five system of personality**, the Jungian framework that underpins the MBTI does not simply *describe* the respondent's personality, but also purports to *explain* it.
- The MBTI is extremely simple and minimalistic. As opposed to the Big Five construct, which has 36+ elements, facets, and scales, the MBTI has just 8: Introversive, Extroversion, Sensing, Intuition, Thinking, Feeling, Judging, and Perceiving.
- Clients almost always affirm that they have found the introduction to the instrument valuable, intriguing, and worth their time. Far from feeling reined into one of 16 types, the vast majority of clients experience relief and positive feelings upon getting to discover themselves and their type.

### Weaknesses

- The theory is so deceptively simple that a certain subset of people believe themselves to be experts on the MBTI after two weeks of study or less. They fail to understand how an adequate understanding of the theory is needed to administer the test and interpret the scores.
- Following David Keirsey's corruption of Jung and Myers, clients and professionals ascribe trait qualities to type preferences, leading to an erroneous and inappropriate understanding of type.
- Many people with serious shortcomings or psychological pathologies use the positive type descriptions provided by the MBTI to gloss over these difficulties. Instead of spurring people on towards personal development, the MBTI becomes an excuse and a sedative.
- The simplicity of the test questions causes people to mistakenly assume that the theory itself is simple as well. Again, like Keirsey, they treat Jung's typology as a static system and not as a dynamic one, as he and Myers intended.

So certainly, the MBTI is not without its weaknesses. It is not a comprehensive instrument and should not be taken to say everything about a person's personality. Nonetheless, it is the only known psychometric instrument that is universally accessible and which consistently manages to win hearts all over the world. Thus, the people who come on strong, with their various newspaper

criticisms of the MBTI, should rather think about how to create an instrument that will emulate the unique strengths of the instrument, rather than just banging away at the MBTI while offering nothing to replace it. For the day they offer us something similar-but-better than the MBTI, the fans will migrate, all by themselves.

## 6.7 Machiavellianism in Organizations :

### 6.7.1 What is Machiavellianism

According to the Oxford English Dictionary, Machiavellianism is “the employment of cunning and duplicity in statecraft or general conduct,” it of course getting its derivation from the Italian diplomat, writer and philosopher Niccolo Machiavelli. In modern psychological parlance, it refers to a duplicitous interpersonal style coupled with a pragmatic and narcissistic moral framework.

Some have incorrectly assumed that given their ability to manipulate the crap out of just about anybody, Machiavellian leaders have a relatively high level of intelligence. In fact, many Machiavellian leaders themselves believe this. Not only does research show this isn't the case at all in regards to IQ, it also shows that folks with more Machiavellian tendencies seem to have lower levels of EQ (emotional intelligence) as well.

Short version of the above: These guys aren't as smart as they think they are, and probably aren't as smart as *you* think they are. Also, they may (read: probably do) stink at certain people skills.

Sounds like some managers or executives we all know and see every day, right? Maybe even in the mirror? Here are some of the tell-tale signs, in no particular order, that a leader might have a little more Machiavelli in him or her than he or she would like :

#### 1. Machiavellian leaders are duplicitous.

We can go straight Webster's here. Duplicity is a *contradictory doubleness of thought, speech, or action; especially, the belying of one's true intentions by deceptive words or action*. Sound familiar?

#### 2. Machiavellian leaders are cunning.

These leaders are crafty. They're artists and their finished masterpiece is the result of the crafty use of wiliness and trickery.

#### 3. Machiavellian leaders are narcissistic.

They have excessive and exaggerated feelings of self-importance, though these feelings often masquerade as something more noble. Don't be fooled. Self-interest is the most often and valid impetus of most conscious action for the narcissist.

#### 4. Machiavellian leaders believe the ends justify the means.

Scary.

#### 5. Machiavellian leaders believe everything's part of one big game they're playing.

The workplace, their careers, all the way down to every interaction, is all part of the game for Machiavellian leaders. It's all part of the master plan to either gain or maintain power or influence.

#### 6. Machiavellian leaders excel in control and manipulation.

They know just the buttons to push and have no problems pushing them. You're not doing what they want? Don't worry. You will be soon, and you won't even know how it happened. Or you will, and you'll feel like a little bit of your soul died on the inside. Before long, you realize that your skills, abilities, and so on are really just there for...well...them.

#### 7. Machiavellian leaders would love to be loved, but not at the expense of not being feared...er..."respected."

You've seen *The Godfather*, right?

#### 8. Machiavellian leaders don't usually reveal the entire and/or real reason they're doing something unless it's somehow advantageous to them.

You always feel like you're missing part of the picture. And you usually are.

### 6.7.2 Machiavellianism in Organizations :

**Machiavellianism**, often abbreviated **Mach**, is a personality trait that is characterized with the use of manipulation to achieve power.

Psychologists have developed a series of instruments called **Mach scales** to measure a person's Machiavellian orientation. The continuum spans from being highly manipulative to being highly submissive.

**High Machs** are those who would be considered highly manipulative, not easily persuaded, but persuade others more than low Machs, successful in reaching their goals and tend to win more. People with a high Mach personality tend to be calm, unattached, calculated and look for ways to exploit loose structures or vulnerability in people. High Machs flourish in face-to-face settings where there are limited rules and structure and when emotions hold little value in goal achievement. Therefore, high Machs are best matched in professions that reward their 'do whatever it takes' attitude such as sales or jobs that offer commission for results.

**Low Machs** are on the opposite side of the Mach spectrum and are characterized as being highly submissive. Those individuals with a low Mach orientation are willing to accept direction imposed on them and thrive in highly structured situations. Low Machs are less motivated by things such as power, status, money and competition than high Machs are. Winning is not everything for low Machs; they operate with a much higher set of ethical standards than their high Mach counterparts.

Machiavellianism can be both positive and negative in organizations depending on how it is used. When Machiavellianism is used to increase managerial effectiveness by providing necessary direction to subordinates to accomplish organizational goals, it is considered a positive attribute. However, when Machiavellianism is used for personal gain at the expense of subordinate or organizational success, it would be considered highly negative.

### 6.8 Justifying the Means by the Ends,

**Does the end justifies the means ?** Machiavelli gives a complex answer to this fundamental politic problem.

In the *Prince*, Machiavelli is clearly warned against any attempt to turn what is, because Machiavelli's **philosophy** comes from the nature of men. Hence, The prince must take into account the actual realities. He must be aware and be done with, the specificity of social space and political context of its action. In this space, dominates the appearance, the prince can not ignore it, and must know himself in play, otherwise it will be trapped in this false duality (be-appearance).

Thus the prince should be careful about what they say. Reputation, rumor, are fantastical constructions that can be remotely qualities and defects of the prince, but it is not to turn away, on the contrary, you have to enjoy it, anyway, the Prince is not the master of public opinion, or the impression he gives. It must ensure his appearances, since we can not do without, and Machiavelli said that it should be done with the purpose to be loved by his people. His behavior is justified, as he says throughout his book, in that its aim is to defend the state, and seek to perpetuate it.

We see here that the Machiavellian prince is "Machiavellian" or a tyrant indeed, what it means to Machiavelli, is not that the prince does what he wants, according to his whims, his good will, but it is a fragile, having to practice in a fragile world, and dependent on whatever is "on the outside."

The prince is tripling "dependent":

– it depends on the constitution;

- it depends on the company, or groups that have favored its access to power;
- the moods of each class is changing, we must not make its power to the satisfaction of immediate needs (as, in particular, people quickly forget past favors, cf. chapitre XXVII).

If it is to be loved, it must also be above all fear, but for the sake of the length of the state.

The political virtues are therefore aligned with the private virtues of friendship and mutual trust.

This portrait of the Prince has, analysis, and if it refers to the doctrine of the relationship between fortuna and vertu, nothing cynical. Machiavelli insists only that the prince recognizes the mobility of all things, and they also recognizing thereby the need to remain alert to changing circumstances. Giving advice to princes, Machiavelli wants to avoid that the precariousness of their power, in addition to behavior inconsistent with the political space.

Examples of the view that cruelty well used is a political virtue:

- the inhuman cruelty of Hannibal in the war;
- the pacification of the Romagna by Cesare Borgia: to pacify the country, he put his head Ramirro Orco, a man “cruel and expéditif” and gave him full powers. He managed to quickly get a reputation. But then, Caesar thought that such full powers were no longer needed and could make him odious, for he knew that the stringent measures taken by Ramirro had caused some hatred. C. would therefore show that if cruelty had been committed, it was not his fault, but because of the violent nature of his subordinate. He did then cut into two pieces on the main street of the city, next to him with a piece of wood and a bloody knife. The ferocity of this spectacle engendered in the populace a state of satisfaction and amazement.

**Machiavelli therefore requires a vigorous and judicious use of both virtue and vice, depending on the circumstances may require.** It is the sensible alternative of virtue and vice is “virtue” (virtu). In these passages, therefore, Machiavelli speaks of morality in a totally different way than the classics she opposes the “goodness” ...

Extract from *The Prince*, by **Machiavelli**:

“A skillful legislator, who intends to serve the common interest and that of the homeland rather than his own and that of his heirs, must use all her industry to attract to itself all the power. A wise man will never condemn someone for exercising a way out of the ordinary rules to set a monarchy or a republic based. What is desirable is that if the accused is the result of excuse if the result is good, he is acquitted, this is the case of Romulus. This is not the violence that restores, but violence should be condemned to ruin. The legislature will have enough wisdom and virtue not to bequeath to others the authority he has taken in hand with men being more prone to evil than good, his successor might misuse of the authority for his part he will have well worn, and in fact one man is capable of forming a government, but the duration is short and the state and its laws if the execution was placed in the hands of a single ; a way to assure it is to entrust the care and custody of many.”

**The end justifies the means**, the. A good outcome excuses any wrongs committed to attain it. For example, He's campaigning with illegal funds on the theory that if he wins the election the **end** will **justify the means**, or The officer tricked her into admitting her guilt—the **end** sometimes **justifies the means**. Mansfield translates this as, “*When the act accuses, the result excuses.*”

## 6.9 Narcissism in organizations : Definition, Characteristics, and Effects on the Workplace,

**Narcissism is a personality disorder and** is a mental **disorder** in which people have an inflated sense of their own importance, a deep need for admiration and a lack of empathy for others. But

behind this mask of ultraconfidence lies a fragile self-esteem that's vulnerable to the slightest criticism.

**Narcissistic leadership** is a **leadership** style in which the **leader** is only interested in him/herself. Their priority is themselves - at the expense of their people/group members. This **leader** exhibits the characteristics of a **narcissist**: arrogance, dominance and hostility.

Hambrick, going from the psychological literature, defines a narcissist as someone showing the following four personality characteristics:

- (1) **Exploitativeness/Entitlement** → *I insist upon getting the respect that is due to me;*
- (2) **Leadership/Authority** → *I like to be the center of attention;*
- (3) **Superiority/Arrogance** → *I am better than others;* and
- (4) **Self-absorption/Self-admiration** → *I am preoccupied with how extraordinary and special I am.*

One of the key challenges Don faced in studying this topic is that it's hard to approach a corporate CEO who you believe to be a narcissist and ask him to fill out a personality questionnaire to see how narcissistic he is. You don't get past his assistant with that request. So, anyone studying the topic has to find unobtrusive ways at assessing how narcissistic someone actually is.

Narcissism in organizations can be very detrimental to corporate success. There are nine associated characteristics for which companies can screen potential employees in order to prevent a narcissist from being hired.

#### **Definition of Narcissism :**

Junk Toys has a huge problem. The company has been taken over by **narcissistic** employees. This is hurting company morale and profits. Many of the company's workers are exhibiting an all-pervasive pattern of grandiosity, need for admiration or adulation and a lack of empathy. This has led to poor communication, constant fights, poor profits and a loss of market share. The CEO has called in a highly qualified team to rid the company of narcissistic behavior. He has hired the Narcissism Busters. They will identify any narcissistic behavior and clean out the negative traits. Go Narcissism Busters!

The first task for the Narcissism Busters is to identify who their targets are in the company. They need to uncover the employees who are acting in a narcissistic manner and hurting corporate profit and culture. Who should the NB team target? There are some key traits that they can look for to see who they need to eliminate.

#### **Narcissistic Characteristics :**

To fully understand and identify a narcissistic employee, the NB team must be able to recognize the nine associated characteristics:

1. An exaggerated sense of one's own abilities and achievements: The NB team has eliminated Accountant Jim. He always takes over projects that he has no training or skill in and ends up getting the company in trouble with the IRS.
2. A constant need for attention, affirmation and praise: The NB team discovered Administrator Laura constantly complaining to her boss that she is never recognized for her hard work. Her coworkers give much more effort during the workday and are tired of hearing her whining. She is hurting the department's morale.
3. A belief that he or she is unique or 'special' and should only associate with other people of the same status: Special Counsel Randy will not have lunch with any other employees in the company and has bought an expensive desk with corporate money to show the rest of the

company his worth. Since he's not a team player, the NB team quickly tired of his escapades and packed him up as well.

4. Persistent fantasies about attaining success and power: Marketing Manager Jill is never satisfied with her position or salary. She harps on and on and on about how she should be the CEO of the company. She wastes much of her day fantasizing about moving into the corner office. This was any easy target for the NB team.
5. Exploiting other people for personal gain: Finance Manager Rick always takes credit for his subordinates' accomplishments. He goes golfing while they work extra hours so he looks good to his boss.
6. A sense of entitlement and expectation of special treatment: The NB team quickly identified the vice president of operations as a narcissist. She's been trying to force the board of directors to set up her office with a personal spa. She feels that she alone deserves special treatment and wants extras that other managers and vice presidents do not request. She was eliminated by the team as well.
7. A preoccupation with power or success: Recent hire Amanda spends all her time planning how to get ahead and take over the advertising department. She purposely sabotages coworkers' projects to make herself look better. Amanda feels that anything is allowable if it brings her a promotion. The NB team promoted her directly to the unemployment line today.
8. Feeling envious of others or believing that others are envious of him or her: Front Desk Manager Stan is jealous of his coworkers. He spends most of his time being negative or insulting employees. Even customers have been on the biting end of his sarcastic tongue. He was replaced by the NB team with an employee who showed politeness and friendliness to all workers.
9. A lack of empathy for others: Employee Susan never helps out any of her coworkers. One of her coworkers asked Susan to switch a shift so she could take her daughter to the doctor. Susan felt that was a rediculus request and refused.

According to Alan Downs, corporate narcissism occurs when a narcissist becomes the chief executive officer (CEO) or other leadership roles within the senior management team and gathers an adequate mix of codependents around him or her to support the narcissistic behavior. Narcissists profess company loyalty but are only really committed to their own agendas, thus organizational decisions are founded on the narcissist's own interests rather than the interests of the organization as a whole, the various stakeholders, or the society in which the organization operates. As a result, a certain kind of charismatic leader can run a financially successful company on thoroughly unhealthy principles for a time. But the chickens always come home to roost.

Neville Symington has suggested that one of the ways of differentiating a good-enough organisation from one that is pathological is through its ability to exclude narcissistic characters from key posts.

#### **Coping strategies for dealing with a narcissistic manager :**

DuBrin suggests the following coping strategies:

- assess the relationship realistically
- maintain your professionalism
- flatter the narcissistic manager
- confront the problem gently and tactfully
- document your accomplishments

- be willing to accept criticism
- over respond to the manager's pet peeves
- maintain a strong network.

Narcissism in the workplace results in poor judgements that turn into costly decisions, ultimately resulting in negative long-term outcomes. As patrimonial bureaucracy spreads throughout the business, it becomes a totalitarian organization.

Corporate narcissism occurs when a narcissist becomes the leader (CEO) or a member of the senior management team and gathers an adequate mix of codependents around him (or her) to support his narcissistic behavior. This leads almost inevitably to a deterioration in the organization's performance. Narcissists profess company loyalty but are only really committed to their own agendas, thus organization decisions are founded on the narcissists' own interests rather than the interests of the organization as a whole, the various stakeholders, or the environment in which the organization operates.

Narcissism relates back to Greek mythology; Narcissus was a handsome young boy who fell in love with his own reflection, then died of starvation by confusing that reflection with his true self. Thus narcissists are addicted to their own image, constantly manipulating others to validate that image, and endlessly searching for attainment of an idealized self, which of course, cannot be achieved. In other words, narcissists rely on manipulating work and social relationships to support a self that cannot internally sustain a sense of well being.

But the narcissist can't succeed without codependents. If the narcissistic personality trait is to be activated, then the narcissist needs to be exposed to trait-relevant situational cues. Codependents, who do whatever the narcissist needs, sometimes working beyond healthy (and sometimes ethical) limits, supply these cues. Narcissists and codependents/enablers are attracted to each other because narcissists crave power and codependents crave security.

#### **Research on narcissistic CEOs :**

The study showed that more narcissistic CEOs spent more on advertising as a percentage of their sales, spent more on R&D as a percentage of their sales, ran up costs more (measured as SG&A as percentage of sales), and took on more debt.

- More narcissistic CEOs also tended to do more acquisitions and pay much higher premiums for the companies they bought.

- More narcissistic CEOs led companies that had more extreme performance results — sometimes they'd do well and other times they'd do terribly.

- They also found more narcissistic CEOs were linked to big performance fluctuations for the companies — for a few years they would do really well but this would usually be followed by several years where they did very poorly

One of the conclusions from the authors is:

It is instructive to juxtapose our study with observations made by Jim Collins in his widely-noted book *Good To Great* (2001). Collins concluded that one of the distinguishing characteristics of good-to-great companies, or those that showed sustained performance improvements over a 15-year period, was that they were headed predominantly by 41 “humble CEOs.” He said, “those who worked with or wrote about the good-to-great leaders continually used words like quiet, humble, modest, reserved, shy, gracious, mild-mannered, self-effacing, understated, did not believe his own clippings, and so on”. Collins did not go so far as to equate “humble” with “non-narcissistic,” but such a link can readily be drawn. Granted, Collins’ sample was small and limited because it was selected on the dependent variable (sustained performance); but his conclusion seems to point to the benefits of nonnarcissistic CEOs. It is worth noting, however, that Collins’ good-to-great

companies were primarily in relatively stable industries, such as paper, steel, and retailing. [Someone] might argue that Collins' "humble CEOs" would not have fared as well in more dynamic settings.

In their newest study of the topic, the authors go a step further to see how narcissistic CEOs react to their successes and stumbles.

They found that:

- Highly narcissistic CEOs are much less responsive to recent objective measures of their performance than less narcissistic CEOs. They found the narcissists would continue to make lots of acquisitions as high premiums, even when their company hadn't been doing well, whereas the less narcissistic CEOs would get more conservative in the face of bad recent results.

- Most interesting though, they found that highly narcissistic CEOs were very responsive to social praise (measured as media praise and media awards) and this would spur them on to increase their pace of acquisitions and premiums paid (which, over time, tended to destroy shareholder value). Less narcissistic CEOs were much less responsive to social praise. In other words, that praise didn't cause them to feel confident enough to go out on a buying spree for companies.

When Don's first article on this topic came out, it immediately sparked a lot of negative press. Blogger Leslie Gaines-Ross called the study pure "CEO bashing." PR exec Richard Edelman chided the professors for not understanding how CEOs operate.

#### **6.10 Risk takers in Business Description & Effects on Organizational Behaviour :**

Organizations must be aware of two different types of individuals: those managers who are risk takers and those who are risk averse. Both types will affect how productivity, profits and success are determined.

##### **Definition of Risk Takers :**

Managers are faced with making decisions throughout their work day. Some decisions are routine or easy, while others are complicated and risky. Certain types of people enjoy taking risks, while others prefer stability and are averse to any type of risk. A **risk taker** is someone who risks everything in the hope of achievement or accepts greater potential for loss in decisions and tolerates uncertainty.

