PGDSM (S1) 01
Exam Code : MPOB

Management Process and Organisational Behaviour

SEMESTER - 1

P.G DIPLOMA IN SALES AND MARKETING MANAGEMENT

BLOCK - 2



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January , 2019

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Printed and published by Registrar on behalf of the Krishna Kanta Handiqui State Open University.

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The University acknowledges with thanks the financial support provided by the Distance Education Bureau, UGC for preparation of this material.

P.G DIPLOMA IN SALES AND MARKETING MANAGEMENT

MANAGEMENT PROCESS
AND
ORGANISATIONAL BEHAVIOUR

Block 2

DETAILED SYLLABUS

UNIT 8 : Motivation **Page 149-173**

Meaning of Motivation, Importance of Motivation, Early Theories in Motivation: Maslow's Need Hierarchy Theory, Mc Gregor's Theory X and Theory Y, Herzberg's Two Factor Theory,Modern Theories 'of Motivation:Alderfer's ERG Theory, Vroom's Expectancy Theory, McClelland's Theory of Needs, Goal Setting Theory, Reinforcement Theory, Techniques for Motivation: Financial Incentives and Non-financial Incentives

UNIT 9 : Introduction to OB **Page 174-194**

Historical perspectives of OB, Approaches to OB, Importance of OB, Relationship between management process and OB, frame work for learning OB, Challenges in OB, HRM and OB, Globalisation and OB

UNIT 10: Personality and Perception **Page 195-214**

Concept of Personality and its determinants, Approaches to personality traits and dimensions, Personality attributes,Elements of the perceptual process, Importance and factors influencing perception and Challenges of performance appraisal

UNIT 11: Values, Attitude and Emotions **Page 215-231**

Introduction, Values, Attitudes, Definition and Concept of Emotions, Emotional Intelligence

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Leadership Styles: Autocratic Leadership Style, Democratic Leadership Style and Free-Rein Leadership Style; Likert's Management System

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Concept of Group and Group Dynamics;Types of Groups: Formal Group and Informal Group; Concept of Group Behaviour: Group Norms,Group Cohesion Inter-Group Behaviour; Stages of Group Development, Group Decision-Making; Team, Types of Team: Team Building and Managing Effective Team

UNIT 14: Power, Politics, conflict negotiation and stress **Page 267-288**

Introduction, Power, Politics, Conflict, Negotiations and Stress

UNIT 15: Case Study **Page 289-299**

BLOCK INTRODUCTION

This is the Second block of the course ‘ Management Process and Organisational Behaviour’. The Block is divided into 8 units which are related to the concepts of Principles of Management and Organisational Behaviour. Block 2 deals with the concept of appraisal of Human Resource, Communication, Motivation, Organisational behaviour, Personality and Perception, concepts of values, attitudes, emotions, concept of leadership, performance of group and team and power, politics, conflict negotiation and stress. At the end of the block some case studies related to management were discussed. It is primarily a learner oriented Self learning material, as it satisfies the requirements of the learners in the filed of ‘management’.

The block is divided into 8 units:

Unit 8 : Motivation

Unit 9 : Introduction to OB

Unit 10 : Personality and Perception

Unit 11 : Values, Attitude and Emotions

Unit 12 : Leadership

Unit 13 : Group and Team

Unit 14 : Power, Politics, conflict negotiation and stress

Unit 15 : Case Study

UNIT 8: MOTIVATION

UNIT STRUCTURE

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8.2 Introduction

8.3 Meaning of Motivation

8.4 Importance of Motivation

8.5 Early Theories in Motivation

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- 8.5.2 Mc Gregor's Theory X and Theory Y
- 8.5.3 Herzberg's Two Factor Theory

8.6 Modern Theories of Motivation

- 8.6.1 Alderfer's ERG Theory
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8.7 Techniques for Motivation

- 8.7.1 Financial Incentives
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8.8 Let Us Sum Up

8.9 Further Reading

8.10 Answers To Check Your Progress

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8.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- define the term motivation nad discuss the importance of Motivation
- describe the Maslow's Need Hierarchy theory of motivation and its limitations.

- enumerate the Mc Gregor's Theory X and Theory Y and limitations and application of these two theories.
- determine the relationship between Theories X and Y and Maslow's need hierarchy.
- discusses Herzberg Two factor Theory
- classify the financial and non-financial techniques of motivation.