In contrast, there are managers who are **risk averse**, and they choose options that entail fewer risks and prefer familiarity and certainty. Let's take a look at the characteristics of risk takers in an organization with an example of a successful entrepreneur's story.

##### **Risk Characteristics :**

Will Bates was very good with math and science. He felt he was wasting his time in his college classes. Society's message was that a college degree equaled success, but Will wanted to be able to take a different path to achievement. He had some basic characteristics of a risk taker.

1. **Heightened expectations:** This is when a manager has goals that can be unrealistic and unattainable to some, but which the risk taker feels very confident will occur. Will felt the drive to start his own technology business. The product was an advanced computer. He was determined to create the prototype himself and dropped out of college to complete the task. He did all the parts of the product development from design and operations to production and even marketing the final prototype. He eventually realized he needed a support team and hired a basic staff. He treated the staff professionally but demanded excellence.
2. **Constant learning:** This is when a manager refuses to rest on his or her past performance. They are always researching, testing and looking to learn. Will viewed life as a constant

learning journey. He spent years developing his prototype and now constantly works on new technological improvements of his computer.

3. **Embrace change:** A manager who embraces change looks forward to a constant flux of new information and is always trying for improvements. Will was willing to quit college, while his friends were graduating and pursuing a career. He lived close to poverty to develop his computer. He was also willing to change his goals in regards to his company throughout its development. Lastly, he is constantly altering his company's product lines and introducing new technological gadgets.
4. **Trust instincts:** Many risk takers make decisions based on both intelligent data and a gut instinct. It's a feeling that they have regarding a decision. It usually isn't the safest decision or the most practical, but it can lead to great risk and success. When Will finished his first prototype, he invested all of his money into launching his business. If the business failed, he would have been destitute. Fortunately, his gut was correct, and his computer was a huge success.
5. **Gambler:** The last trait is that most risk takers like to gamble against the odds or risk everything. If someone tells them it is not possible, they automatically will try to complete the task. Will's parents constantly nagged him about finishing college. They told him that his prototype was a silly dream. He quickly dismissed their view and forged ahead with his risky vision.

Now, let's take a look at how risk takers affect the organizational behavior of business.

### **Risk Takers :**

Most research shows that women and older men in a business environment are more risk averse. Younger managers are the most risk takers. Managers must fluctuate between taking the right risk and taking a risk that destroys the company. If lower-level managers are discouraged from acting risky, it can hurt productivity and creativity.

The key to allowing risk is an organizational philosophy that allows failure through assessed risks. The ability for workers to utilize the process of trial and error can lead to untapped ideas and success. The last key to harnessing risk in an organization is the ability to not have an **escalation of commitment** situation develop. This is when there is a tendency to continue to support a failing course of action.

## **6.11 Type A and Type B Personalities in Organizations, Definition & Characteristics.**

### **6.11.1. Definition of Various Personalities :**

#### **Type A**

Aggressive involvement in a chronic, incessant struggle to achieve more and more in less and less time and if necessary against the opposing efforts of other things or people

#### **Type B**

Rarely hurried 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 C (cancer-prone) personality**

Characterized as someone who responds to stress with depression and a sense of hopelessness. Type C personalities have a tendency to be introverted, respectful, eager to please, conforming and compliant.

#### **Type D or 'distressed' personality.**

Type D behaviour is characterized by the joint tendency to experience negative emotions and to

inhibit these emotions while avoiding social contacts with others. The observation that cardiac patients with type D personality are at increased risk for cardiovascular morbidity and mortality underlines the importance of examining both acute (e.g. major depression) and chronic (e.g. certain personality features) factors in patients at risk for coronary events. Both type D dimensions (negative affectivity and social inhibition) are associated with greater cortisol reactivity to stress. Elevated cortisol may be a mediating factor in the association between type D personality and the increased risk for coronary heart disease and, possibly, other medical disorders

### **Type E people**

Type E people love to create things, need to be continuously challenged, feels difficulty in delegating work, develop long and lasting friendship, loves to have time for oneself etc. (For details please read [http://www.bethross.com/type-e\\_personality\\_18\\_ctg.htm](http://www.bethross.com/type-e_personality_18_ctg.htm))-

Understanding personality traits is important in the workplace. Type A and Type B are two contrasting personality theories that explain how certain employee characteristics can affect workplace behavior.

People with **Type A personality traits** are aggressive, ambitious, controlling, highly competitive, preoccupied with status, workaholics, hostile, and lack patience. People with **Type B personality traits** are relaxed, less stressed, flexible, emotional and expressive, and have a laid-back attitude.

There can be great difficulties in the workplace when these two personalities have to work together. People who have either of these personality types are usually best at specific tasks within an organization. Let's look at an example.

A huge project needs to be completed at the Fun Town Water Park. Every year, the water park unveils a new water ride. Production has begun on this year's Lava Falls water ride, which carries kids through a volcano on rafts and then shoots them out of the top down a huge slide.

Two managers want to be in charge of completing the project. Type A Alfred and Type B Beatrice have a deadline of May 15th to get the new ride completed and ready for the season. The current report on the ride shows it's behind schedule. Is Alfred or Beatrice the better manager choice to bring this project to completion before the May deadline? A consultant has been hired to investigate both managers and see who should be selected to manage completion of the ride.

### **6.11. 2 Type A Personalities in Organizations, Definition & Characteristics :**

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.

Definition :

Type A personality 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".

Characteristics :

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

Type A Alfred wants to work twelve-hour days and pushes for all of his ideas to be used to get the ride finished. In the past, he has created a hostile work environment with his lack of patience with employees. Workers do not always respond to his demands, and therefore, upper management is worried that the ride will end up further behind schedule.

On the other hand, Alfred is very aggressive and will focus on finishing the job as quickly as possible so he can apply for a promotion to a director position. He is also extremely focused and would stay on top of the suppliers for the project. The consultant spent many hours with Alfred and now has some recommendations that will improve his productivity and work relationships.

Consultant's recommendation: Alfred needs goals with specific times and dates for completion of the ride. Performance incentives need to be tied directly to his overall performance, which includes how his workers rate his managerial skills. Since he is a self-motivator, upper management does not need to micromanage Alfred. However, the consultant feels that Alfred could use a training class on having patience and motivating employees in an efficient manner.

### **6.11.3 Type B Personalities in Organizations, Definition & Characteristics :**

People with Type B personalities are relatively free of the Type A behaviours and characteristics.

Definition :

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".

Characteristics :

- (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.

In contrast to Alfred, Beatrice believes that quality reigns supreme, and she doesn't want to work crazy hours and sacrifice product safety. Since she is a Type B personality, she has an empathetic nature. She has quickly realized that her workers feel unappreciated if they're not complimented. She is also good at adapting to new situations and can tolerate different types of people and different ways of doing things. But there are some negative points in Type B personality traits, too. Beatrice can be a procrastinator and be too casual with her employees.

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.

### **6.11.4 Personality and Work Environment Types :**

Here are the six personality and work environment types based on Holland:

- Realistic*
- Investigative*
- Artistic*
- Social*
- Enterprising*

□ *Conventional*

**Realistic** (Do'er) – Prefers physical activities that require skill, strength, and coordination. Traits include genuine, stable, conforming, and practical. Example professions include architect, farmer, and engineer.

**Investigative** (Thinker) – Prefers working with theory and information, thinking, organizing, and understanding. Traits include: analytical, curious, and independent. Example professions include lawyer, mathematician, and professor.

**Artistic** (Creator) – Prefers creative, original, and unsystematic activities that allow creative expression. Traits include: imaginative, disorderly, idealistic, emotional, and impractical. Example professions include: artist, musician, and writer.

**Social** (Helper) – Prefers activities that involve helping, healing, or developing others. Traits include cooperative, friendly, sociable, and understanding. Example professions include counsellor, doctor, and teacher.

**Enterprising** (Persuader) – Prefers competitive environments, leadership, influence, selling, and status. Traits include ambitious, domineering, energetic, and self-confident. Example professions include Management, Marketing, and Sales Person.

**Conventional** (Organizer) – Prefers precise, rule-regulated, orderly, and unambiguous activities. Traits include conforming, efficient, practical, unimaginative, and inflexible. Example professions include accountant, clerk and editor.

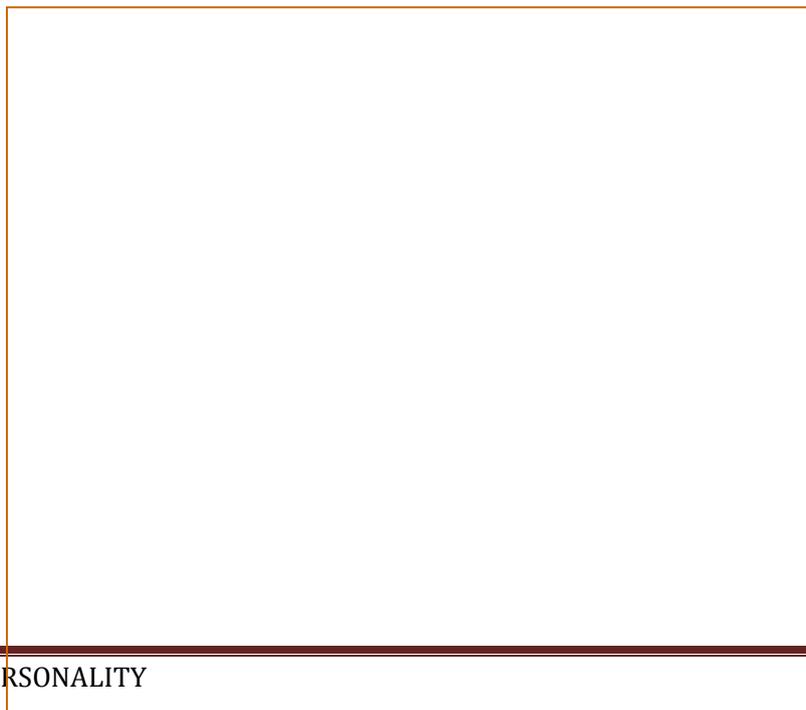
### Match Personalities and Jobs

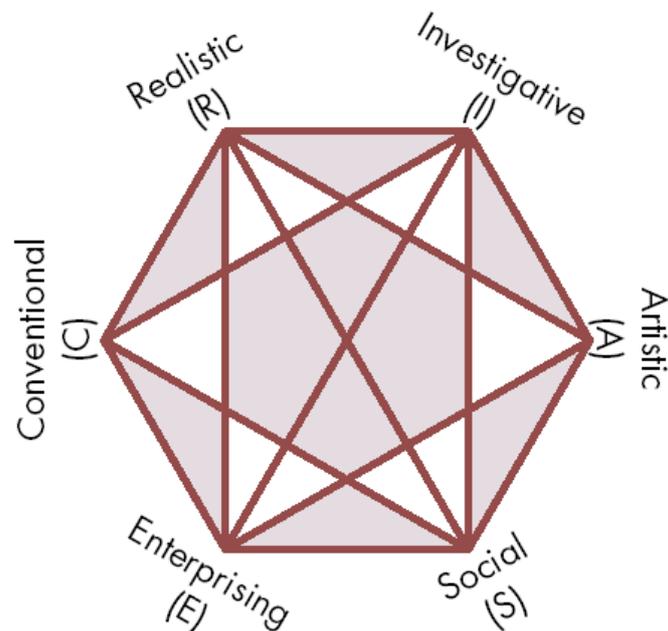
People are happiest when they are put in jobs that match their personality. Robbins writes:

The evidence indicates that employee satisfaction is highest and turnover lowest when personality and occupation are in agreement. social individuals, for instance, should be in social jobs, conventional people in conventional jobs, and so forth.

### Holland's

**Hexagon** Holland created a hexagon view to show the relationships of personality types. Personality types closer to each other are more alike. Personality types further away are least alike.





For example, artistic is least like conventional, but closer to investigative and social.

#### Compatible Work Environments :

The following table summarizes the compatibility of personality type with work environments:

Personality Type	Most Compatible Work Environments	Compatible Work Environments	Least Compatible Work Environments
<b>Realistic</b>	Realistic	<input type="checkbox"/> Investigative <input type="checkbox"/> Conventional	Social
<b>Investigative</b>	Investigative	<input type="checkbox"/> Realistic <input type="checkbox"/> Artistic	Enterprising
<b>Artistic</b>	Artistic	<input type="checkbox"/> Investigative <input type="checkbox"/> Social	Conventional
<b>Social</b>	Social	<input type="checkbox"/> Artistic <input type="checkbox"/> Enterprising	Realistic
<b>Enterprising</b>	Enterprising	<input type="checkbox"/> Social <input type="checkbox"/> Conventional	Investigative
<b>Conventional</b>	Conventional	<input type="checkbox"/> Enterprising <input type="checkbox"/> Realistic	Artistic

*For Example professions that typify persons dominant within a category please refer to*

*[http://en.wikipedia.org/wiki/Holland\\_Codes](http://en.wikipedia.org/wiki/Holland_Codes)*

#### 6.11.5 Personality and organizational behaviour

Personality of individual affects organizational behavior in various ways. Personality is the focal point in determining motivation. Personality characteristics influence selection of individuals to occupy various positions in organizations. The most powerful predictor of behaviour in organizations is one's core self evaluation. The other major personality traits influencing organizational behaviour are :

authoritarianism, locus of control, machiavellianism, introversion-extroversion, achievement orientation, self esteem, risk taking, self monitoring, and type A personality and proactive personality.

Understanding of personality has a number of implications for managing the organisations effectively. These implications are in the area of matching jobs and individuals, designing motivation systems, designing control system.

**1. Matching Jobs and Individuals :** Every job in the organisations requires some specific characteristics of the job performer and one of the basic characteristics is personality of the Job performer. An organisation can do well if it is able to match the jobs and individuals, that is, the personality of the job performer matches with the requirement of the job. The starting point in matching jobs and individuals is recruitment and selection. It is a known fact that every organisation uses some sort of personality test either in written form or through personal interview. The basic idea behind such an exercise is to discover the personality traits of the job seekers so that a match is established between jobs and job seekers. Another area which helps in matching jobs and individuals is training and development. Since people move upward in the organisation, the nature of their job changes which requires a realignment between the job and the job performer. The new personality traits can be developed, albeit in a limited range, through training. The third dimension of matching jobs and individuals is promotion where personality counts a lot.

**2. Designing Motivation System :** All people cannot be motivated by offering the same incentives because of their personality differences. Some people may be motivated by offering financial incentives; some people may not react so favourably to such offers. They may attach more importance to non-financial incentives. Thus, a motivation system which takes into account the personality variables of the people in the organisation is likely to be more suitable.

**3. Designing Control System.** In order to ensure that people contribute in the organisation in desired way, a control system is developed. Such a system may be in the form of tight control leaving no discretion to the people or may provide flexibility. Based on personality variables, different people react differently to a particular type of control system. Thus, the designing of control system must take into account the personality variables of the people.

#### **6.11.6 Measuring Personality**

There are different methods of measuring personality. Some of them are stated below

##### **(a) Graphic rating scale**

In this method, the whole continuum is represented as a straight line which is divided at equal intervals to form a rating scale which is in ascending order like 5>4>3>2>1

1	2	3	4	5
_____ / _____ / _____ / _____ / _____				
poor	below avg. disagree	avg. neutral	good agree	excellent strongly disagree strongly agree

***Dangers of ratings***

1. Overrating - tendency to rate too high
2. Halo effect - because one characteristic is high (or low) we rate the rest that way (first impression?)
3. Stereotyping - tendency to apply a prejudice of a group towards an individual
4. Pigeonholing - tendency to categorize people into a type because of a single characteristic. (the blonde type?)
5. Projection - tendency to attribute our own shortcomings to others.

**(b) Personality test**

A personality test aims to describe aspects of a person's character that remain stable throughout that person's lifetime, the individual's character pattern of behavior, thoughts, and feelings. Personality tests can be scored using a dimensional (normative) or a typological (ipsative) approach. Dimensional approaches such as the Big 5 describe personality as a set of continuous dimensions on which individuals differ. Typological approaches such as the Myers-Briggs Type Indicator (r) describe opposing categories of functioning where individuals differ. Personality tests are broadly classified as inventories and projective tests.

Inventories - Literally “to find out” are objective tests designed to find out all sorts of things about an individual. Answers are usually “yes or no” for e.g. Do you like suspense? Do you endure pain easily? Do you like the outdoors when it’s cold outside? Can you stand the sight of blood? Etc. However, a caution for using inventory is that actual behavior might not be the same as predicted. Our personalities change as we age and experience new things. Scores are only as accurate as the honesty of the answers. Many people answer according to how they would like to be or think they should be. “cheating”, or answering the way you would like to be, or the way you think you should be can be minimized by “lie” questions or “forced choice” questions. Questions can be interpreted differently by different people. Inventories only measure, they cannot predict behavior 100%.

Projective test is a personality test designed to let a person respond to ambiguous stimuli, presumably revealing hidden emotions and internal conflicts. This is different from an “objective test” in which responses are analyzed according to a universal standard (for example, a multiple choice exam). The general theoretical position behind projective tests is that whenever a specific question is asked, the response will be consciously-formulated and socially determined. These responses do not reflect the respondent's unconscious or implicit attitudes or motivations. The respondent's deep-seated motivations may not be consciously recognized by the respondent or the respondent may not be able to verbally express them in the form demanded by the questioner. Advocates of projective tests stress that the ambiguity of the stimuli presented within the tests allow subjects to express thoughts that originate on a deeper level than tapped by

explicit questions. Some projective tests are:

Rorschach Inkblot test - 10 standardized inkblots. Any number of responses allowed.

Holtzman Inkblot test - 45 inkblots. Only 1 response per inkblot.

Pictures and stories - A series of vague photos is shown to a subject who then is asked to tell a story about each picture.

Toys and play - Younger children are given toys to play with while psychologists observe. (play therapy) Finish the background picture-Subjects are given a background picture with no people etc. Cut-outs of various people, pets or objects are supplied. The subject places them on the background and tells a story to go with the completed picture.

Draw a picture-Subject draws a picture and tells a story.

**(c) Interviewing :**

It works best when used with other techniques such as an inventory. Questions can be answered more frankly, and completely and Questions can be explained if not understood. Q & A can be taped for later reference or more careful examination and several interviewers can pool results. However, interviews not always valid.

**(d) Behavior Sampling :**

Real life or simulated situations are used and behavior is observed. e.g. fire fighters, paramedics, and intern teachers. One must be careful that we don't assume that a person will behave similarly in all similar situations.

**(e) Projective Techniques-(The most difficult type to evaluate)**

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), and the sentence completion method are all 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 a popular and valued diagnostic tool.

**Other Types of Tests**

Achievement Tests - measures the amount of information (knowledge) that has been learned in a particular area.

Aptitude Tests - These tests help a person judge if they are likely to be successful in a particular area. A person's score is compared to other people who have taken the test and have gone into a particular kind of work or study.

The Scholastic Aptitude Test (SAT) - Verbal part (words) and Quantitative part (numbers).The more the test writer knows about a particular area the harder it is to construct a good aptitude test, but the easier it is to construct an achievement test.

Vocational Interest Inventories - helps a person determine if their interests are similar to other people who have been successful in a particular vocation (job).These types of tests are mostly valuable for self- examination because they are often easy to fake.

**6.12. Assignment Questions**

Will be dictated in the class.

## CHAPTER 7

### ATTITUDE

**Syllabus** :Attitude, Characteristics of Attitude, Components, Attitude Formation, Measurement of Attitude, Values. Perception, Importance of Perception, Factors influence Perception, Interpersonal Perception, Impression Management.

#### 7.1 Attitude :

##### 7.1.1 Definition of 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 his or her attitude about work.

##### Meaning of Attitudes

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 organization because they have to perceive specific aspects like pay, hours of work, promotion etc., of their job life in the wider context of their generalized attitudes.

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

##### 7.1.2 Characteristics of Attitude :

##### Characteristics of Attitudes

- i. An attitude is the predisposition of the individual to evaluate some objects in a favourable or an unfavourable manner.
- ii. The most pervasive phenomenon is “attitude”. People at work place have attitudes about loss of topics that are related to them. These attitudes are firmly embedded in a complex psychological structure of beliefs.
- iii. Attitudes are different from values. Values are the ideals, whereas attitudes are narrow, they are our feelings, thoughts and behavioural tendencies towards a specific object or situation.
- iv. Attitude is a predisposition to respond to a certain set of facts.
- v. 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 situations with which it is related”. Attitudes thus state one’s predispositions towards given aspects of the world. They also provide an emotional basis for one’s interpersonal relations and identification with others. Managers in work organizations need to know and understand employees’ attitudes in order to manage effectively. Attitudes do influence behavior of people and their performance in organizations.

### Functions of Attitude

Attitudes are known to serve at least four important functions in organization settings.

- (i) **Attitudes determine meaning** :Much of what is seen in the environment and in other people’s behavior is determined by attitude. 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) **Attitude 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.

### 7.1.3 Components of Attitude:

The three components of attitudes are,

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

#### 1. Cognitive Component

This component includes the beliefs an individual has about a certain person, object or situation. The belief that ‘discrimination is wrong’ is a value statement. Such an opinion is the cognitive component of an attitude. Learned beliefs, such as you need to work long hours to get ahead in this job”, lead to attitudes that have an impact on behavior in the workplace. The cognition component of an attitude reflects a person’s perceptions or beliefs. Cognitive elements are evaluative beliefs and are measured by

attitude scales or by asking about thoughts. The statement “*I believe Japanese workers are industrious*” reflects the cognitive component of an attitude. The cognitive component sets the stage for the more critical part of attitude – its affective component.

## 2. Affective Component

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

3. **Behavioural Component:** This component refers to the individual’s behaviour that occurs as a result of his or her feeling about the focal person, object or situation. An individual may complain, request a transfer, or be less productive because he or she feels dissatisfied with work. The behavioural component of an attitude refers to an intention to behave in a certain way towards an object or person. For example, our attitudes towards women in management may be inferred from an observation of the way we behave toward a female supervisor. We may be supportive, passive or hostile depending on our attitude. The behavioural component of an attitude is measured by observing behavior or by asking a person about behavior or intentions.

## Sources of Attitudes

Component	Measured by
A. Affect	Physiological indicators Verbal Statements about Feelings
B. Behavioural intentions	Observed Behaviour Verbal Statements about intentions
C. Cognition	Attitude scales Verbal Statements about beliefs

The ABC model shows that to thoroughly understand an attitude, we must assess all three components. Suppose for example, you want to evaluate your employees attitudes toward flextime (flexible work scheduling). You would want to determine how they feel about flextime (affect), whether they would use flextime (behavioural intention), and what they think about the policy (cognition). The most common method of attitude measurement, the attitude scale, measures only the cognitive component.

Viewing attitudes are made up of three components – cognition, affect and behavior – are helpful toward understanding the complexity and the potential relationship between attitude and behavior. 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 its accessibility. In this way, attitude related information helps process complex information.

Attitudes are acquired from parents, teachers, and peer group members. We model our attitudes after those we admire, respect and fear. We observe the way family and friends behave, and we shape our attitudes and behavior 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 behavior and how to use persuasion to change attitudes.

### 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 Organisational commitment.

1. **Job Satisfaction** : Satisfaction results when a job fulfils or facilitates the attainment of individual values and standards, and dissatisfaction occurs when the job is seen as blocking such attainment. This attitude has received extensive attention by researchers and practitioners because it was at one time believed to be the cause of improved job performance. The term 'job satisfaction' refers to an individual's general attitude towards 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 manager concern for creating bot a humane and high performances workplace, researchers continue to search for definite answers about the cause and consequences of job satisfaction.
2. **Job Involvement** : Job involvement is the degree to which a person identifies with his or her job, actively participates in it and considers his or her performance important to self-worth. Employees with a high level of job involement strongly identify with and really care about the kind of work they do. High levels of job invovlment have been found be related to fewer absences and lower resignation rates.
3. **Organisational Commitment** : Organisational commitment is the degree to which an employee identifies with a particular oraganisation and its goals, and wishes to maintain membership in the organisation. High organisational commitment means identifying with one's employing organisation.

#### 7.1.4 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 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.

2. **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.
3. **Operant Conditioning :**Attitudes that are reinforced, either verbally or non-verbally, tend to be maintained. Conversely, a person who states an attitude that elicits ridicule from others may modify or abandon the attitude.
4. **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 processes that children pick up the prejudices of their parents.
  - 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 behaviours 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. **Modelling :** 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 behavior that reflects an attitude, and the observer adopts this attitude.

### Changing Attitudes :

Can you change unfavourable employee attitudes ? Sometimes it depends on who 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 liked, credible, and convincing. If people like you, they are more apt to identify and adopt your message. Credibility implies trust, expertise, and objectivity. So you are more likely to change an employee's attitude. If that employee sees you as believable, knowledgeable about what you are talking about, and unbiased in your presentation. Finally, successful attitude change is enhanced when you present your arguments clearly and persuasively.

It is easier to change an employee's attitude if he or she is not 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 is easier to change attitudes when that change is not 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 dominance.

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 oneself to remove the employees fears, frustrations and other negative 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 behaviours, can be powerful stimulants for change. Consistent with self perception theory, changes in behavior can lead to changes in attitudes.

### **Attitudes and Behaviour**

Attitude-behaviour correspondence depends on five things :

1. **Attitude Specificity:** Individuals possess both general and specific attitudes. Specific attitude provides a stronger link to behaviour.
2. **Attitude Relevance:** Another factor that affects the attitude-behaviour link is relevance. Attitudes that address an issue in which we have some self-interest are more relevant for us, and our subsequent behavior is consistent with our expressed attitude.
3. **Timing of Measurement:** The timing of the measurement also affects attitude-behaviour correspondence. The shorter the time between the attitude measurement and the observed behavior, the stronger the relationship.
4. **Personality Factors :** Personality factors also influence the attitude behavior link. Our personality disposition that effects the consistency between the attitudes and behavior is self monitoring. Low self-monitors display greater correspondence between their attitudes and behaviours. High self-monitors display little correspondence between their attitudes and behaviours because they behave according to signals from others and from the environment.
5. **Social Constraints :** Social constraints affect the relationship between attitudes and behavior. The social context provides information about acceptable attitudes and behaviour.

#### **7.1.5 Measurement of Attitude :**

An attitude measurement survey is a study, on a properly drawn sample, of a specified population to find out what people in that population feel about a specified issue. Attitude surveys usually use carefully constructed, standardised questionnaires.

**Attitude dimension**

Attitude scaling is the setting up of a scale to provide a basis for assigning a numerical value to a person's attitude and for comparing him or her with other people. This is possible when an attitude is conceptualised as measurable on a single scale. Such a scale may be nominal, ordinal or interval, in theory, although most are constructed and used as though they were interval scales (even when they are ordinal).

There are several established procedures for attitude scaling including the Thurstone, Likert, and Guttman methods.

Attitude scales may be unidimensional although some attitude questionnaires measure more than one dimension, with scores on the different individual questions all allocated to one or other dimension. The extroversion and neuroticism scales of the Eysenck Personality Inventory, the Tactics and Views dimensions of the Machiavellianism scale, and the subscales of the Telic Dominance Scale are all examples.

**Attitude scales :*****Thurstone scale***

A Thurstone scale is an attitude scale consisting of items (in the form of statements) with which the respondent has either to agree or disagree.

Only those items with which they agree are scored. Each item has a value and the respondent's score on the scale corresponds to the median score of the items with which the respondent agrees.

The item scores are usually derived from asking a number of judges to rank each item on the scale using an eleven-point scale reflecting the attitude that is being measured. The final score of each item is the median of the judges' individual scores. Usually, more items are judged than are used and the final selection is based on two criteria: first, that items covering the whole eleven-point range are included; second items should have a small variation (between judges).

***Likert scale***

Likert scaling is an attitude scaling method in which respondents indicate the extent of their agreement with each item on a scale (e.g., a five- or-seven point scale). Their score on the scale is the sum of the scores for each item.

Likert scales were devised in 1932 as a development of Thurstone scales, the aim was to eliminate the unreliability of using intermediary judges in scale construction. Original Likert scales had no neutral or middle point and respondents were 'forced' to some degree of agreement or disagreement with the scale item. This specification is not enforced by most current users of Likert-type scales.

Likert scales are relatively easy to construct. At the pilot stage, each test item is analysed to see to what extent it contributes consistently to the scale. This can be done by correlating each item score with the overall scale score. Alternatively, the sample can be split into quartiles on the basis of their scale score. The mean score on each item for the upper quartile is compared with the mean score on the same item for the lower quartile. The difference in mean scores for each item is called the discriminatory power of the item. Those with larger discriminatory power are preferable, especially if they have overall item score means

approximately equal to the expected mean (i.e., the mean of the possible scores for the item, or mid-point of the range of possible item scores).

Likert scales may not always be unidimensional but the approach basically assumes a single dimension. It has been argued that analysis of a Likert scale could identify clusters that are indicative of a number of dimensions, although this is much weaker than the multi-dimension identification claimed for Guttman scaling.

The Likert method (like Thurstone and latent structure analysis) involves making inferences about the latent classes into which the manifest data can be made to fit. Unlike the Thurstone scale (where judges have to rationally assess an item's relation to others) Likert scale items can be included that need not be overtly related to the attitude being tested. What is included is determined by the item's correlation with the entire scale score. Thus items that show 'underlying' relationships can be included. For some critics, however, this raises issues of objectivity.

The Likert method attains only index measurement.

### ***Semantic differential***

Semantic differential scaling is a flexible method of attitude scaling in which subjects rate the concepts, in which the researcher is interested, on a bipolar (usually) seven-point scale. The two ends of the scale are defined by pairs of adjectives with supposedly opposite meanings (e.g. good/bad, etc.)

### ***Guttman scale***

Guttman attitude scales involve the researcher constructing a set of hierarchical statements relating to the concept under investigation. These statements should reflect an increasing intensity of attitude. The point at which the respondent disagrees with a statement reflects the respondent's scale position.

The ideal Guttman scale is such that if the respondent disagrees, for example, with statement 5 (having agreed with statements 1 to 4) then the respondent will disagree with statements 6 and 7 etc. as these represent more extreme expressions of the attitude being investigated. In practice Guttman scales are not perfect. The rank order of the statements may not be interpreted in the same way by the researcher, the subject or by independent judges. Usually, pilot research indicates a coefficient of reliability of the rank ordering.

The strength of the Guttman method is its capacity to identify more than one dimension in the scale. The coefficient of reproducibility is indicative of the extent to which the material relates to a single dimension. Further, the Guttman approach does not make inferences about the latent nature of the data but manipulates the empirical data directly for the determination of an attitude.

## **7.2 Values :**

Another source of individual differences is values. Values exist at a deeper level than attitudes and are more general and basic in nature. We use them to evaluate our own behavior and that of others. Value is an enduring belief that a specific mode of conduct or end state of existence is personally and socially preferable to the alternative modes of conduct or end states of existence. Once it is internalized, it becomes consciously or unconsciously, a

standard or criterion for guiding action, for developing and maintaining attitudes toward relevant objects and situation, for justifying one's own and others actions and attitudes for morally judging oneself and others, and for comparing oneself with others. Value, therefore, is a standard or yardstick to guide actions, attitudes, evaluations and justifications of the self and others.

Ronald D. White and David A. Bedner 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 individuals evaluations of the many objects encountered in every day 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, 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 organisations shape values.

### **Importance of Values**

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

### **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 is usefulness and practically, 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**

## Instrumental Value

Instrumental values reflect the means to achieving goals ; that is, they represent the acceptable behavior to be used in achieving some end state. Instrumental values 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. A complete list of instrumental and terminal values is presented in the table below.

Table

TERMINAL VALUE	INSTRUMENTAL VALUE
A comfortable life (a prosperous life)	Ambitious (hardworking, aspiring)
An exciting life (a stimulating, active life)	Broad-minded (open-minded)
A sense of accomplishment (lasting contribution)	Capable (competent, effective)
A world of peace (free of war and conflict)	Cheerful (light-hearted, joyful)
A world of beauty (beauty of nature and the arts)	Clean (neat, tidy)
Equality (brotherhood, equal opportunity for all)	Courageous (standing up for your beliefs)
Family security (taking care of loved ones)	Forgiving (willing to pardon others)
Freedom (independenc, free choice)	Helpful (working for the welfare of others)
Happiness (contentedness)	Honest (sincere, truthful)
Inner harmony (freedom from inner conflict)	Imaginative (daring, creative)
Mature love (sexual and spiritual intimacy)	Independent (self-reliant, self-sufficient)
National security (protection from attack)	Intellectual (intelligent, reflective)
Pleasure (an enjoyable, leisurely life)	Logical (consistent, rational)
Salvation (saved, eternal life)	Loving (affectionate, tender)
Self-respect (self-esteem)	Obedient (dutiful, respectful)
Social recognition (respect, admiration)	Polite (courteous, well mannered)
True friendship (close companionship)	Responsible (dependable, reliable)
Wisdom (a mature understanding of life)	Self-controlled (restrained, self-disciplined)

## 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 behavior 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 impartially 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 organisations recruiting job candidates should pay careful attention to an individual’s values.

### Comparison of Attitude and Values :

Both values and attitudes are tinged with morals. There are some similarities and some dissimilarities between the two:

Similarities : The similarities between values and attitudes are

1. Both are learned and acquired from the same sources – experience with people, objects and events
2. Both affect cognitive process and behavior of people.
3. Both are durable, deep rooted and difficult to change.
4. Both influence each other and more often than not, are used interchangeably.

ATTITUDE	VALUE
1. Attitudes exhibit predisposition to respond	1.Values represent judgemental ideas in relation to what is right.
2. Attitudes refer to several beliefs relating to a specific object or situation	2.Values represent single beliefs focused on objects or situations
3.Attitudes are the offshoot of one’s personal experiences	3. Values are derived from social and cultural moves.

## 7.3 Perception

### 7.3.1 Definition of 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.

### 7.3.2 Importance of Perception

Why is perception important in the study of OB ? Simply because people's behaviour is based on their perception of what reality is, not on reality itself. Virtually all management activities rely on perception. In appraising performance, managers use their perceptions of an employee's behaviour as a basis for evaluation. One work situation that highlights the importance of perception is the selection interview. Perception is also culturally determined. Based on our cultural backgrounds, we tend to perceive things in certain ways.

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 are perceiving staff personnel, staff personnel are perceiving line personnel, superiors are perceiving subordinates, 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.

### 7.3.3 Factors influence Perception:

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

- (i) In the perceiver
- (ii) In the object or target being perceived or
- (iii) In the context of the situation in which the perception is made.

1. **Characteristics of the Perceiver** : Several characteristics of the perceived can affect perception. When an individual looks at a target and attempts to interpret when he or she stands for, that interpretation is heavily influenced by personal characteristics of the individual perceiver. The major characteristics of the perceiver influencing perception are,
  - a) **Attitude** : The perceiver's attitudes affect perception. For example, suppose Mr. X is interviewing candidates with suppliers, most of them 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 candidate he interviews.
  - b) **Moods**: Moods can have a strong influence on the way we perceive someone. We think differently when we are happy than we do when we are depressed. In addition, we remember information that is consistent with our mood state better than information that is inconsistent with our mood state. When is a positive mood, we form more positive impressions of others. When in a negative mood, we tend to evaluate others unfavourably.
  - c) **Motives** : Unsatisfied needs or motives stimulate individuals and may exert a strong influence on their perceptions. For example, in an 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 translated into the perception that that others are put to 'get my job', regardless of the intention of the subordinates.

- d) **Self-Concept** : Another factor that can affect social perception is this perceives 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.
- e) **Interest** : The focus of our attention appears to be influenced by our interests. Because our individual interests differ considerably, what one person notices in a situation can differ from what others perceive. For example, the supervisor who has just been reprimanded by his boss for coming late is more likely to notice his colleagues coming late tomorrow than he did last week. If you are preoccupied with a personal problem, you may find it hard to be attentive in class.
- f) **Cognitive Structure** : Cognitive structure, an individual's pattern of thinking, also affects perception. Some people have a tendency to perceive physical traits, such as height, weight, and appearance, more readily. Others tend to focus more on central traits, or personality dispositions. Cognitive complexity allows a person to perceive multiple characteristics of another person rather than attending to just a few traits.
- g) **Expectations**: Finally, expectations can distort your perceptions in that you will see what you expect to see. The research findings of the study conducted by Sheldon S. Zalkind and Timothy W. Costello on some specific characteristics of the perceiver reveal.
- Knowing oneself makes it easier to see others accurately.
  - One's own characteristics affect the characteristics one is likely to see in others.
  - People who accept themselves are more likely to be able to see favourable aspects of other people.
  - Accuracy in perceiving others is not a single skill.

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

### **Characteristics of the Target**

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

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

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

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

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

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

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

### **Characteristics of the Situation**

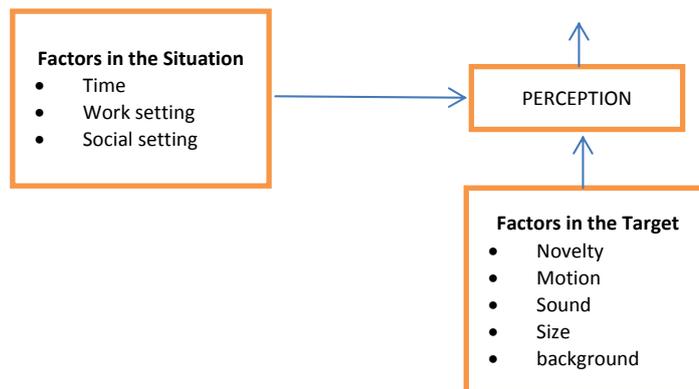
The situation in which the interaction between the perceiver and the target takes place has an influence on the perceiver's impression of the target. For example, a professor may not notice his 20 year old female student in a bikini at the swimming pool. Yet the professor will notice the same girl if she comes to his organizational behavior class in a bikini. In the same way, meeting a messenger in his or her office affect your impression in a certain way that may contrast with the impression you would have formed, 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 behavior. In these situations, we assume that the individual's behavior 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 behavior 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.

The figure below summarizes the factors influencing perception.

#### **Factors in the perceiver**

- Attitudes
- Motives
- Interests
- Experience
- Expectation



### 7.3.4 Interpersonal Perception :

Interpersonal perception begins with the perception of another person, an awareness and appraisal of his attitudes, attributes, intentions and their likely reactions to one's actions. Research was conducted by Zalking and Costello for better understanding of interpersonal perception. The specific characteristics of the perceiver, according to them are:

- (1) Knowing oneself makes it easier to see other accurately.
- (2) One's own characteristics affect the characteristics he is likely to see in others.
- (3) The person who accepts himself is more likely to be able to see favourable aspects of other people.
- (4) Accuracy in perceiving others is not a single skill.

Similarly the characteristics of the person who is being perceived are:

- (1) The status of the person perceived will greatly influence other's perception of him.
- (2) The person being perceived is usually placed into categories to simply the viewer's perceptual activities. Two common categories are status and role.
- (3) The visible traits of the person will greatly influence the perception of him. In order to develop perceptual skills one has to avoid perceptual distortion, make accurate self-perception, put oneself in another person's place and create good impression about oneself.