8.2 INTRODUCTION

The manager performs various functions to achieve the goals of the organisation. In the previous unit we have discussed the concepts and principles of directing. In directing the people, the management has to inspire and motivate people for accomplishing organisational objectives. Motivation is the psychological force that motivates a person for action and continuously inspire him in the course of action. In this unit we will explain what is motivation and its important theories. You will find this unit interesting as it will help you in understanding the basic factors which motivate people.

8.3 MEANING OF MOTIVATION

The term 'motivation' is derived from the Latin word 'mover' which means to move and represent the force that moves people, and causes them to act. So, motivation can be defined as a process of channelling a person's inner drive so that he wants to accomplish the goals of the organisation. Motivation is a behavioural concept by which we try to understand why people behave as they do. A human being is an organic and not a mechanical system. He or she is a self-activated person. The force of motivation lies within our mind. It is dynamic force, setting a person into motion or action.

In this context, we can discuss some of the definitions of motivation given by management experts. Robert Dubin has defined motivation as "The complex of forces starting and keeping a person at work in an organisation" Moreover, Dalton E. Mc Farland said "The concept of motivation is mainly

psychological. It relates to those forces operating within the individual employee or subordinate which impel him to act or not to act in certain ways." On the other hand, Koontz and O' Donnell define motivation as "Motivation is a general term applying to the entire class of drives, desires, needs, wishes and similar forces". According to Edwin Flippo "Motivation is the process of attempting to influence others to do your will through the possibility of gain reward"

Out of the above discussion, it can be understood that motivation is highly individualistic. It is the essence of human behaviour. Motivation consists of three parts.They are a) Motives *i.e.* need ideas, emotions or organic state b) Motivating factors and c) Attainment of objectives. In an organisation motivation implies a planned management process, which stimulates people to work to the best of their capabilities for the relation of the common goals of the enterprise. The process of motivation can be -illustrated simply as follows

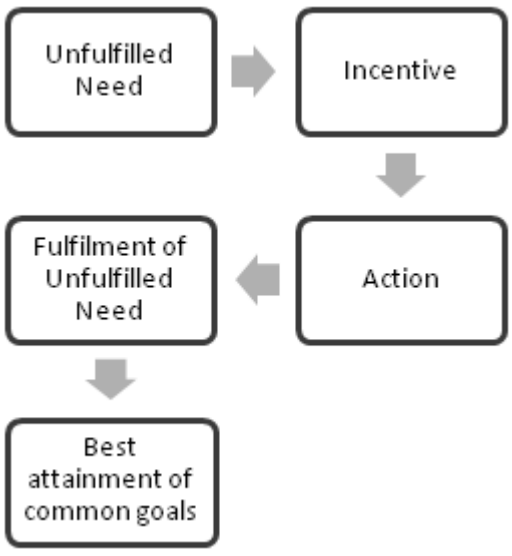


Figure 8.1- Process of Motivation

LET US KNOW



Motivation is one of the most important factors determining performance of employees. Motivated employees put higher performance as compared to other employees. In a study by William James, it was found that motivated employees worked at close to 80-90 percent of their ability. The study further suggested that hourly employees could maintain their jobs, if they were not fired, by working approximately 20 to 30 percent of their ability. The relationship of motivation with others can be understood from the following formulas.

Performance = Ability x Motivation

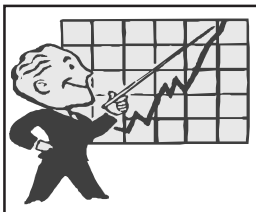
Motivation = Valence x Expectancy



ACTIVITY

1. Make a list of some unfulfilled needs of employees in an organisation

2. Find out few things blocking the persons in achieving their goals and also name some of them beyond the control.



CHECK YOUR PROGRESS - 1

Q.1. How does motivation affect behaviour ?

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Q.2. What does happen when a person is not able to satisfy his needs?

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8.4 IMPORTANCE OF MOTIVATION

Motivation is an important function of management. All managers should induce their employees on the job to extract performance by motivating them. Below, we discuss some important aspects of motivation.

i) **Utilisation of human resource :** By motivation techniques, management can properly utilise its human resources. This helps the managers to increase the productivity of employees. By virtue of motivation employees can understand organisational culture. Thereby, human resources can be properly utilised.

ii) **Use of material resources :** By motivating employees of an organisation, the material resources can also be used in a proper way which increases organisational efficiency.

iii) **Willingness for work :** In an organisation, there may have some employees who are physically and mentally capable to do work, but may not be willing to work. In such a situation, motivation can create willingness among the employees for work.

iv) **Good labour relations :** Motivation also helps an organisation in building up a good labour relation. Thereby motivation become beneficial to management and employees. So, motivation can reduce different labour problems such as absenteeism, labour turnover, indiscipline, grievances etc.