### 7.3.5 PERCEPTION AND ITS APPLICATION IN ORGANISATIONS

People in organisations are always assessing others. Managers must appraise their subordinate's performance, evaluate how co-workers are working. When a new person joins a department he or she is immediately assessed by the other persons. These have important effect on the organisation.

**Employment Interview:** Interviewers make perceptual judgments that are often inaccurate. Different interviewers see different things in the same candidate and arrive at different conclusions about the applicant. Employment interview is an important input into the hiring decision, and perceptual factors influence who is hired and vis-à-vis the Quality of an organisation's labour force.

**Performance Appraisals:** An employee's performance appraisal is very much dependent on the perceptual process. An employee's future is closely tied to his or her appraisal - promotions, increments and continuation of employment are among the common outcomes. The performance appraisal represents an assessment of an employee's work. While this may be objective most jobs are evaluated in subjective terms. Subjective measures are judgmental. The evaluator forms a general impression of an employee's work, to the degree that managers

use subjective measures in appraising employee's the evaluator perceives to be 'good or bad' employee characteristics/behaviours will significantly influence the appraisal outcome.

**Assessing Level of Effort:** In many organisations, the level of an employee's effort is given high importance. Assessment of an individual's effort is a subjective judgment susceptible to perceptual distortions and bias.

**Assessing Loyalty:** Another important judgment that managers decide about employees is whether they are loyal to the organisation.

### 7.3.6 Implications of Perception on Performance and Satisfaction

**Productivity:** What individuals perceive from their work situation will influence their productivity. More than the situation itself than whether a job is actually interesting or challenging is not relevant. How a manager successfully plans and organises the work of his subordinates and actually helps them in structuring their work is far less important than how his subordinates perceive his efforts. Therefore, to be able to influence productivity, it is necessary to assess how workers perceive their jobs.

**Absenteeism and Turnover:** Absence and Turnover are some of the reactions to the individuals perception. Managers must understand how each individual interprets his job. and where there is a significant difference between what is seen and what exists and try to eliminate the distortions. Failure to deal with the differences when individuals perceive the job in negative terms will result in increased absenteeism and turnover.

**Job Satisfaction:** Job satisfaction is a highly subjective, and feeling of the benefits that derive from the job. Clearly his variable is critically linked to perception. If job satisfaction is to be improved, the worker's perception of the job characteristics, supervision and the organisation as a whole must be positive.

Understanding the process of perception is important because

- (1) It is unlikely that any person's definition of reality will be identical to an objective assessment of reality.
- (2) It is unlikely that two different person's definition of reality will be exactly the same.
- (3) Individual perceptions directly influences the behaviour exhibited in a given situation.

The important fact is that people who work together often see things differently, and this difference can create problems in their ability to work together effectively. In order to decrease the errors involved in perception, one has to keep in mind the way the perceptual process works. By understanding the process one can do a better job at minimizing their negative effect. Secondly, one can compare one's perception with other people, if they are representing different backgrounds, cultures or training. This may lead to agreements or otherwise, communications can help to sort out the differences. Thirdly, one should understand other person's point of view, it may help to know when one is wrong. The point is that one should listen and understand the other person rather than try to convince him or her that one is right. Fourthly, one should be willing to change, when one comes across new information. Finally, one should view the world in dynamic terms, because one's behaviour can alter the phenomenon that is the basis for one's perceptions, so, one must notice the impact of one's own behaviour.

In short, it can be said that perceptual skills can be enhanced by:

- (1) Knowing and perceiving oneself accurately.
- (2) Being emphatic i.e. to see a situation as it is experienced by others.
- (3) Having positive attitudes, which helps in reduction of perceptual distortions.
- (4) Enhancing one's self-concept, which helps in perceiving more accurately.
- (5) Making a conscious effort to avoid the possible common biases in perception.

(6) Communicating with employees to erase incorrect perceptions.

(7) Avoiding attributions.

Perception is an important process in an organisation. It plays a vital role in forming the basis of one's behaviour by which one formulates a view of the world.

#### **7.4 Impression Management :**

Impression is an attempt by an individual to manipulate or control the impressions that others form about them. People in organisations use several impression management tactics to affect how others perceive them. They are especially likely to use these tactics when talking with people who have power over them or on whom they are dependent for raises, promotions, and good job assignments. Impression management is used by individuals at all organizational levels as they talk with suppliers, coworkers, managers, and others – and vice versa. According to Jones and Pitman, individuals engage in five impression management tactics.

1. **Ingratiation:** They seek to be viewed positively by flattering others or offering to do favours for them.
2. **Self promotion:** They tout their abilities and competence.
3. **Exemplification:** They seek to be viewed as dedicated by going above and beyond the call of duty.
4. **Supplication:** They seek to be viewed as needing help because of limitations
5. **Intimidation:** They seek to be viewed as powerful and threatening.

The above five common impression management tactics are also listed as : behavioural matching, self promotion, conforming to norms, flattering others and being consistent.

Impression management provides another example of an individual difference. Some people seem preoccupied with impression management, others are less concerned about how they might be perceived. However, most people care about the impressions they make on others, at least part of the time. Certainly, in organisations the impressions made on others may have significant implications for employees careers. That consideration is illustrated in the following managing Self Competency features.

Most people want to make a 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 organisations, where individuals compete for jobs, favourable performance evaluations and salary increases. Some impression management techniques used in organisations 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.
3. **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 a beneficial one in organisations. However, a strongly negative overall impression management can lead to the perception that the user is manipulative or insincere.

### **Impression Management Strategies:**

**(a) Demotion preventive Strategy:** - try to minimize responsibility for some negative event or to stay out of trouble.

1. Accounts: Employees' attempts to excuse or justify their actions. Eg. Not doing something on time because of another high priority assignment.

2. Apologies: Apologize to boss for some negative event. Eg. Gives the impression that the individual is sorry and indicates that it will not happen again.

3. Disassociation: When employees are indirectly associated with something that went wrong, they may

secretly tell the boss that they fought for the right thing but were overruled. Eg. They are a member of a committee that made a wrong decision- such people try to remove themselves both from the group and from the responsibility for the problem.

**(b) Promotion enhancing Strategy:** try to seek maximum responsibility for a positive outcome or to look better than they really are.

1. Entitlements: Employees feel that they have not been given credit for the positive outcome.

2. Enhancements: Here employees may have received the credit, but they point out that they really did more and had a bigger impact than originally thought.

3. Obstacle disclosures: Here employees identify either personal (health or family) or organization (lack of resources or cooperation) obstacles they had to overcome to accomplish an outcome. - i.e. try to create an impression that they obtained the positive outcome despite the big obstacles and so they deserve a lot of credit.

4. Association: The employees make sure to be seen with the right people at the right times, thus creating an impression that the employee is well-connected and associated with successful projects.

### **7.5 Assignment Questions**

(1)

### **Case Studies Websites :**

(1) <http://ibscdc.org/free-case-studies.asp>

- (2) [http://pdf.wri.org/bell/case\\_1-56973-137-3\\_full\\_version\\_a\\_english.pdf](http://pdf.wri.org/bell/case_1-56973-137-3_full_version_a_english.pdf)
- (3) <https://weatherhead.case.edu/centers/fowler/research/case-studies/department?idDept=339>
- (4)

**CHAPTER 8****Cases Study in Organizational Behaviour & Term Research Papers****WHAT IS CASE STUDY ANALYSIS?**

A case study presents an account of what happened to a business or industry over a number of years. It chronicles the events that managers had to deal with, such as changes in the competitive environment, and charts the managers' response, which usually involved changing the business- or corporate-level strategy.

Cases prove valuable in a course for several reasons. First, cases provide you, the student, with experience of organizational problems that you probably have not had the opportunity to experience firsthand. In a relatively short period of time, you will have the chance to appreciate and analyze the problems faced by many different companies and to understand how managers tried to deal with them.

Second, cases illustrate what you have learned. The meaning and implication of this information are made clearer when they are applied to case studies. The theory and concepts help reveal what is going on in the companies studied and allow you to evaluate the solutions that specify companies adopted to deal with their problems. Consequently, when you analyze cases, you will be like a detective who, with a set of conceptual tools, probes what happened and what or who was responsible and then marshals the evidence that provides the solution. Top managers enjoy the thrill of testing their problem-solving abilities in the real world. It is important to remember, after all, that no one knows what the right answer is. All that managers can do is to make the best guess. In fact, managers say repeatedly that they are happy if they are right only half the time in solving strategic problems. Management is an uncertain game, and using cases to see how theory can be put into practice is one way of improving your skills of diagnostic investigation.

Third, case studies provide you with the opportunity to participate in class and to gain experience in presenting your ideas to others. Instructors may sometimes call on students as a group to identify what is going on in a case, and through classroom discussion the issues in and solutions to the case problem will reveal themselves. In such a situation, you will have to organize your views and conclusions so that you can present them to the class. Your classmates may have analyzed the issues differently from you, and they will want you to argue your points before they will accept your conclusions; so be prepared for debate. This is how decisions are made in the actual business world.

Instructors also may assign an individual, but more commonly a group, to analyze the case before the whole class. The individual or group probably will be responsible for a thirty- to forty-minute presentation of the case to the class. That presentation must cover the issues involved, the problems facing the company, and a series of recommendations for resolving the problems. The discussion then will be thrown open to the class, and you will have to defend your ideas. Through such discussions and presentations, you will experience how to convey your ideas effectively to others. Remember that a great deal of managers' time is spent in these kinds of situations, presenting their ideas and engaging in discussion with other managers, who have their own views about what is going on. Thus, you will experience in the classroom the actual process of what goes on in a business setting, and this will serve you well in your future career.

If you work in groups to analyze case studies, you also will learn about the group process involved in working as a team. When people work in groups, it is often difficult to schedule time and allocate responsibility for the case analysis. There are always group members who shirk their responsibilities and group members who are so sure of their own ideas that they try to dominate the group's analysis. Most business negotiations take place in groups, however, and it is best if you learn about these problems now.

### ANALYZING A CASE STUDY

As just mentioned, the purpose of the case study is to let you apply the concepts you've learned when you analyze the issues facing a specific company. To analyze a case study, therefore, you must examine closely the issues with which the company is confronted. Most often you will need to read the case several times - once to grasp the overall picture of what is happening to the company and then several times more to discover and grasp the specific problems.

Generally, detailed analysis of a case study should include eight areas:

1. The history, development, and growth of the company over time
2. The identification of the company's internal strengths and weaknesses
3. The nature of the external environment surrounding the company
4. A SWOT analysis
5. The kind of corporate-level strategy pursued by the company
6. The nature of the company's business-level strategy
7. The company's structure and control systems and how they match its strategy
8. Recommendations

To analyze a case, you need to apply what you've learned to each of these areas. We offer a summary of the steps you can take to analyze the case material for each of the eight points we just noted.

1. **Analyze the company's history, development, and growth.** A convenient way to investigate how a company's past strategy and structure affect it in the present is to chart the critical incidents in its history - that is, the events that were the most unusual or the most essential for its development into the company it is today. Some of the events have to do with its founding, its initial products, how it makes new-product market decisions, and how it developed and chose functional competencies to pursue. Its entry into new businesses and shifts in its main lines of business are also important milestones to consider.
2. **Identify the company's internal strengths and weaknesses.** Once the historical profile is completed, you can begin the SWOT analysis. Use all the incidents you have charted to develop an account of the company's strengths and weaknesses as they have emerged historically. Examine each of the value creation functions of the company, and identify the functions in which the company is currently strong and currently weak. Some companies might be weak in marketing; some might be strong in research and development. Make lists of these strengths and weaknesses. The SWOT checklist gives examples of what might go in these lists.
3. **Analyze the external environment.** The next step is to identify environmental opportunities and threats. Here you should apply all information you have learned on industry and macroenvironments, to analyze the environment the company is confronting. Of particular importance at the industry level is Porter's five forces model and the stage of the life cycle model. Which factors in the macroenvironment will appear salient depends on the specific company being analyzed. However, use

each factor in turn (for instance, demographic factors) to see whether it is relevant for the company in question.

Having done this analysis, you will have generated both an analysis of the company's environment and a list of opportunities and threats. The SWOT checklist lists some common environmental opportunities and threats that you may look for, but the list you generate will be specific to your company.

4. **Evaluate the SWOT analysis.** Having identified the company's external opportunities and threats as well as its internal strengths and weaknesses, you need to consider what your findings mean. That is, you need to balance strengths and weaknesses against opportunities and threats. Is the company in an overall strong competitive position? Can it continue to pursue its current business- or corporate-level strategy profitably? What can the company do to turn weaknesses into strengths and threats into opportunities? Can it develop new functional, business, or corporate strategies to accomplish this change? Never merely generate the SWOT analysis and then put it aside. Because it provides a succinct summary of the company's condition, a good SWOT analysis is the key to all the analyses that follow.
5. **Analyze corporate-level strategy.** To analyze a company's corporate-level strategy, you first need to define the company's mission and goals. Sometimes the mission and goals are stated explicitly in the case; at other times you will have to infer them from available information. The information you need to collect to find out the company's corporate strategy includes such factors as its line(s) of business and the nature of its subsidiaries and acquisitions. It is important to analyze the relationship among the company's businesses. Do they trade or exchange resources? Are there gains to be achieved from synergy? Alternatively, is the company just running a portfolio of investments? This analysis should enable you to define the corporate strategy that the company is pursuing (for example, related or unrelated diversification, or a combination of both) and to conclude whether the company operates in just one core business. Then, using your SWOT analysis, debate the merits of this strategy. Is it appropriate, given the environment the company is in? Could a change in corporate strategy provide the company with new opportunities or transform a weakness into a strength? For example, should the company diversify from its core business into new businesses?

Other issues should be considered as well. How and why has the company's strategy changed over time? What is the claimed rationale for any changes? Often it is a good idea to analyze the company's businesses or products to assess its situation and identify which divisions contribute the most to or detract from its competitive advantage. It is also useful to explore how the company has built its portfolio over time. Did it acquire new businesses, or did it internally venture its own? All these factors provide clues about the company and indicate ways of improving its future performance.

6. **Analyze business-level strategy.** Once you know the company's corporate-level strategy and have done the SWOT analysis, the next step is to identify the company's business-level strategy. If the company is a single-business company, its business-level strategy is identical to its corporate-level strategy. If the company is in many businesses, each business will have its own business-level strategy. You will need to identify the company's generic competitive strategy - differentiation, low cost, or focus - and its investment strategy, given the company's relative competitive position and the stage of the life cycle. The company also may market different products using different business-level strategies. For example, it may offer a low-cost product range

and a line of differentiated products. Be sure to give a full account of a company's business-level strategy to show how it competes.

7. Identifying the functional strategies that a company pursues to build competitive advantage through superior efficiency, quality, innovation, and customer responsiveness and to achieve its business-level strategy is very important. The SWOT analysis will have provided you with information on the company's functional competencies. You should further investigate its production, marketing, or research and development strategy to gain a picture of where the company is going. For example, pursuing a low-cost or a differentiation strategy successfully requires a very different set of competencies. Has the company developed the right ones? If it has, how can it exploit them further? Can it pursue both a low-cost and a differentiation strategy simultaneously?
8. The SWOT analysis is especially important at this point if the industry analysis, particularly Porter's model, has revealed the threats to the company from the environment. Can the company deal with these threats? How should it change its business-level strategy to counter them? To evaluate the potential of a company's business-level strategy, you must first perform a thorough SWOT analysis that captures the essence of its problems.  
Once you complete this analysis, you will have a full picture of the way the company is operating and be in a position to evaluate the potential of its strategy. Thus, you will be able to make recommendations concerning the pattern of its future actions. However, first you need to consider strategy implementation, or the way the company tries to achieve its strategy.
9. **Analyze structure and control systems.** The aim of this analysis is to identify what structure and control systems the company is using to implement its strategy and to evaluate whether that structure is the appropriate one for the company. Different corporate and business strategies require different structures. For example, does the company have the right level of vertical differentiation (for instance, does it have the appropriate number of levels in the hierarchy or decentralized control?) or horizontal differentiation (does it use a functional structure when it should be using a product structure?)? Similarly, is the company using the right integration or control systems to manage its operations? Are managers being appropriately rewarded? Are the right rewards in place for encouraging cooperation among divisions? These are all issues that should be considered.  
In some cases there will be little information on these issues, whereas in others there will be a lot. Obviously, in analyzing each case you should gear the analysis toward its most salient issues. For example, organizational conflict, power, and politics will be important issues for some companies. Try to analyze why problems in these areas are occurring. Do they occur because of bad strategy formulation or because of bad strategy implementation?  
Organizational change is an issue in many cases because the companies are attempting to alter their strategies or structures to solve strategic problems. Thus, as a part of the analysis, you might suggest an action plan that the company in question could use to achieve its goals. For example, you might list in a logical sequence the steps the company would need to follow to alter its business-level strategy from differentiation to focus.
10. **Make recommendations.** The last part of the case analysis process involves making recommendations based on your analysis. Obviously, the quality of your

recommendations is a direct result of the thoroughness with which you prepared the case analysis. The work you put into the case analysis will be obvious to the professor from the nature of your recommendations. Recommendations are directed at solving whatever strategic problem the company is facing and at increasing its future profitability. Your recommendations should be in line with your analysis; that is, they should follow logically from the previous discussion. For example, your recommendation generally will center on the specific ways of changing functional, business, and corporate strategy and organizational structure and control to improve business performance. The set of recommendations will be specific to each case, and so it is difficult to discuss these recommendations here. Such recommendations might include an increase in spending on specific research and development projects, the divesting of certain businesses, a change from a strategy of unrelated to related diversification, an increase in the level of integration among divisions by using task forces and teams, or a move to a different kind of structure to implement a new business-level strategy. Again, make sure your recommendations are mutually consistent and are written in the form of an action plan. The plan might contain a timetable that sequences the actions for changing the company's strategy and a description of how changes at the corporate level will necessitate changes at the business level and subsequently at the functional level.

11. After following all these stages, you will have performed a thorough analysis of the case and will be in a position to join in class discussion or present your ideas to the class, depending on the format used by your professor. Remember that you must tailor your analysis to suit the specific issue discussed in your case. In some cases, you might completely omit one of the steps in the analysis because it is not relevant to the situation you are considering. You must be sensitive to the needs of the case and not apply the framework we have discussed in this section blindly. The framework is meant only as a guide and not as an outline that you must use to do a successful analysis.

### WRITING A CASE STUDY ANALYSIS

Often, as part of your course requirements, you will need to present your instructor with a written case analysis. This may be an individual or a group report. Whatever the situation, there are certain guidelines to follow in writing a case analysis that will improve the evaluation your work will receive from your instructor. Before we discuss these guidelines and before you use them, make sure that they do not conflict with any directions your instructor has given you.

The structure of your written report is critical. Generally, if you follow the steps for analysis discussed in the previous section, *you already will have a good structure for your written discussion*. All reports begin with an *introduction* to the case. In it you outline briefly what the company does, how it developed historically, what problems it is experiencing, and how you are going to approach the issues in the case write-up. Do this sequentially by writing, for example, "First, we discuss the environment of Company X...Third, we discuss Company X's business-level strategy... Last, we provide recommendations for turning around Company X's business."

In the second part of the case write-up, the strategic-analysis section, do the SWOT analysis, analyze and discuss the nature and problems of the company's business-level and corporate strategy, and then analyze its structure and control systems. Make sure you use plenty of headings and subheadings to structure your analysis. For example, have separate sections on any important conceptual tool you use. Thus, you might have a section on Porter's five forces

model as part of your analysis of the environment. You might offer a separate section on portfolio techniques when analyzing a company's corporate strategy. Tailor the sections and subsections to the specific issues of importance in the case.

In the third part of the case write-up, present your solutions and recommendations. Be comprehensive, and make sure they are in line with the previous analysis so that the recommendations fit together and move logically from one to the next. The recommendations section is very revealing because, as mentioned earlier, your instructor will have a good idea of how much work you put into the case from the quality of your recommendations.