v) **Develops cooperation :** Motivation can build up team spirit. Thereby, motivation makes possible to increase collective effort of employees to the organisation. So, motivation forms the basis for cooperation to get the best achievement of organisation objectives.

vi) **Improve skill and knowledge :** Motivated employees always try to be as efficient as possible and to improve their skill and knowledge. Because, motivated emplyees always resolve to do their responsibilities in the best manner.

vii) **Boosts Morale :** Morale implies the attitude and feelings of employees about their work as well as situation of work. Motivation can improve the attitude and feelings of employees towards works. So, motivation can also improve morale of employees.

viii) **Facilitates change :** Research based fact says that properly motivated employees are more receptive to accept changes. So, motivation helps the employees to adjust with changing environment.

ix) **Sense of belongingness :** A proper motivation system can improve the sense of belongingness among the employees. As a result, employees can feel that organisation belongs to them. So, employees become more concerned about the well being of the organisation.

x) **Achieve organisational objectives :** Motivation can be defined as core of management. By motivation managers directly encourage the employees towards the accomplishment of organisational objectives.

8.5 CLASSICAL THEORIES OF MOTIVATION

Now, we are aware of the fact that motivating the employees is very important in organisations. But motivating employees is a difficult task for the managers.

Many researches have been carried out on motivation. All of them emphasise that due to complex nature of human being no generalisation is possible. On the other hand, all theories are not universally applicable and these are affected by time, country, and circumstances. Various classical and modern theories of motivation can be classified as below -

8.5.1 Maslow's Need Hierarchy Theory

A.H. Maslow has developed the Need Hierarchy Theory for understanding human needs. According to Maslow, human needs tend to follow a basic hierarchical pattern form the most basic needs to the highest level needs. Until the basic needs are fulfilled, person will not try meet his higher level needs. The theory of Maslow is based on the needs of the people. He proposed a hierarchy of five types of needs which are mentioned below-

1) **Physiological needs :-** These are the primary needs of human beings and relate to the survival of the body. These needs are more or less universal. These are called the needs of lowest level and they are to be satisfied first for existence and survival.

Unless these needs are satisfied to the degree needed for the efficient operation of the body, the majority of a person's activities will be at this level and the other needs will provide him with little motivation. So, this is a powerful motivating force.

i) **The physiological needs :** These need are - Food, shelter, clothing, water, air, sleep, sex etc.

ii) **Safety or Security needs :** These needs come next in the hierarchy. They are concerned with physical and financial security. Man is always worried about security as life is full of uncertainities. So human beings always expect physical security, job security and security of income at all times. In an organisation, management can motivate employees by providing security against uncertainties in the form of secured jobs, insurance plans and pension plans.

Example of safety needs are Protection against deprivation, danger and threat on or off the job e.g. unemployment, protection from physical harm, ill health, old age or any other reason.

iii) **Social needs :** Man being a social animal is always interested to live in a society or group which loves him most. He wants to give or receive love. These are to be reflected by recognition, conversation, sociabitity, exchange of feelings and grievances, acceptance and friendship. When social needs become dominant, a person will strive for meaningful relations with others. If the opportunity for association with other people is reduced, men often take vigorous action against the barriers to social intercourse.

Examples of social needs are: affection, love, friendship, acceptance by the group, communication etc.

iv) **Esteem or Ego needs :** These needs relate to the prestige and respect of the individual and include such things as self-confidence, independence, achievement, competence, Knowledge and control. Satisfation of thse needs produces feelings of self-confidence, prestige, power and control.. The esteem needs can be classified mainly into two types, such as

1) Self -esteem needs 2) Public esteem needs. Self-esteem needs refer to an individual's feeling that he is doing something worth while, While the public esteem needs refer the image in the eyes of the public like praise, admiration and public appreciation etc.

Examples of esteem needs are: Status, approval, appreciation, freedom from control, recognition, self- respect of others.

v) **Self Actualisation need :** It is also called self realisation needs. This refers to the need to realise specific goals. It is need "to become everything that one is capable of becoming". According to Maslow "This need might be phrased as the desire to become more and more what one is to become everything that one is capable of becoming." A musician must make music, a peot must write, a general must win battles, an artist must paint, a teacher must teach if he is to be ultimately happy.

Examples of self actualisation need are : need for self-development, self-actualisation, self-advancement, desire to take on increased responsibilities etc.

Maslow's needs hierarchy is illustrated with the help of the following diagram.

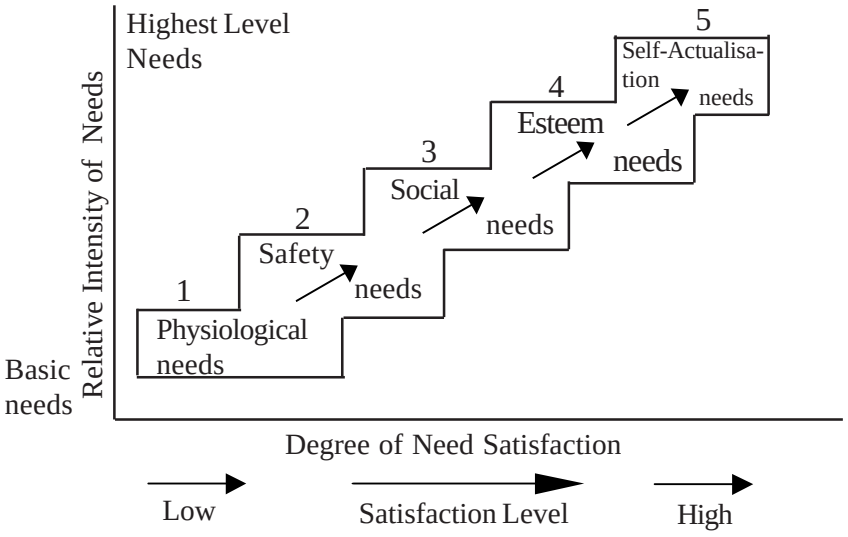


Figure 8.2 : Maslow's need hierarchy theory of Motivation



Figure 8.3 : Maslow's need hierarchy theory of Motivation with General and Organisational examples

8.5.2 MC GREGOR'S Theory X and Theory Y

Theory X and Theory Y were propounded by Douglas Mc Gregor who was a known psychologist. These theories are based on the dual nature of human beings. According to these theories all management actions flow from two assumptions.

Theory X :

This is a traditional theory of management. Theory X contains a set of negative assumptions about human behaviour.

Assumption of Theory X :

i) The average human being is basically lazy and has an inherant dislike for work. He will avoid work, if he can.

ii) Many people lack admbition. They are not interested in achievement. They like to be directed.

iii) Most people have little creativily for solving organisalional problems.

iv) Most people are indifferent to organisational goals.

v) Most people must be closely controlled and often threatened to

achieve organisaliona goals.

vi) Motivation of average human beings occur at the psychological and safety levels.

Assumption of Theory Y:

i) The average person does not inherently dislike work. He considers work is as natural as play, if the conditions are favourable.

ii) External control and threat of punishment are not the only ways for bringing about efforts towards ortganisational objectives. Self-control and committment to the objectives of the organisation is often indispensible in achiving organisational goals.

iii) Average human being under proper conditions not only accept but balso seek responsibility. Avoidance of responsibility, lack of ambition and emphasis on security are generally the consequences of experience not inherent in human charecteristics.

iv) The capacity of employees to cooperate with the management in solving organisational problems is widely present.

v) The modern industrial system have partially utilised the intellectual potentialities of employees.

Evaluation of Theory X and Theory Y :-

These theories are important tools in understanding the behaviour of human. It is also helpful in designing the incentive schemes to motivate the employees of an organisation. Of course, these two theories are not equally applicable to every situation as well as for all type of employees. The Theory X is suitable for unskilled and uneducated employees. On the other hand, Theory Y is suitable for skilled and educated employees. So management should combine