Following this framework will provide a good structure for most written reports, though obviously it must be shaped to fit the individual case being considered. Some cases are about excellent companies experiencing no problems. In such instances, it is hard to write recommendations. Instead, you can focus on analyzing why the company is doing so well, using that analysis to structure the discussion. Following are some minor suggestions that can help make a good analysis even better.

**1.** Do not repeat in summary form large pieces of factual information from the case. The instructor has read the case and knows what is going on. Rather, use the information in the case to illustrate your statements, to defend your arguments, or to make salient points. Beyond the brief introduction to the company, you must avoid being descriptive; instead, you must be analytical.

**2.** Make sure the sections and subsections of your discussion flow logically and smoothly from one to the next. That is, try to build on what has gone before so that the analysis of the case study moves toward a climax. This is particularly important for group analysis, because there is a tendency for people in a group to split up the work and say, "I'll do the beginning, you take the middle, and I'll do the end." The result is a choppy, stilted analysis because the parts do not flow from one to the next, and it is obvious to the instructor that no real group work has been done.

**3.** Avoid grammatical and spelling errors. They make the paper sloppy.

**4.** In some instances, cases dealing with well-known companies don't include up-to-date research because it was not available at the time the case was written. If possible, do a search for more information on what has happened to the company in subsequent years. Following are sources of information for performing this search:

The *World Wide Web* is the place to start your research. Very often you can download copies of a company's annual report from its Web site, and many companies also keep lists of press releases and articles that have been written about them. Thoroughly search the company's Web site for information such as the company's history and performance, and download all relevant information at the beginning of your project.

*Compact disk sources such as Lotus One Source and InfoTrac* provide an amazing amount of good information, including summaries of recent articles written on specific companies that you can then access in the library.

*F&S Predicasts* provide a listing on a yearly basis of all the articles written about a particular company. Simply reading the titles gives an indication of what has been happening in the company.

*Annual reports on a Form 10-K* often provide an organization chart.

*Companies themselves provide information* if you write and ask for it.

*Fortune, BusinessWeek, and Forbes* have many articles on companies featured in most cases.

*Standard & Poor's* industry reports provide detailed information about the competitive conditions facing the company's industry. Be sure to look at this journal.

**5.** Sometimes instructors hand out questions for each case to help you in your analysis. Use these as a guide for writing the case analysis. They often illuminate the important issues that have to be covered in the discussion.

If you follow the guidelines in this section, you should be able to write a thorough and effective evaluation.

## THE ROLE OF FINANCIAL ANALYSIS

Another important aspect of analyzing a case study and writing a case study analysis is the role and use of financial information. A careful analysis of the company's financial condition immensely improves a case write-up. After all, financial data represent the concrete results of the company's strategy and structure. Although analyzing financial statements can be quite complex, a general idea of a company's financial position can be determined through the use of ratio analysis. Financial performance ratios can be calculated from the balance sheet and income statement. These ratios can be classified into five different subgroups: profit ratios, liquidity ratios, activity ratios, leverage ratios, and shareholder-return ratios. These ratios should be compared with the industry average or the company's prior years of performance. It should be noted, however, that deviation from the average is not necessarily bad; it simply warrants further investigation. For example, young companies will have purchased assets at a different price and will likely have a different capital structure than older companies. In addition to ratio analysis, a company's cash flow position is of critical importance and should be assessed. Cash flow shows how much actual cash a company possesses.

### Profit Ratios

Profit ratios measure the efficiency with which the company uses its resources. The more efficient the company, the greater is its profitability. It is useful to compare a company's profitability against that of its major competitors in its industry. Such a comparison tells whether the company is operating more or less efficiently than its rivals. In addition, the change in a company's profit ratios over time tells whether its performance is improving or declining. A number of different profit ratios can be used, and each of them measures a different aspect of a company's performance. The most commonly used profit ratios are gross profit margin, net profit margin, return on total assets, and return on stockholders' equity.

1. *Gross profit margin*. The gross profit margin simply gives the percentage of sales available to cover general and administrative expenses and other operating costs. It is defined as follows:

$$\text{Gross Profit Margin} = \frac{\text{Sales Revenue} - \text{Cost of Goods Sold}}{\text{Sales Revenue}}$$

2. *Net profit margin*. Net profit margin is the percentage of profit earned on sales. This ratio is important because businesses need to make a profit to survive in the long run. It is defined as follows:

$$\text{Net Profit Margin} = \frac{\text{Net Income}}{\text{Sales Revenue}}$$

3. *Return on total assets*. This ratio measures the profit earned on the employment of assets. It is defined as follows:

$$\text{Return on Total Assets} = \frac{\text{Net Income Available to Common Stockholders}}{\text{Total Assets}}$$

4. Net income is the profit after preferred dividends (those set by contract) have been paid. Total assets include both current and noncurrent assets.
5. *Return on stockholders' equity*. This ratio measures the percentage of profit earned on common stockholders' investment in the company. In theory, a company attempting to maximize the wealth of its stockholders should be trying to maximize this ratio. It is defined as follows:

$$\text{Return on Stockholders' Equity} = \frac{\text{Net Income Available to Common Stockholders}}{\text{Stockholders' Equity}}$$

### Liquidity Ratios

A company's liquidity is a measure of its ability to meet short-term obligations. An asset is deemed liquid if it can be readily converted into cash. Liquid assets are current assets such as cash, marketable securities, accounts receivable, and so on. Two commonly used liquidity ratios are current ratio and quick ratio.

1. *Current ratio*. The current ratio measures the extent to which the claims of short-term creditors are covered by assets that can be quickly converted into cash. Most companies should have a ratio of at least 1, because failure to meet these commitments can lead to bankruptcy. The ratio is defined as follows:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

2. *Quick ratio*. The quick ratio measures a company's ability to pay off the claims of short-term creditors without relying on the sale of its inventories. This is a valuable measure since in practice the sale of inventories is often difficult. It is defined as follows:

$$\text{Quick Ratio} = \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$$

### Activity Ratios

Activity ratios indicate how effectively a company is managing its assets. Inventory turnover and days sales outstanding (DSO) are particularly useful:

1. *Inventory turnover*. This measures the number of times inventory is turned over. It is useful in determining whether a firm is carrying excess stock in inventory. It is defined as follows:

$$\text{Inventory Turnover} = \frac{\text{Cost of Goods Sold}}{\text{Inventory}}$$

2. Cost of goods sold is a better measure of turnover than sales, since it is the cost of the inventory items. Inventory is taken at the balance sheet date. Some companies choose to compute an average inventory, beginning inventory, plus ending inventory, but for simplicity use the inventory at the balance sheet date.
3. *Days sales outstanding (DSO), or average collection period*. This ratio is the average time a company has to wait to receive its cash after making a sale. It measures how effective the company's credit, billing, and collection procedures are. It is defined as follows:

$$\text{DSO} = \frac{\text{Accounts Receivable}}{\text{Total Sales}/360}$$

4. Accounts receivable is divided by average daily sales. The use of 360 is standard number of days for most financial analysis.

### Leverage Ratios

A company is said to be highly leveraged if it uses more debt than equity, including stock and retained earnings. The balance between debt and equity is called the *capital structure*. The optimal capital structure is determined by the individual company. Debt has a lower cost because creditors take less risk; they know they will get their interest and principal. However, debt can be risky to the firm because if enough profit is not made to cover the interest and principal payments, bankruptcy can occur.

Three commonly used leverage ratios are debt-to-assets ratio, debt-to-equity ratio, and times-covered ratio.

1. *Debt-to-assets ratio.* The debt-to-asset ratio is the most direct measure of the extent to which borrowed funds have been used to finance a company's investments. It is defined as follows:

$$\text{Debt-to-Assets Ratio} = \frac{\text{Total Debt}}{\text{Total Assets}}$$

2. Total debt is the sum of a company's current liabilities and its long-term debt, and total assets are the sum of fixed assets and current assets.
3. *Debt-to-equity ratio.* The debt-to-equity ratio indicates the balance between debt and equity in a company's capital structure. This is perhaps the most widely used measure of a company's leverage. It is defined as follows:

$$\text{Debt-to-Equity Ratio} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

4. *Times-covered ratio.* The times-covered ratio measures the extent to which a company's gross profit covers its annual interest payments. If the times-covered ratio declines to less than 1, then the company is unable to meet its interest costs and is technically insolvent. The ratio is defined as follows:

$$\text{Times-Covered Ratio} = \frac{\text{Profit Before Interest and Tax}}{\text{Total Interest Charges}}$$

### Shareholder-Return Ratios

Shareholder-return ratios measure the return earned by shareholders from holding stock in the company. Given the goal of maximizing stockholders' wealth, providing shareholders with an adequate rate of return is a primary objective of most companies. As with profit ratios, it can be helpful to compare a company's shareholder returns against those of similar companies. This provides a yardstick for determining how well the company is satisfying the demands of this particularly important group of organizational constituents. Four commonly used ratios are total shareholder returns, price-earnings ratio, market to book value, and dividend yield.

1. *Total shareholder returns.* Total shareholder returns measure the returns earned by time  $t + 1$  on an investment in a company's stock made at time  $t$ . (Time  $t$  is the time at which the initial investment is made.) Total shareholder returns include both dividend payments and appreciation in the value of the stock (adjusted for stock splits) and are defined as follows:

$$\text{Total Shareholder Returns} = \frac{\text{Stock Price } (t + 1) - \text{Stock Price } (t) + \text{Sum of Annual Dividends per Share}}{\text{Stock Price } (t)}$$

2. Thus, if a shareholder invests \$2 at time  $t$ , and at time  $t + 1$  the share is worth \$3, while the sum of annual dividends for the period  $t$  to  $t + 1$  has amounted to \$0.2, total shareholder returns are equal to  $(3 - 2 + 0.2)/2 = 0.6$ , which is a 60 percent return on an initial investment of \$2 made at time  $t$ .
3. *Price-earnings ratio.* The price-earnings ratio measures the amount investors are willing to pay per dollar of profit. It is defined as follows:

$$\text{Price-Earnings Ratio} = \frac{\text{Market Price per Share}}{\text{Earnings per Share}}$$

4. *Market to book value.* Another useful ratio is market to book value. This measures a company's expected future growth prospects. It is defined as follows:

$$\text{Market to Book Value} = \frac{\text{Market Price per Share}}{\text{Earnings per Share}}$$

5. *Dividend yield.* The dividend yield measures the return to shareholders received in the form of dividends. It is defined as follows:

$$\text{Dividend Yield} = \frac{\text{Dividend per Share}}{\text{Market Price per Share}}$$

6. Market price per share can be calculated for the first of the year, in which case the dividend yield refers to the return on an investment made at the beginning of the year. Alternatively, the average share price over the year may be used. A company must decide how much of its profits to pay to stockholders and how much to reinvest in the company. Companies with strong growth prospects should have a lower dividend payout ratio than mature companies. The rationale is that shareholders can invest the money elsewhere if the company is not growing. The optimal ratio depends on the individual firm, but the key decider is whether the company can produce better returns than the investor can earn elsewhere.

### **Cash Flow**

Cash flow position is simply cash received minus cash distributed. The net cash flow can be taken from a company's statement of cash flows. Cash flow is important for what it tells us about a company's financing needs. A strong positive cash flow enables a company to fund future investments without having to borrow money from bankers or investors. This is desirable because the company avoids the need to pay out interest or dividends. A weak or negative cash flow means that a company has to turn to external sources to fund future investments. Generally, companies in strong-growth industries often find themselves in a poor cash flow position (because their investment needs are substantial), whereas successful companies based in mature industries generally find themselves in a strong cash flow position.

A company's internally generated cash flow is calculated by adding back its depreciation provision to profits after interest, taxes, and dividend payments. If this figure is insufficient to cover proposed new-investment expenditures, the company has little choice but to borrow funds to make up the shortfall or to curtail investments. If this figure exceeds proposed new investments, the company can use the excess to build up its liquidity (that is, through investments in financial assets) or to repay existing loans ahead of schedule.

### **Conclusion**

When evaluating a case, it is important to be *systematic*. Analyze the case in a logical fashion, beginning with the identification of operating and financial strengths and weaknesses and environmental opportunities and threats. Move on to assess the value of a company's current strategies only when you are fully conversant with the SWOT analysis of the company. Ask yourself whether the company's current strategies make sense, given its SWOT analysis. If they do not, what changes need to be made? What are your recommendations? Above all, link any strategic recommendations you may make to the SWOT analysis. State explicitly how the strategies you identify take advantage of the company's strengths to exploit environmental opportunities, how they rectify the company's weaknesses, and how they counter environmental threats. Also, do not forget to outline what needs to be done to implement your recommendations.

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### CASE 1 : Difficult Transitions

Tony Stark had just finished his first week at Reece Enterprises and decided to drive upstate to a small lakefront lodge for some fishing and relaxation. Tony had worked for the previous ten years for the O'Grady Company, but O'Grady had been through some hard times of late and had recently shut down several of its operating groups, including Tony's, to cut costs. Fortunately, Tony's experience and recommendations had made finding another position fairly easy. As he drove the interstate, he reflected on the past ten years and the apparent situation at Reece.

At O'Grady, things had been great. Tony had been part of the team from day one. The job had met his personal goals and expectations perfectly, and Tony believed he had grown greatly as a person. His work was appreciated and recognized; he had received three promotions and many more pay increases.

Tony had also liked the company itself. The firm was decentralized, allowing its managers considerable autonomy and freedom. The corporate Culture was easygoing. Communication was open. It seemed that everyone knew what was going on at all times, and if you didn't know about something, it was easy to find out.

The people had been another plus. Tony and three other managers went to lunch often and played golf every Saturday. They got along well both personally and professionally and truly worked together as a team. Their boss had been very supportive, giving them the help they needed but also staying out of the way and letting them work.

When word about the shutdown came down, Tony was devastated. He was sure that nothing could replace O'Grady. After the final closing was announced, he spent only a few weeks looking around before he found a comparable position at Reece Enterprises.

As Tony drove, he reflected that "comparable" probably was the wrong word. Indeed, Reece and O'Grady were about as different as you could get. Top managers at Reece apparently didn't worry too much about who did a good job and who didn't. They seemed to promote and reward people based on how long they had been there and how well they played the never-ending political games.

Maybe this stemmed from the organization itself, Tony pondered. Reece was a bigger organization than O'Grady and was structured much more bureaucratically. It seemed that no one was allowed to make any sort of decision without getting three signatures from higher up. Those signatures, though, were hard to get. All the top managers usually were too busy to see anyone, and interoffice memos apparently had very low priority.

Tony also had had some problems fitting in. His peers treated him with polite indifference. He sensed that a couple of them resented that he, an outsider, had been brought right in at their level after they had had to work themselves up the ladder. On Tuesday he had asked two colleagues about playing golf. They had politely declined, saying that they did not play often. But later in the week, he had overheard them making arrangements to play that very Saturday.

It was at that point that Tony had decided to go fishing. As he steered his car off the interstate to get gas, he wondered if perhaps he had made a mistake in accepting the Reece offer without finding out more about what he was getting into.

### Case Questions

- (1) Identify several concepts and characteristics from the field of organizational behavior that this case illustrates.
- (2) What advice can you give Tony? How would this advice be supported or tempered by behavioral concepts and processes?
- (3) Is it possible to find an "ideal" place to work? Explain.

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## CASE 2 :

### Humanized Robots?

Helen Bowers was stumped. Sitting in her office at the plant, she pondered the same questions she had been facing for months: how to get her company's employees to work harder and produce more. No matter what she did, it didn't seem to help much.

Helen had inherited the business three years ago when her father, Jake Bowers, passed away unexpectedly. Bowers Machine Parts was founded four decades ago by Jake and had grown into a moderate-size corporation. Bowers makes replacement parts for large-scale manufacturing machines such as lathes and mills. The firm is headquartered in Kansas City and has three plants scattered throughout Missouri.

Although Helen grew up in the family business, she never understood her father's approach. Jake had treated his employees like part of his family. In Helen's view, however, he paid them more than he had to, asked their advice far more often than he should have, and spent too much time listening to their ideas and complaints. When Helen took over, she vowed to change how things were done. In particular, she resolved to stop handling employees with kid gloves and to treat them like what they were: the hired help.

In addition to changing the way employees were treated, Helen had another goal for Bowers. She wanted to meet the challenge of international competition. Japanese firms had moved aggressively into the market for heavy industrial equipment. She saw this as both a threat and an opportunity. On the one hand, if she could get a toehold as a parts supplier to these firms, Bowers could grow rapidly. On the other, the lucrative parts market was also sure to attract more Japanese competitors. Helen had to make sure that Bowers could compete effectively with highly productive and profitable Japanese firms.

From the day Helen took over, she practiced an altogether different philosophy to achieve her goals. For one thing, she increased production quotas by 20 percent. She instructed her first-line supervisors to crack down on employees and eliminate all idle time. She also decided to shut down the company softball field her father had built. She thought the employees really didn't use it much, and she wanted the space for future expansion.

Helen also announced that future contributions to the firm's profit-sharing plan would be phased out. Employees were paid enough, she believed, and all profits were the rightful property of the owner—her. She also had private plans to cut future pay increases to bring average wages down to where she thought they belonged. Finally, Helen changed a number

of operational procedures. In particular, she stopped asking other people for their advice. She reasoned that she was the boss and knew what was best. If she asked for advice and then didn't take it, it would only stir up resentment.

All in all, Helen thought, things should be going much better. Output should be up and costs should be way down. Her strategy should be resulting in much higher levels of productivity and profits.

But that was not happening. Whenever Helen walked through one of the plants, she sensed that people weren't doing their best. Performance reports indicated that output was only marginally higher than before but scrap rates had soared. Payroll costs were indeed lower, but other personnel costs were up. It seemed that turnover had increased substantially and training costs had gone up as a result.

In desperation, Helen finally had hired a consultant. After carefully researching the history of the organization and Helen's recent changes, the consultant made some remarkable suggestions. The bottom line, Helen felt, was that the consultant thought she should go back to that "humanistic nonsense" her father had used. No matter how she turned it, though, she just couldn't see the wisdom in this. People worked to make a buck and didn't want all that participation stuff.

Suddenly, Helen knew just what to do: She would announce that all employees who failed to increase their productivity by 10 percent would suffer an equal pay cut. She sighed in relief, feeling confident that she had finally figured out the answer.

### Case Questions

- (1) How successful do you think Helen Bowers's new plan will be?
- (2) What challenges does Helen confront?
- (3) If you were Helen's consultant, what would you advise her to do?

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### CASE 3 :

#### Culture Shock

Warren Oats was a highly successful executive for American Auto Suppliers, a Chicago-based company that makes original-equipment specialty parts for Ford, GM, and Chrysler. Rather than retreat before the onslaught of Japanese automakers, AAS decided to counterattack and use its reputation for quality and dependability to win over customers in Japan. Oats had started in the company as an engineer and worked his way up to become one of a handful of senior managers who had a shot at the next open vice-presidential position. He knew he needed to distinguish himself somehow, so when he was given a chance to lead the AAS attack on the Japanese market, he jumped at it.

Oats knew he did not have time to learn Japanese, but he had heard that many Japanese executives speak English, and the company would hire a translator anyway. The toughest part about leaving the United States was persuading his wife, Carol, to take an eighteen-month leave from her career as an attorney with a prestigious Chicago law firm. Carol finally persuaded herself that she did not want to miss an opportunity to learn a new culture. So,

armed with all the information they could gather about Japan from their local library, the Oats headed for Tokyo.

Known as an energetic, aggressive salesperson back home, Warren Oats wasted little time getting started. As soon as his office had a telephone—and well before all his files had arrived from the States—Oats made an appointment to meet with executives of one of Japan's leading automakers. Oats reasoned that if he was going to overcome the famous Japanese resistance to foreign companies, he should get started as soon as possible.

Oats felt very uncomfortable at that first meeting. He got the feeling that the Japanese executives were waiting for something. It seemed that everyone but Oats was in slow motion. The Japanese did not speak English well and appeared grateful for the presence of the interpreter, but even the interpreter seemed to take her time in translating each phrase. Frustrated by this seeming lethargy and beginning to doubt the much-touted Japanese efficiency, Oats got right to the point. He made an oral presentation of his proposal, waiting patiently for the translation of each sentence. Then he handed the leader of the Japanese delegation a packet containing the specifics of his proposal, got up, and left. The translator trailed behind him as if wanting to drag out the process even further.

By the end of their first week, both Oats and his wife were frustrated. Oats's office phone had not rung once, which did not make him optimistic about his meeting with another top company the following week. Carol could scarcely contain her irritation with what she had perceived of the Japanese way of life. She had been sure that a well-respected U.S. lawyer would have little trouble securing a job with a Japanese multinational corporation, but the executives she had met with seemed insulted that she was asking them for a job. And the way they treated their secretaries! After only a week in Japan, both Carol and Warren Oats were ready to go home.

A month later, their perspective had changed radically, and both looked back on those first meetings with embarrassment. Within that month, they had learned a lot about the Japanese sense of protocol and attitudes toward women. Warren Oats believed he was beginning to get the knack of doing business with the Japanese in their manner: establishing a relationship slowly, almost ritualistically, waiting through a number of meetings before bringing up the real business at hand, and then doing so circumspectly. It was difficult for Oats to slow his pace, and it made him nervous to be so indirect, but he was beginning to see some value in the sometimes humbling learning process he was going through. Perhaps, he thought, he and Carol could become consultants for other executives who needed to learn the lessons he was beginning to understand.

### Case Questions

- (1) What specific errors did Warren and Carol Oats make during their first week in Japan?
- (2) If you were talking to a non-U.S. businessperson making a first contact with an American company, what advice would you give?

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### CASE 4 :

### Differing Perceptions at Clarkston Industries

Susan Harrington continued to drum her fingers on her desk. She had a real problem and wasn't sure what to do next. She had a lot of confidence in Jack Reed, but she suspected she was about the last person in the office who did. Perhaps if she ran through the entire story again in her mind she would see the solution.

Susan had been distribution manager for Clarkston Industries for almost twenty years. An early brush with the law and a short stay in prison had made her realize the importance of honesty and hard work. Henry Clarkston had given her a chance despite her record, and Susan had made the most of it. She now was one of the most respected managers in the company. Few people knew her background.

Susan had hired Jack Reed fresh out of prison six months ago. Susan understood how Jack felt when Jack tried to explain his past and asked for another chance. Susan decided to give him that chance just as Henry Clarkston had given her one. Jack eagerly accepted a job on the loading docks and could soon load a truck as fast as anyone in the crew.

Things had gone well at first. Everyone seemed to like Jack, and he made several new friends. Susan had been vaguely disturbed about two months ago, however, when another dock worker reported his wallet missing. She confronted Jack about this and was reassured when Jack understood her concern and earnestly but calmly asserted his innocence. Susan was especially relieved when the wallet was found a few days later.

The events of last week, however, had caused serious trouble. First, a new personnel clerk had come across records about Jack's past while updating employee files. Assuming that the information was common knowledge, the clerk had mentioned to several employees what a good thing it was to give ex-convicts like Jack a chance. The next day, someone in bookkeeping discovered some money missing from petty cash. Another worker claimed to have seen Jack in the area around the office strongbox, which was open during working hours, earlier that same day.

Most people assumed Jack was the thief. Even the worker whose wallet had been misplaced suggested that perhaps Jack had indeed stolen it but had returned it when questioned. Several employees had approached Susan and requested that Jack be fired. Meanwhile, when Susan had discussed the problem with Jack, Jack had been defensive and sullen and said little about the petty-cash situation other than to deny stealing the money.

To her dismay, Susan found that rethinking the story did little to solve his problem. Should she fire Jack? The evidence, of course, was purely circumstantial, yet everybody else seemed to see things quite clearly. Susan feared that if she did not fire Jack, she would lose everyone's trust and that some people might even begin to question her own motives.

#### Case Questions

- (1) Explain the events in this case in terms of perception and attitudes. Does personality play a role?
- (2) What should Susan do? Should she fire Jack or give him another chance?

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#### CASE 5 :

### More Than a Paycheck

Lemuel Greene was a trainer for National Home Manufacturers, a large builder of prefabricated homes. National Home had hired Greene fresh from graduate school with a master's degree in English. At first, the company put him to work writing and revising company brochures and helping with the most important correspondence at the senior level. But soon, both Greene and senior management officials began to notice how well he worked with executives on their writing, how he made them feel more confident about it, and how, after working with an executive on a report, the executive often was much more eager to take on the next writing task.

So National Home moved Greene into its prestigious training department. The company's trainers worked with thousands of supervisors, managers, and executives, helping them learn everything from new computer languages to time management skills to how to get the most out of the workers on the plant floor, many of whom were unmotivated high school dropouts. Soon Greene was spending all his time giving short seminars on executive writing as well as coaching his students to perfect their memos and letters.

Greene's move into training meant a big increase in salary, and when he started working exclusively with the company's top brass, it seemed as though he got a bonus every month. Greene's supervisor, Mirela Albert, knew he was making more than many executives who had been with the company three times as long, and probably twice as much as any of his graduate school classmates who concentrated in English. Yet in her biweekly meetings with him, she could tell that Greene wasn't happy.

When Albert asked him about it, Greene replied that he was in a bit of a rut. He had to keep saying the same things over and over in his seminars, and business memos weren't as interesting as the literature he had been trained on. But then, after trailing off for a moment, he blurted out, "They don't need me!" Since the memos filtering down through the company were now flawlessly polished, and the annual report was 20 percent shorter but said everything it needed to, Greene's desire to be needed was not fulfilled.

The next week, Greene came to Albert with a proposal: What if he started holding classes for some of the floor workers, many of whom had no future within or outside the company because many could write nothing but their own names? Albert took the idea to her superiors. They told her that they wouldn't oppose it, but Greene couldn't possibly keep drawing such a high salary if he worked with people whose contribution to the company was compensated at minimum wage.

Greene agreed to a reduced salary and began offering English classes on the factory floor, which were billed by management (who hoped to avoid a wage hike that year) as an added benefit of the job. At first only two or three workers showed up—and they, Greene believed, only wanted an excuse to get away from the nailing guns for awhile. But gradually word got around that Greene was serious about what he was doing and didn't treat the workers like kids in a remedial class.

At the end of the year, Greene got a bonus from a new source: the vice president in charge of production. Although Greene's course took workers off the job for a couple of hours a week, productivity had actually improved since his course began, employee turnover had dropped, and for the first time in over a year, some of the floor workers had begun to apply for

supervisory positions. Greene was pleased with the bonus, but when Albert saw him grinning as he walked around the building, she knew he wasn't thinking about his bank account.

### Case Questions

- (1) What need theories would explain why Lemuel Greene was unhappy despite his high income?
- (2) Greene seems to have drifted into being a teacher. Given his needs and motivations, do you think teaching is an appropriate profession for him?

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### CASE 6 :

#### Equity in Academia

When the last student left Melinda Wilkerson's office at 5:30 p.m., the young English Professor just sat, too exhausted to move. Her desk was piled high with student papers, journals, and recommendation forms. "There goes my weekend," she thought to herself, knowing that just reading and commenting on the thirty journals would take up all of Saturday. She liked reading the journals, getting a glimpse of how her students were reacting to the novels and poems she had them read, watching them grow and change. But recently, as she picked up another journal from the bottomless pile or greeted another student with a smile, she often wondered whether it was all worth it.

Wilkerson had had such a moment about an hour earlier, when Ron Agua, whose office was across the hall, had waved to her as he walked past her door. "I'm off to the Rat," he announced. "Come join us if you ever get free." For a moment Wilkerson had stared blankly at the student before her, pondering the scene at the Rathskeller, the university's most popular restaurant and meeting place. Agua would be there with four or five of the department's senior members, including Alice Bordy, the department chair. All would be glad to have her join them . . . if only she didn't have so much work.

At the start of her first year as an assistant professor, Wilkerson had accepted her overwhelming workload as part of the territory. Her paycheck was smaller and her hours longer than she had expected, but Agua and the other two new faculty members seemed to be suffering under the same burdens.

But now, in her second semester, Wilkerson was beginning to feel that things weren't right. The stream of students knocking on her door persisted, but she noticed that Agua was spending less time talking and more time at his word processor than he had during the first semester. When asked, Agua told her he had reduced his course load because of his extra work on the department's hiring and library committees. He seemed surprised when Wilkerson admitted that she didn't know there was such a thing as a course reduction.

As the semester progressed, Wilkerson realized there was a lot she didn't know about the way the department functioned. Agua would disappear once a week or so to give talks to groups around the state and then would turn those talks into papers for scholarly journals—something Wilkerson couldn't dream of having time to do. She and Agua were still good friends, but she began to see differences in their approaches. "I cut down my office hours this

semester," he told her one day. "With all those students around all the time, I just never had a chance to get my work done."

Wilkerson had pondered that statement for a few weeks. She thought that dealing with students was "getting work done." But when salaries for the following year were announced, she realized what Agua meant. He would be making almost \$1,000 more than she; the human resources committee viewed his committee work as a valuable asset to the department, his talks around the state had already earned him notoriety, and his three upcoming publications clearly put him ahead of the other first-year professors.

Wilkerson was confused. Agua hadn't done anything sneaky or immoral—in fact, everything he did was admirable, things she would have liked to do. His trips to the Rat gave him the inside scoop on what to do and whom to talk to, but she couldn't blame him for that either. She could have done exactly the same thing. They worked equally hard, she thought. Yet Agua already was the highly paid star, whereas she was just another overworked instructor.

As she began piling all the books, papers, and journals into her bag, Wilkerson thought about what she could do. She could quit and go somewhere else where she might be more appreciated, but jobs were hard to find and she suspected that the same thing might happen there. She could charge sex discrimination and demand to be paid as much as Agua, but that would be unfair to him and she didn't really feel discriminated against for being a woman. The university simply didn't value what she did with her time as highly as it valued what Agua did with his.

Putting on her coat, Wilkerson spotted a piece of paper that had dropped out of one of the journals. She picked it up and saw it was a note from Wendy Martin, one of her freshman students. "Professor Wilkerson," it read, "I just wanted to thank you for taking the time to talk to me last week. I really needed to talk to someone experienced about it, and all my other professors are men, and I just couldn't have talked to them. You helped me a whole lot."

Sighing, Wilkerson folded the note, put it in her bag, and closed her office door. Suddenly the pile of journals and the \$1,000 didn't seem so important.

### Case Questions

- (1) What do you think Melinda Wilkerson will do? Is she satisfied with the way she is being treated?
- (2) Explain the behaviors of Wilkerson and Agua using the motivation theories in this chapter.

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### CASE 7 :

#### Enriching Jobs at Standard Decoy

Standard Decoy in Witchell, Maine, has been making traditional wooden hunting decoys since 1927. Cyrus Witchell began the business by carving a couple of ducks a day by hand. Demand and competition have long since driven the company to use modern machinery and

assembly-line techniques, and they now turn out two hundred ducks daily even on the slowest days.

When Stewart Alcorn, Cyrus Witchell's grandson, took over the business, he knew things needed to change. Output hadn't fallen, and the company was surviving financially despite competition from what he called "plastic ducks" from the Far East. But Alcorn noticed that productivity per worker had stayed the same for ten years, even during the period since the company had bought the latest equipment. While touring the plant, he noticed many employees yawning, and he found himself doing the same. No one quit. No one complained. They all gave him a smile when he walked by. But no one seemed excited with the work.

Alcorn decided to take a survey. He appointed a respected worker at each step in the production process to ask each of his or her coworkers questions and to fill in the response sheets. One conclusion emerged from the survey: The "fine-tuners," as Alcorn thought of them, were the most content. That is, those who used fine tools and brushes to get the ducks' heads, expressions, and feathers just right seemed to enjoy their work most. In contrast, the people who planed and cut the wood into blocks, rough-cut the body shapes, spray-painted the body color, and applied the varnish were all pretty bored.

Alcorn had heard about a technique called "job rotation" and decided to try it out. He gave all workers a taste of the "fun" jobs. He asked for volunteers to exchange jobs for one morning a week. The fine-tuners were skeptical, and the other workers were only slightly more enthusiastic. The whole program turned out to be a disaster. Even with guidance, the planers and spray-painters could not master the higher-precision techniques, and the fine-tuners seemed willing to give them only limited assistance. After one trial week, Alcorn gave up.

During a lunch break that Friday, Alcorn was wandering around outside the plant bemoaning his failure. Then he noticed one of the rough-cutters, Al Price, whittling at something with an ordinary pocket knife. It turned out to be a block of wood that he had cut incorrectly and normally would have thrown in the scrap heap. But as Price said, "It kind of looked like a duck, in an odd way," and he had started whittling on it in spare moments.

Alcorn liked what he saw and asked Price if he would be willing to sell him the duck when he got through with it. Price looked surprised, but he agreed. The following week, Alcorn noticed that Price had finished the whittling and was getting one of the fine-tuners to help him paint the duck in a way that made it look even odder. When it was finished, Alcorn offered it to one of his regular customers, who took a look at it and said, "You've got hand made?" and asked if he could order a gross.

By the middle of the next month, Alcorn's "Odd Ducks" program was in full swing. Workers were still responsible for producing the usual number of conventional ducks, but they were allowed to use company tools and materials any time they wanted to work on their own projects. There were no quotas or expectations for the Odd Ducks. Some employees worked on one for weeks; others collaborated and produced one or two a day. Some wouldn't sell their ducks but crafted them to practice their skills and brought them home to display on their mantels. Those who would sell them kept half the selling price. That price usually did not amount to more than their regular hourly wage, but no one seemed to care about the precise amount of income.

The response to the Odd Duck program was so great that Alcorn put up a bulletin board he

called "Odd Letters" as a place to post appreciative notes from customers. Most of these customers, it seemed, had no interest in hunting but just liked to have the ducks around. And when Alcorn learned that some of his customers were in turn selling the ducks as "Cyrus Witchell's Olde Time Odd Ducks," he did not complain.

### Case Questions

- (1) How did the "Odd Ducks" program enrich the jobs at Standard Decoy?
- (2) What motivated workers to participate in making the Odd Ducks?

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### CASE 8 :

#### No More Dawdling Over Dishes

Andy Davis was proud of his restaurant, The Golden Bow. Its location was perfect, its decor tasteful, its clientele generous and distinguished. When he first took over the business a year ago, Davis had worried that the local labor shortage might make it difficult to hire good workers. But he had made some contacts at a local college and hired a group of servers who worked well with customers and with one another. The only problem he still had not solved was the dishwasher.

At first Davis felt lucky when he found Eddie Munz, a local high school dropout who had some experience washing dishes. Davis could not afford to pay a dishwasher more than \$4 an hour, but Eddie did not seem to mind that. Moreover, Eddie seemed to get the dishes clean. But he was so slow! Davis originally thought Eddie just was not quick about anything, but he changed his mind as he observed his behavior in the kitchen. Eddie loved to talk to the cooks, often turning his back on the dishes for minutes at a time to chitchat. He also nibbled desserts off of dirty plates and sprayed the servers with water whenever they got near him. The kitchen was always a mess, and so many dishes piled up that often two hours after closing time, when everything else was ready for the next day, Eddie would still be scraping and squirting and talking. Davis began to wonder if there was a method to Eddie's madness: He was getting paid by the hour, so why should he work faster? But Davis did not like having a constantly sloppy kitchen, so he determined to have a talk with Eddie.

Davis figured out that Eddie had been making \$28 on his reasonably efficient nights and then met with Eddie and made him a proposal. First he asked Eddie how soon he thought he could finish after the last customer left. Eddie said an hour and a quarter. When Davis asked if he would be interested in getting off forty-five minutes earlier than he had been, Eddie seemed excited. And when he offered to pay Eddie the \$28 for a complete job every night, regardless of when he finished, Eddie could hardly contain himself. It turned out he did not like to work until 2:00 a.m., but he needed every dollar he could get.

The next week, a new chalkboard appeared next to the kitchen door leading out to the dining room. On top it read, "Eddie's Goal for a Record Time." By the end of the first week, Davis had printed on the bottom "1." Davis began inspecting the dishes more often than usual, but he found no decrease in the quality of Eddie's work. So on Sunday, he said to Eddie, "Let's try for an hour."

A month later, the board read "42 minutes." The situation in the kitchen had changed radically. The former "Eddie the Slob" had become "Eddie the Perfectionist." His area was spotless, he was often waiting when someone came from the dining room with a stack of dirty plates, and he took it as a personal affront if anyone found a spot on a plate he had washed. Instead of complaining about Eddie squirting them, the servers kidded him about what a worker he had become, and they stacked the plates and separated the silver to help him break his record. And the first time Eddie got done at 12:42, they all went out for an hour on the town together.

### Case Questions

- (1) What did Andy Davis do to change Eddie's behavior?
- (2) Which elements of total quality management and performance management did Andy Davis use?
- (3) Could Davis have used a different system of rewards to get the same results from Eddie Munz?

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### CASE 9 :

#### Stress Takes Its Toll

Larry Field had a lot of fun in high school. He was a fairly good student, especially in math, he worked harder than most of his friends, and somehow he ended up going steady with Alice Shiflette, class valedictorian. He worked summers for a local surveyor, William Loude, and when he graduated Mr. Loude offered him a job as number-three man on one of his survey crews. The pay wasn't very high, but Larry already was good at the work, and he believed all he needed was a steady job to boost his confidence to ask Alice to marry him. Once he did, events unfolded rapidly. He started work in June, he and Alice were married in October, Alice took a job as a secretary in a local company that made business forms, and a year later they had their first child.

The baby came as something of a shock to Larry. He had come to enjoy the independence his own paycheck gave him every week. Food and rent took up most of it, but he still enjoyed playing basketball a few nights a week with his high school buddies and spending Sunday afternoons on the softball field. When the baby came, however, Larry's brow began to furrow a bit. He was only 20 years old, and he still wasn't making much money. He asked Mr. Loude for a raise and got it—his first.

Two months later, one of the crew chiefs quit just when Mr. Loude's crews had more work than they could handle. Mr. Loude hated to turn down work, so he made Larry Field a crew chief, giving his crew some of the old instruments that weren't good enough for the precision work of the top crews, and assigned him the easy title surveys in town. Because it meant a jump in salary, Larry had no choice but to accept the crew chief position. But it scared him. He had never been very ambitious or curious, so he'd paid little attention to the training of his former crew chief. He knew how to run the instruments—the basics, anyway—but every morning he woke up terrified that he would be sent on a job he couldn't handle.

During his first few months as a crew chief, Larry began doing things that his wife thought he had outgrown. He frequently talked so fast that he would stumble over his own words, stammer, turn red in the face, and have to start all over again. He began smoking, too,

something he had not done since they had started dating. He told his two crew members that smoking kept his hands from shaking when he was working on an instrument. Neither of them smoked, and when Larry began lighting up in the truck while they were waiting for the rain to stop, they would become resentful and complain that he had no right to ruin their lungs too.

Larry found it particularly hard to adjust to being "boss," especially since one of his workers was getting an engineering degree at night school and both crew members were the same age as he. He felt sure that Alfonso Reyes, the scholar, would take over his position in no time. He kept feeling that Alfonso was looking over his shoulder and began snapping any time they worked close together.

Things were getting tense at home, too. Alice had to give up her full-time day job to take care of the baby, so she had started working nights. They hardly ever saw each other, and it seemed as though her only topic of conversation was how they should move to California or Alaska, where she had heard that surveyors were paid five times what Larry made. Larry knew his wife was dissatisfied with her work and believed her intelligence was being wasted, but he didn't know what he could do about it. He was disconcerted when he realized that drinking and worrying about the next day at work while sitting at home with the baby at night had become a pattern.

### Case Questions

What signs of stress was Larry Field exhibiting?

How was Larry Field trying to cope with his stress? Can you suggest more effective methods?

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### CASE 10 :

#### Heading Off a Permanent Misunderstanding

Mindy Martin was no longer speaking to Al Sharp. She had been wary of him since her first day at Alton Products; he had always seemed distant and aloof. She thought at first that he resented her MBA degree, her fast rise in the company, or her sense of purpose and ambition. But she was determined to get along with everyone in the office, so she had taken him out to lunch, praised his work whenever she could, and even kept track of his son's Little League feats.

But all that ended with the appointment of the new Midwest marketing director. Martin had had her sights on the job and thought her chances were good. She was competing with three other managers on her level. Sharp was not in the running because he did not have a graduate degree, but his voice was thought to carry a lot of weight with the top brass. Martin had less seniority than any of her competitors, but her division had become the leader in the company, and upper management had praised her lavishly. She believed that with a good recommendation from Sharp, she would get the job.

But Walt Murdoch received the promotion and moved to Topeka. Martin was devastated. It was bad enough that she did not get the promotion, but she could not stand the fact that Murdoch had been chosen. She and Al Sharp had taken to calling Murdoch "Mr. Intolerable" because neither of them could stand his pompous arrogance. She felt that his being chosen was an insult to her; it made her rethink her entire career. When the grapevine confirmed her

suspicion that Al Sharp had strongly influenced the decision, she determined to reduce her interaction with Sharp to a bare minimum.

Relations in the office were very chilly for almost a month. Sharp soon gave up trying to get back in Martin's favor, and they began communicating only in short, unsigned memos. Finally, William Attridge, their immediate boss, could tolerate the hostility no longer and called the two in for a meeting. "We're going to sit here until you two become friends again," he said, "or at least until I find out what's bugging you."

Martin resisted for a few minutes, denying that anything had changed in their relationship, but when she saw that Attridge was serious, she finally said, "Al seems more interested in dealing with Walter Murdoch." Sharp's jaw dropped; he sputtered but could not say anything. Attridge came to the rescue.

"Walter's been safely kicked upstairs, thanks in part to Al, and neither of you will have to deal with him in the future. But if you're upset about that promotion, you should know that Al had nothing but praise for you and kept pointing out how this division would suffer if we buried you in Topeka. With your bonuses, you're still making as much as Murdoch. If your work here continues to be outstanding, you'll be headed for a much better place than Topeka."

Embarrassed, Martin looked at Sharp, who shrugged and said, "You want to go get some coffee?"

Over coffee, Martin told Sharp what she had been thinking for the past month and apologized for treating him unfairly. Sharp explained that what she saw as aloofness was actually respect and something akin to fear: He viewed her as brilliant and efficient. Consequently, he was very cautious, trying not to offend her.

The next day, the office was almost back to normal. But a new ritual had been established: Martin and Sharp took a coffee break together every day at ten. Soon their teasing and friendly competition loosened up everyone they worked with.

### Case Questions

- (1) What might have happened had William Attridge not intervened?
- (2) Are the sources of misunderstanding between Martin and Sharp common or unusual?

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### CASE 11 :

#### A Difficult Task Force

José has been appointed chair of a steering task force to design the primary product line for a new joint venture between companies from Japan, the United States, and South America. The new joint venture company will make, sell, and service pet caskets (coffins) for the burial of beloved pets, mostly dogs and cats. One month earlier, each company had assigned personnel to the task force:

- From the Japanese company, Furuay Masahiko from Yokohama, assistant to the president of the Japanese company; Hamada Isao from Tokyo, director of marketing from its technology group; and Noto Takeshi from Tokyo, assistant director of its financial management department.
- From the United States company, Thomas Boone from Chicago, the top purchasing manager from its lumber and forest lands group; Richard Maret from Buffalo, the codirector of the company's information systems group; and Billy Bob "Tex" Johnson from Arizona, the former CEO, now retired and a consultant for the company.
- From the South American company, Mariana Preus from Argentina, the head of product design for that company's specialty animal products group; Hector Bonilla from their Mexico City division, an expert in automated systems design for wood products; and Mauricio Gomes, in charge of design and construction for the plant, which will be located in southern Chile to take advantage of the vast forest there.

These members were chosen for their expertise in various areas and were taking valuable time away from their normal assignments to participate in the joint venture.

As chair of the task force, José had scheduled an initial meeting for 10:00 A.M. José started the meeting by reviewing the history of the development of the joint venture and how the three company presidents had decided to create it. Then, José reviewed the market for the new high-end, designer pet coffins, stressing that this task force was to develop the initial design parameters for the new product to meet increasing demand around the world. He then opened the meeting for comments and suggestions.

Mariana Preus spoke first: "In my opinion, the current designs that we have in production in our Argentina plant are just fine. They are topnotch designs, using the latest technology for processing. They use the best woods available and they should sell great. I don't see why we have to design a whole new product line." Noto Takeshi agreed and urged the committee to recommend that the current designs were good enough and should be immediately incorporated into the plans for the new manufacturing plant. José interrupted the discussion: "Look, the council of presidents put this joint venture together to completely revolutionize the product and its manufacture based on solid evidence and industry data. We are to redesign the product and its manufacturing systems. That is our job, so let's get started." José knew that the presidents had considered using existing designs but had rejected the idea because the designs were too old and not easily manufacturable at costs low enough to make a significant impact on the market. He told the group this and reminded them that the purpose of the committee was to design a new product.

The members then began discussing possible new design elements, but the discussion always returned to the benefits of using the existing designs. Finally, Tex spoke up: "I think we ought to do what Mariana suggested earlier. It makes no sense to me to design new caskets when the existing designs are good enough to do the job." The others nodded their heads in agreement. José again reminded them of the task force's purpose and said such a recommendation would not be well received by the council of presidents. Nevertheless, the group insisted that José write a memo to the council of presidents with the recommendation to use existing designs and to begin immediately to design the plant and the manufacturing system. The meeting adjourned and the members headed to the golf course at 10:45 A.M.

José returned to his computer and started to write the memo, but he knew it would anger the presidents. He hoped he would not be held responsible for the actions of the task force, even

though he was its chair. He wondered what had gone wrong and what he could have done to prevent it.

### Case Questions

- (1) Which characteristics of group behavior discussed in the chapter can you identify in this case?
- (2) How did the diverse nature of the group affect the committee's actions?
- (3) If you were in Jose's position, what would you have done differently? What would you do now?

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### CASE 12 :

#### Teams at Evans RV Wholesale Supply and Distribution Company?

Evans RV Wholesale Supply and Distribution Company sells parts, equipment, and supplies for recreational vehicles-motor homes, travel trailers, campers, and similar vehicles. In addition, Evans has a service department for the repair and service of RVs. The owner, Alex Evans, bought the company five years ago from its original owner, changed the name of the company, and has finally made it profitable, although it has been rough going. The organization is set up in three divisions: service, retail parts and supplies, and wholesale parts and supplies. Alex, the owner, CEO, and president, has a vice president for each operating division and a vice president of finance and operations. The organization chart shows these divisions and positions.

In the warehouse there are three groups: receiving (checking orders for completeness, returning defective merchandise, stocking the shelves, filling orders), service parts, and order filling for outgoing shipments. The warehouse group is responsible for all activities related to parts and supplies receiving, storage, and shipping.

The retail sales division includes all functions related to selling of parts and supplies at the two stores and in the mobile sales trailer. Personnel in the retail division include salespeople and cashiers. The retail salespeople also work in the warehouse because the warehouse also serves as the showroom for walk-in customers.

In the service department the service manager supervises the service writers, one scheduler, and lead mechanics and technicians. The service department includes the collision repair group at the main store and the service department at the satellite store. The collision repair group has two service writers who have special expertise in collision repair and insurance regulations. Two drivers who move RVs around the "yard" also work in the service division.

The accounting and finance groups do everything related to the money side of the business, including accounts payable and receivable, cash management, and payroll. Also in this group is the one person who handles all of the traditional personnel functions.

Alex has run other small businesses and is known as a benevolent owner, always taking care of the loyal employees who work hard and are the backbone of any small business. He is also known as being real tough on anyone who loafs on the job or tries to take unfair advantage of Alex or the company. Most of the employees are either veterans of the RV industry at Evans or elsewhere, or are very young and still learning the business. Alex is working hard to

develop a good work ethic among the younger employees and to keep the old-timers fully involved. Since he bought the business, Alex has instituted new, modern, employee-centered human resource policies. However, the company is still a traditional hierarchically structured organization.

The company is located in a major metropolitan area that has a lot of potential customers for the RV business. The region has many outdoor recreational activities and an active retirement community that either lives in RVs (motor homes, trailers, or mobile homes) or uses them for recreation. The former owner of the business specifically chose not to be in the RV sales business, figuring that parts and service was the better end of the business. Two stores are strategically located on opposite ends of the metropolitan area, and a mobile sales office is moved around the major camping and recreational areas during the peak months of the year.

When Alex bought the company, the parts and supplies business was only retail, relying on customers to walk in the door to buy something. After buying the business, Alex applied good management, marketing, and cash-management principles to get the company out of the red and into profitability. Although his was not the only such business in town, it was the only one locally owned, and it had a good local following.

About two years ago, Alex recognized that the nature of the business was changing. First, he saw the large nationwide retailers moving into town. These retailers were using discount pricing in large warehouse-type stores. These large retail stores could use volume purchasing to get lower prices from manufacturers, and they had the large stores necessary to store and shelve the large inventory. Alex, with only two stores, was unable to get such low prices from manufacturers. He also noted that retired people were notorious for shopping around for the lowest prices, but they also appreciated good, friendly customer service. People interested in recreational items also seemed to be following the national trend to shop via catalogs.

So for a variety of reasons Alex began to develop a wholesale business by becoming a wholesale distributor to the many RV parts and supply businesses in the small towns located in the recreational areas around that state and in surrounding states. At the same time, he created the first catalog for RV parts and supplies, featuring all the brand-name parts and supplies by category and supplier. The catalog had a very attractive camping scene on the cover, a combination of attractively displayed items and many pages full of all the possible parts and supplies that the RV owner could think of. Of course, he made placing an order very easy, by phone, mail, or fax, and accepted many easy payment methods. He filled both distributor orders and catalog orders from his warehouse in the main store using standard mail and parcel delivery services, charging the full delivery costs to the customers. He credits the business's survival so far to his diversification into the warehouse and catalog business through which he could directly compete with the national chains.

Although it is now barely profitable, Alex is concerned about the changes in the industry and the competition and about making the monthly payments on the \$5 million loan he got from the bank to buy the business in the first place. In addition, he reads about the latest management techniques and attends various professional conferences around the country. He has been hearing and reading about this team-based organization idea and thinks it might be just the thing to energize his company and take it to the next level of performance and profitability. At the annual strategic planning retreat in August, Alex announced to his top management team that starting on October 1 (the beginning of the next fiscal year), the company would be changing to a team-based arrangement.

**Case Questions**

- (1) What mistakes has Alex already made in developing a team-based organization?
- (2) If Alex were to call you in as a consultant, what would you tell him to do?
- (3) Using the organization chart of Evans RV Wholesale Supply and Distribution, describe how you would put the employees together in teams.

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**CASE 13 :****Right Boss, Wrong Company**

Betty Kesmer was continuously on top of things. In school, she had always been at the top of her class. When she went to work for her uncle's shoe business, Fancy Footwear, she had been singled out as the most productive employee and the one with the best attendance. The company was so impressed with her that it sent her to get an M.B.A. to groom her for a top management position. In school again, and with three years of practical experience to draw on, Kesmer had gobbled up every idea put in front of her, relating many of them to her work at Fancy Footwear. When Kesmer graduated at the top of her class, she returned to Fancy Footwear. To no one's surprise, when the head of the company's largest division took advantage of the firm's early retirement plan, Kesmer was given his position.

Kesmer knew the pitfalls of being suddenly catapulted to a leadership position, and she was determined to avoid them. In business school, she had read cases about family businesses that fell apart when a young family member took over with an iron fist, barking out orders, cutting personnel, and destroying morale. Kesmer knew a lot about participative management, and she was not going to be labeled an arrogant know-it-all.

Kesmer's predecessor, Max Worthy, had run the division from an office at the top of the building, far above the factory floor. Two or three times a day, Worthy would summon a messenger or a secretary from the offices on the second floor and send a memo out to one or another group of workers. But as Kesmer saw it, Worthy was mostly an absentee autocrat, making all the decisions from above and spending most of his time at extended lunches with his friends from the Elks Club.

Kesmer's first move was to change all that. She set up her office on the second floor. From her always-open doorway she could see down onto the factory floor, and as she sat behind her desk she could spot anyone walking by in the hall. She never ate lunch herself but spent the time from 11 to 2 down on the floor, walking around, talking, and organizing groups. The workers, many of whom had twenty years of seniority at the plant, seemed surprised by this new policy and reluctant to volunteer for any groups. But in fairly short order, Kesmer established a worker productivity group, a "Suggestion of the Week" committee, an environmental group, a worker award group, and a management relations group. Each group held two meetings a week, one without and one with Kesmer. She encouraged each group to set up goals in its particular focus area and develop plans for reaching those goals. She promised any support that was within her power to give.

The group work was agonizingly slow at first. But Kesmer had been well trained as a facilitator, and she soon took on that role in their meetings, writing down ideas on a big board, organizing them, and later communicating them in notices to other employees. She got

everyone to call her "Betty" and set herself the task of learning all their names. By the end of the first month, Fancy Footwear was stirred up.

But as it turned out, that was the last thing most employees wanted. The truth finally hit Kesmer when the entire management relations committee resigned at the start of their fourth meeting. "I'm sorry, Ms. Kesmer," one of them said. "We're good at making shoes, but not at this management stuff. A lot of us are heading toward retirement. We don't want to be supervisors."

Astonished, Kesmer went to talk to the workers with whom she believed she had built good relations. Yes, they reluctantly told her, all these changes did make them uneasy. They liked her, and they didn't want to complain. But given the choice, they would rather go back to the way Mr. Worthy had run things. They never saw Mr. Worthy much, but he never got in their hair. He did his work, whatever that was, and they did theirs. "After you've been in a place doing one thing for so long," one worker concluded, "the last thing you want to do is learn a new way of doing it."

### Case Questions

- (1) What factors should have alerted Kesmer to the problems that eventually came up at Fancy Footwear?
- (2) Could Kesmer have instituted her changes without eliciting a negative reaction from the workers? If so, how?

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### CASE 14 :

#### The Struggle for Power at Ramsey Electronics

A vice president's position is about to open up at Ramsey Electronics, maker of components for audio and visual equipment and computers. Whoever fills the position will be one of the four most powerful people in the company and may one day become its CEO. So the whole company has been watching the political skirmishes among the three leading candidates: Arnie Sander, Laura Prove, and Billy Evans.

Arnie Sander, currently head of the research and development division, worked his way up through the engineering ranks. Of the three candidates, he alone has a Ph.D. (in electrical engineering from MIT), and he is the acknowledged genius behind the company's most innovative products. One of the current vice presidents—Harley Learner, himself an engineer -- has been pushing hard for Sander's case.

Laura Prove spent five years on the road, earning a reputation as an outstanding salesperson of Ramsey products before coming to company headquarters and working her way up through the sales division. She knows only enough about what she calls the "guts" of Ramsey's electronic parts to get by, but she is very good at selling them and at motivating the people who work for her. Frank Barnwood, another current vice president, has been filling the Chief's ear with praise for Prove.

Of the three candidates, Billy Evans is the youngest and has the least experience at Ramsey. Like the Chief, he has an M.B.A. from Harvard Business School and a very sharp mind for finances. The Chief has credited him with turning the company's financial situation around,

although others in the company believe Sander's products or Prove's selling ability really deserves the credit. Evans has no particular champion among Ramsey's top executives, but he is the only other handball player the Chief has located in the company, and the two play every Tuesday and Thursday after work. Learner and Barnwood have noticed that the company's financial decisions often get made during the cooling-off period following a handball game.

In the month preceding the Chief's decision, the two vice presidents have been busy. Learner, head of a national engineering association, worked to have Sander win an achievement award from the association, and two weeks before the naming of the new vice president, he threw the most lavish banquet in the company's history to announce the award. When introducing Sander, Learner made a long, impassioned speech detailing Sander's accomplishments and heralding him as "the future of Ramsey Electronics."

Frank Barnwood has moved more slowly and subtly. The Chief had asked Barnwood years before to keep him updated on "all these gripes by women and minorities and such," and Barnwood did so by giving the Chief articles of particular interest. Recently he gave the Chief one from a psychology magazine about the cloning effect—the tendency of powerful executives to choose successors who are most like themselves. He also passed on to the Chief a Fortune article arguing that many American corporations are floundering because they are being run by financial people rather than by people who really know the company's business. He also flooded bulletin boards and the Chief's desk with news clippings about the value of having women and minorities at the top levels of a company.

Billy Evans has seemed indifferent to the promotion. He spends his days on the phone and in front of the computer screen, reporting to the Chief every other week on the company's latest financial successes—and never missing a handball game.

### Case Questions

- (1) Whom do you think the Chief will pick as the new vice president? Why?
- (2) Whom do you think should get the job? Why?
- (3) What role might impression management play in the decision?

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### CASE 15 :

#### A Big Step for Peak Electronics

Lynda Murray, chief executive officer of Peak Electronics, faced a difficult decision. Her company was a leader in making parts for standard cassette and reel-to-reel tape recorders. Murray had watched with some misgivings as digital technology hit the market in the form of compact disc players, and she had to decide whether to lead Peak into the digital age. Even though digital tape players were encountering legal hurdles in the American market, they were starting to take hold in Japan and Europe. Was America—and Peak—ready for them?

Murray had plenty of help in making the decision. First she met with the company's marketing division. Everyone had an opinion. Some predicted that every audio component would be digital by the turn of the century; others believed the popularity of even compact disc players was already waning. Everyone agreed that they needed time to conduct surveys,

gather data, and find out what products the public really wanted and how much they would be willing to pay for them.

The people in research and development had a different approach. They were tired of making small improvements in a mature and perfected product. They had been reading technical material about digital tape, and they saw it as an exciting new technology that would give an innovative company a chance to make it big. Time was of the essence, they insisted. If Peak was to become an important supplier of parts for the new decks, it had to have the components ready. Delay would be fatal to the product.

A meeting of the vice presidents produced a scenario with which Murray was all too familiar. Years ago these executives had discovered that they could not outargue one another in these meetings, but they had faith in their staffs' abilities to succeed where they had failed. Before Murray even walked into the room, she knew what their recommendation would be: to create a committee of representatives from each division and let them thoroughly investigate all aspects of the decision. Such an approach had worked before, but Murray was not sure it was right this time.

Desperate to make the decision and get it out of her mind, Murray mentioned it to her fifteen-year-old son, who, it turned out, knew everything about digital tape. In fact, he told her, one of his friend—the rich one—had been holding off on buying a new tape deck so that he would be on the cutting edge of digital recording. "It's gotta happen, Mom," her son said. "People want it."

Intellectually, Murray believed he was right. The past thirty years had shown that Americans had an insatiable appetite for electronic gadgets and marvels. Quadraphonic sound and video discs were the only exceptions she could think of to the rule that if someone invented an improved way of reproducing images or sound, someone else would want to buy it.

But intuitively, Murray was not so sure. She had a bad feeling about the new technology. She believed the record companies, which had lost the battle to tape manufacturers, might get together with compact disc makers and audio equipment manufacturers to stop the digital technology from entering the American market. So far, no American company had invested substantially in the technology, so no one had an interest in funding the legal battle to remove the barriers to the new machines.

Exhausted, Murray went to bed. She hoped that somehow her subconscious mind would sort out all the important factors and she would wake up knowing the right decision.

### Case Questions

- (1) What sources of information and opinion about the new technology seem most reliable? Which would you ignore?
- (2) If you were Murray, what would your next step be?

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### CASE 16 :

#### Surviving Plant World's Hard Times

In ten years, Plant World had grown from a one-person venture into the largest nursery and

landscaping business in its area. Its founder, Myta Ong, combined a lifelong interest in plants with a botany degree to provide a unique customer service. Ong had managed the company's growth so that even with twenty full-time employees working in six to eight crews, the organization culture was still as open, friendly, and personal as it had been when her only "employees" were friends who would volunteer to help her move a heavy tree.

To maintain that atmosphere, Ong involved herself increasingly with people and less with plants as the company grew. With hundreds of customers and scores of jobs at any one time, she could no longer say without hesitation whether she had a dozen arborvitae bushes in stock or when Mrs. Carnack's estate would need a new load of bark mulch. But she knew when Rose had been up all night with her baby, when Gary was likely to be late because he had driven to see his sick father over the weekend, and how to deal with Ellen when she was depressed because of her boyfriend's behavior. She kept track of the birthdays of every employee and even those of their children. She was up every morning by five-thirty arranging schedules so that John could get his son out of daycare at four o'clock and Martina could be back in town for her afternoon high school equivalency classes.

Paying all this attention to employees may have led Ong to make a single bad business decision that almost destroyed the company. She provided extensive landscaping to a new mall on credit, and when the mall never opened and its owners went bankrupt, Plant World found itself in deep trouble. The company had virtually no cash and had to pay off the bills for the mall plants, most of which were not even salvageable.

One Friday, Ong called a meeting with her employees and leveled with them: either they would not get paid for a month or Plant World would fold. The news hit the employees hard. Many counted on the Friday paycheck to buy groceries for the week. The local unemployment rate was low, however, and they knew they could find other jobs.

But as they looked around, they wondered whether they could ever find this kind of job. Sure, the pay was not the greatest, but the tears in the eyes of some workers were not over pay or personal hardship; they were for Ong, her dream, and her difficulties. They never thought of her as the boss or called her anything but "Myta." And leaving the group would not be just a matter of saying good-bye to fellow employees. If Bernice left, the company softball team would lose its best pitcher, and the Sunday game was the height of everyone's week. Where else would they find people who spent much of the weekend working on the best puns with which to assail one another on Monday morning? At how many offices would everyone show up twenty minutes before starting time just to catch up with friends on other crews? What other boss would really understand when you simply said, "I don't have a doctor's appointment, I just need the afternoon off"?

Ong gave her employees the weekend to think over their decision: whether to take their pay and look for another job or to dig into their savings and go on working. Knowing it would be hard for them to quit, she told them they did not have to face her on Monday; if they did not show up, she would send them their checks. But when she arrived at seven-forty Monday morning, she found the entire group already there, ready to work even harder to pull the company through. They were even trying to top one another with puns about being "mall-contented."

### Case Questions

(1) How would you describe the organization culture at Plant World?

(2) How large can such a company get before it needs to change its culture and structure?

### CASE 17 :

#### Spooked by Computers

The New England Arts Project had its headquarters above an Italian restaurant in Portsmouth, New Hampshire. The project had five full-time employees, and during busy times of the year, particularly the month before Christmas, it hired as many as six part-time workers to type, address envelopes, and send out mailings. Although each of the five full-timers had a title and a formal job description, an observer would have had trouble telling their positions apart. Suzanne Clammer, for instance, was the executive director, the head of the office, but she could be found typing or licking envelopes just as often as Martin Welk, who had been working for less than a year as office coordinator, the lowest position in the project's hierarchy.

Despite a constant sense of being a month behind, the office ran relatively smoothly. No outsider would have had a prayer of finding a mailing list or a budget in the office, but project employees knew where almost everything was, and after a quiet fall they did not mind having their small space packed with workers in November. But a number of the federal funding agencies on which the project relied began to grumble about the cost of the part-time workers, the amount of time the project spent handling routine paperwork, and the chaotic condition of its financial records. The pressure to make a radical change was on. Finally Martin Welk said it: "Maybe we should get a computer."

To Welk, fresh out of college, where he had written his papers on a word processor, computers were just another tool to make a job easier. But his belief was not shared by the others in the office, the youngest of whom had fifteen years more seniority than he. A computer would eat the project's mailing list, they said, destroying any chance of raising funds for the year. It would send the wrong things to the wrong people, insulting them and convincing them that the project had become another faceless organization that did not care. They swapped horror stories about computers that had charged them thousands of dollars for purchases they had never made or had assigned the same airplane seat to five people.

"We'll lose all control," Suzanne Clammer complained. She saw some kind of office automation as inevitable, yet she kept thinking she would probably quit before it came about. She liked hand-addressing mailings to arts patrons whom she had met, and she felt sure that the recipients contributed more because they recognized her neat blue printing. She remembered the agonies of typing class in high school and believed she was too old to take on something new and bound to be much more confusing. Two other employees, with whom she had worked for a decade, called her after work to ask if the prospect of a computer in the office meant they should be looking for other jobs. "I have enough trouble with English grammar," one of them wailed. "I'll never be able to learn computer language."

One morning Clammer called Martin Welk into her office, shut the door, and asked him if he could recommend any computer consultants. She had read an article that explained how a company could waste thousands of dollars by adopting integrated office automation in the wrong way, and she figured the project would have to hire somebody for at least six months to get the new machines working and to teach the staff how to use them. Welk was pleased

because Clammer evidently had accepted the idea of a computer in the office. But he also realized that as the resident authority on computers, he had a lot of work to do before they went shopping for machines.

**Case Questions**

- (1) Is organization development appropriate in this situation? Why or why not?
- (2) What kinds of resistance to change have the employees of the project displayed?
- (3) What can Martin Welk do to overcome the resistance?

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**CASE 18 :**

## How to do Research & Publish a Paper

### 1. Choosing a Topic

When you are assigned to write a term paper, your instructor or advisor may have you choose from a list of predefined subjects, provide a general subject or category for your paper, or allow you to select your own topic. The assignment is only the starting point for finding a realistic topic for your paper.

#### *Your General Subject*

As you think about the general subject, ask yourself:

- *What am I interested in?* You will tackle the assignment with more enthusiasm—and have more fun—if you choose a subject that interests you.
- *Can the subject be properly covered?* Consider whether you can adequately explore the subject in the number of pages you are allowed. You will have difficulty discussing a very broad subject in just a few pages; conversely, you may not have enough information to fill a longer paper if your subject is defined too narrowly.
- *Can the subject be researched?* Think about whether you will have access to appropriate secondary research data through your school or public library, Internet sites, and other sources. Also consider whether there is enough time to gather materials from distant sources—or collect primary data—before your paper is due.
- *Has the subject been overused?* Use your creativity to find a fresh approach to a standard subject, instead of rehashing points that have been made over and over again by other students in other papers.

#### *Your Specific Topic*

Once you have decided on a general subject, you need to narrow it to a more specific topic. This is critical, because it will help you determine the main idea for your paper and set the stage for planning your research.

To start, check general reference guides (in your library or online) to see what information is available on your broad subject. Look for a recurring theme, a new development, an intriguing idea, or a controversy that seems suitable as a specific topic for your paper.

As you skim, you will also get a sense of how much information is available on particular aspects of your general subject. In this way, you can narrow your focus to a more specific topic that you know can be researched.

Finally, limit your scope by concentrating on a specific time span or location. For example, if your general subject is management, you might choose to write about early twentieth-century theorists (time) or British theorists (location).

#### *Your Statement of Topic*

Before you move ahead with your paper, take a few minutes to write a sentence or question

as a statement of topic. This statement will clarify the goal of your paper and guide your research efforts. Just as important, the statement of topic should reflect the viewpoint or question you will be exploring in your paper.

Here are some examples:

- Frederick Taylor's scientific management is still applicable to modern-day business situations. (The general subject is scientific management; the time span is today; and the viewpoint is that scientific management is not outdated.)
- Has NAFTA resulted in lower U.S. employment? (The general subject is NAFTA; the location is the United States; and the question to be answered is the effect on U.S. employment.)

Reread your statement of topic to be sure that it focuses on a single, narrow topic; is succinctly stated; and accurately reflects your viewpoint or question. Then you are ready to begin planning your research.

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## 2. Planning and Conducting Research

Before you go out and gather any data, stop and think about what you will need. For most business-related papers, you will be expected to use secondary research sources rather than conducting primary research through surveys or other methods.

Now you need to determine exactly what sources are available, given your time constraints and other limitations.

### *Your Working Bibliography*

Prepare a working bibliography of relevant sources by consulting your library's catalog, indexes, and reserved reference materials; appropriate periodicals guides; books, journals, and articles mentioned in your text or suggested by your instructor; and electronic resources such as Internet and CD-ROM sources. If your instructor or advisor specifies a minimum number of sources or requires particular types of sources, take these requirements into consideration.

Remember, you can always strike sources off your list if they turn out to be irrelevant—or add more sources during your research. The point is to start with a preliminary listing of sources to guide your library and online research. In this way, you will be able to systematically work your way down the list and avoid missing key sources.

### *Collecting Your Data*

You are now ready to collect data, following your working bibliography and making modifications as you go along. Check with your librarian early in the project to find out how to obtain any materials you may need from other libraries or universities—and how long this will take. Also reserve books and other sources in advance, if possible, so they are available when you are ready to do your research.

Depending on your topic, you can use a variety of Internet sources to locate suitable research

material. Indexes such as Excite (<http://www.excite.com>) constantly roam the Internet, amassing a huge database of details about Web pages and newsgroups. To search Excite, you simply type in a keyword or phrase and wait while the automated system searches the index and compiles a listing of links that fit your search criteria.

Directories such as Yahoo! (<http://www.yahoo.com>) rely on staff members to select Web sites and newsgroups, then arrange them in hierarchical lists. When using Yahoo! for research, you just look for the category that fits your needs, scroll down the list of links, and click on those that interest you. You can also type in a keyword to see a listing of related links.

Specialized Web sites such as Thomas can also be good research sources. Thomas (<http://thomas.loc.gov/>) is a U.S. government Web site that covers information about legislation presented to or acted on by Congress. It contains the full text of legislation and the *Congressional Record* from 1993 to the present, and it can be searched by bill number or key word. Other specialized Web sites can help you locate data about global companies, management, accounting standards, and many other business topics.

When you want to search the Internet for an exact match of a particular name, word, or phrase, enclose it in quotation marks. For example, typing "scientific management" would minimize the number of links that are only about science or only about management. In addition, use logical search operators such as AND, OR, NOT, and NEAR (typed in all capitals) to more clearly define your search. Also, be sure to check the instructions provided by the search engine you are using for further tips.

### ***Taking Notes***

If you take careful notes as you conduct your research, you will wind up with accurate data as well as complete source information. This is important because you may have to go back later to double-check some quote, fact, or figure—and your notes are the best clues to the exact source.

Your notes should include the following:

- *Source:* Author's name, title, page number(s), and other identifying details you will need to cite the source (such as publisher and date)
- *Data:* Specific facts and figures (such as names, dates, and statistics); quotations (in quotation marks); and summaries and paraphrases (where exact quotes are not necessary)

You do not have to document your sources for information that is common knowledge, such as the fact that Frederick Taylor introduced scientific management. However, you must document specialized knowledge, such as quotations from Taylor's testimony at government hearings about scientific management methods.

### ***Evaluating Your Sources***

The quality of your research data is only as good as your sources. Before you rely on data you have collected, here are some of the criteria you can use to evaluate your sources:

### *How old is the source?*

Age of source is a particular concern when you are researching newer theories and issues. Still, new perspectives on older theories are published all the time. Depending on your topic, you may want to check older sources as well as the most up-to-date sources.

- *Is the source objective?* Although no source can be totally objective, some are less biased than others. For example, information in an advertisement is considered less objective than information in a peer-review journal. Think about whether the publication or the author might be biased because of economic, philosophical, or other influences.
- *What are the author's credentials?* Ideally, you want to use information from authors who are experts. Look for qualifications that show specialization in the topic you are researching, such as related academic degrees, professional certification, or work experience in the field.

### *Analyzing Your Data*

After you have collected all the facts, figures, and details needed for your paper, you must analyze all the information and how it fits with your statement of topic. To do this, group your raw data according to logical categories and look for meaningful patterns.

For example, if you were working with statistics about management employment in various countries, you might use ratios to compare the number of managers to the number of people in the general population. The particular analytical method you choose will depend on your topic, your data, and how you will be using the results to support the viewpoint or answer the question in your statement of topic.

At this point, you may decide that the information you now have leads you to revise your statement of topic. For instance, you may decide to broaden the scope of your topic to include particularly important evidence you have uncovered, or you may want to change the wording of your original statement or question so it is more precise. Go ahead and make these changes before you start to write your paper.

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## **3. Planning and Writing the Paper**

Once you have analyzed the results of your research, you are ready to plan and then write your term paper. At this stage of the process, you will have many notes and analyses that must be fit into a cohesive structure.

### *Organizing Your Information*

Your first step is to sift through your research, select what is relevant to your statement of topic, and organize it into a pattern that brings order, unity, and logic to your information. These are some of the ways you can organize your material:

- *Cause and effect.* Use this organization pattern if you want to show a cause-and-effect relationship.

- *Chronology.* This pattern is useful for tracing the sequential order of events or processes.
- *Compare and contrast.* This pattern is suitable for presenting the similarities and the differences between two or more items, people, or events.
- *Spatial pattern.* Choose this approach when you want to explain geographic or physical dimensions related to your topic.
- *Problem and solution.* Use this pattern when you want to discuss a problem and then examine ways of resolving it.
- *Classification.* With this pattern, you organize your information according to specific classifications or categories.

### *Outlining Your Paper*

Unless your instructor prefers another method, your outline should follow the traditional format, using upper-case roman numerals for the major headings, upper-case roman letters for second-level headings, arabic numerals for third-level headings, and lower-case letters for fourth-level headings.

You can draft headings as topics (words or phrases) or full sentences. For example, the beginning of a topic outline on scientific management might look like this:

- I. Time-and-motion studies
  - A. Establish work standards
    - 1. Identify tasks
      - a. Record movements
      - b. Time movements
    - 2. Analyze results
  - B. Measure workers against standards

As this sample outline shows, each heading covers just one idea. Also, because you can not logically divide an idea into one part, you must have at least two lower-level headings below a higher-level heading—if you have any lower-level headings at all.

### *Writing Your Paper*

After you have outlined your paper, review your statement of topic again, lay out your research, and sit down to write. You need not write the sections in order. Just put your ideas into writing first, and arrange the sections later, following the organization of your outline.

Start with a heading you know well or feel comfortable with, and postpone work on more difficult headings until you are well underway. In drafting the paper, you may decide that your material should be presented in a slightly different order. Make changes, rearrange sections, and rewrite paragraphs to strengthen and clarify where needed. And remember to insert appropriate transitional words and phrases to help the reader understand the connections and shifts between one heading and another.

When you have completed your first draft, read it through again, looking for problems with

logic, repetition, language, spelling, and grammar. Tighten wherever possible. Be sure every heading is clearly connected with your statement of topic—and with the heading before and after.

Then put the paper into the format specified by your instructor and, if time allows, set it aside for a day before proofreading it one last time, making any final corrections, and printing a clean copy for your instructor.

### *Avoiding Plagiarism*

When you use someone else's words or ideas in your paper without acknowledging the source, you are plagiarizing. Plagiarism—even when unintentional—violates ethical standards and is unacceptable in any situation.

As noted earlier, information that is clearly common knowledge need not be documented. However, you must document the source of original facts, ideas, and interpretations, and distinctive phrases that you quote in your paper.

In some cases, you may choose to summarize what a particular source has to say, rather than use a direct quote. In other cases, you may prefer to paraphrase what you learn from a particular source, by changing the wording and sentence structure. Either way, be sure to cite the original source.

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## **4. Citing Sources**

Many colleges and universities require students to use either the Modern Language Association (MLA) style or the American Psychological Association (APA) style when citing sources in term papers. This section offers a brief overview of each citation style. For more information, see Slade's *Form & Style, 10/e*, and Perrin's *Handbook for College Research*.

### **MLA Style**

When using the MLA style, you will include brief identifying information about each source—usually the author's name and the page number(s)—in parentheses within the text. Any reader who wants more information can turn to your list of works cited and check under that author's name for the full title and details of that source.

For example, imagine your paper about managerial decision making includes this sentence:

As a well-known management expert points out, "one alternative is always the alternative of doing nothing"(Drucker 475).

The parenthetical notation at the end of the sentence lets readers know that the quotation is from page 475 in the Drucker work shown in the list of works cited. Note, too, that there is no comma separating the author and page number.

As you prepare the list of works cited in your paper, you will also follow specific MLA guidelines. List all works alphabetically by author's last name (or, if no author, by first word of title). Position the first entry at the left margin and indent subsequent lines in the same entry by half an inch. So the entry for the Drucker work would read:

Drucker, Peter F. *Management: Tasks, Responsibilities, Practices*. New York: Harper & Row, 1974, 465-480.

The formatting guidelines for online sources are similar to those used for other sources. Alphabetize by author's last name or, if no author, by title of work, showing title; publisher or source; date of material (if known); date accessed; and URL. Here is an example for an article posted on the Web site of *The Business Journal of Phoenix*:

Vandeveire, Mary. "Banc One Drops Mortgage Unit." *Business Journal of Phoenix* 20 July 1998. (<http://www.amcity.com/phoenix/stories/072098/story1.html>).

For more information about using MLA style to cite online sources, visit the [MLA's style page](http://www.mla.org/main_stl.htm) ([http://www.mla.org/main\\_stl.htm](http://www.mla.org/main_stl.htm)).

### ***APA Style***

Like MLA style, APA style includes brief identifying information directly in the text rather than in footnotes. The APA style is sometimes called "author-date" style because the author's last name and the date of publication are shown (usually in parentheses, separated by a comma) in the sentence where the material is cited.

For example, the sentence from your managerial decision making paper would look like this in APA style:

As a well-known management expert points out, "one alternative is always the alternative of doing nothing"(Drucker, 1974).

The parenthetical notation at the end of the sentence reflects the author's name as well as the date of publication, but not the page. For more details, readers can consult the list of works cited; there, they will find page numbers for magazine and journal sources, but not for most book sources.

Show all works alphabetically by author's last name or by first word of title (if no author). Use initials rather than complete first and middle names. Indent the first line of each entry by half an inch, then start each subsequent line in the same entry at the left margin. Thus, the entry for the Drucker work would read:

Drucker, P. F. (1974). *Management: Tasks, Responsibilities, Practices*. New York: Harper & Row.

When preparing citations for online sources using APA style, you will show much the same information as required by MLA style—in a different order. Here is the *Business Journal of Phoenix* citation formatted in APA style:

Vandeveire, M. (1998, July 20) Banc One drops mortgage unit. *Business Journal of Phoenix* . Retrieved July 27, 1998 from the World Wide Web: <http://www.amcity.com/phoenix/stories/072098/story1.html>

As you can see, the title of the article is shown without quotation marks. In APA style, just

the first word of the title is capitalized, along with any proper names. Using the word "retrieved" with the date shows exactly when you accessed the source, an important point because Internet content is constantly changing, moving, or being removed.

For more information about using APA style to cite online sources, visit the APA's style page (<http://www.apa.org/journals/webref.html>).

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