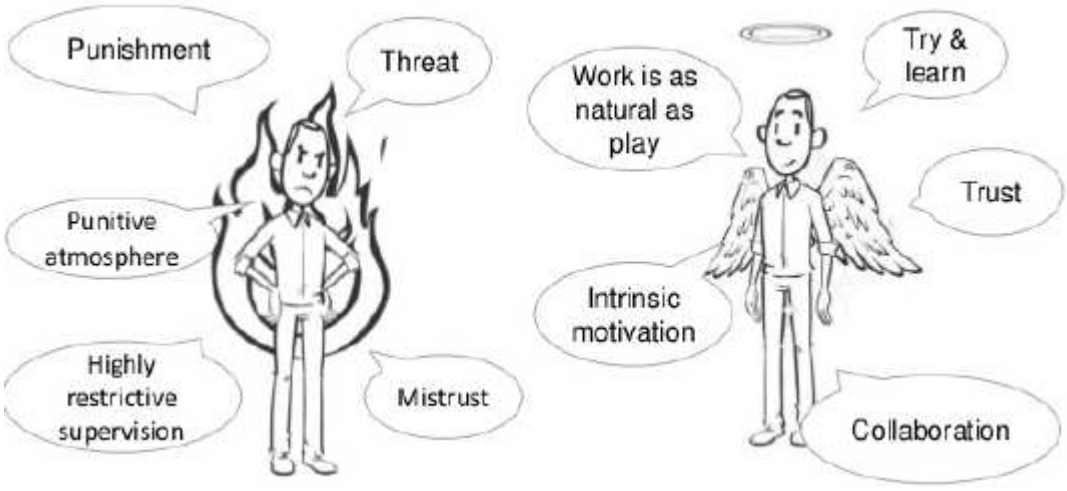


Figure 8.4: Theory X and Theory Y

(Image source:/www.slideshare.net/CornelFATULESCU)

8.5.3. HERZBERG's Two Factor Theory :

During the late 1950's Fredrick Herzberg, a US behavioural scientist (Psychologist) and his associates developed two factor theory of motivation. This theory is also known as Motivaion Maintenance Theory and Motivation Hygiene Theory. According to this theory, work dissatisfaction and satisfaction arise from two different sets of factors. These are motivational factors and Hygiene or maintenance factors. These are described below -

Motivational Factors: These factors are mostly related to the job itself.The availability of these factors create a highly motivating situation. On the other hand, absence of these factors does not cause dissatisfaction. According to Herzberg, there are mainly six motivational factors, such as Achievement, Recognition, Advancement, possibility of growth and responsibility. Motivational factors are the primary cause of job satisfaction. The employer can increase the performance of employees by providing these factors. These factors differ from individual to individual.

Hygiene or Maintenance factors: Hygiene factors are mostly related to environment outside the job. Though, the availability of hygiene factors do not significantly motivate the employees, yet the absence of these factors cause serious dissatisfaction. These factors are necessary to maintain a reasonable level of satisfaction among the employees. According to Herzberg, various hygiene factors are: company policies, and administration, supervision, interpersonal relationships, salary, job security working conditions, job status, personal life etc.

The Herzberg's theory of motivation is shown by the following diagram

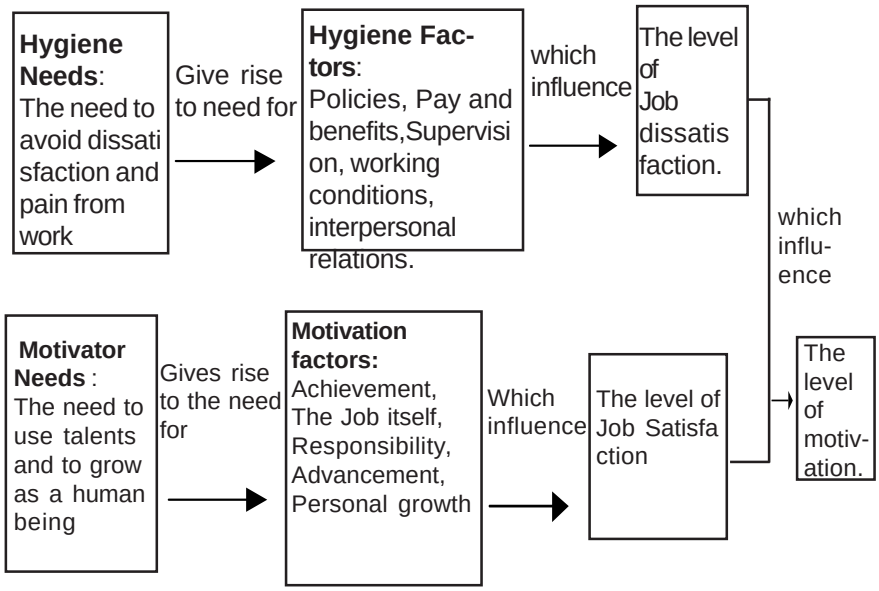


Figure 8.5: Herezberg's Theory of Motivation

8.6 MODERN THEORIES OF MOTIVATION

By now we got a fair idea and got familiar with the classical theories of motivation, but they all are not empirically supported. As far as modern theories of motivation are concerned, all are well supported with evidences. Some of the modern theories of motivation are explained in the following subsections.

8.6.1 Alderfer's ERG Theory

Clayton Alderfer condensed the Maslow's five needs categories into three sets. According to Alderfer there is a doubt about the existence of the five distinct needs of Maslow. Because,there is a overlapping between the security, social and physiological needs Moreover, the lines between esteem social and self-actualisation needs are not entirely clear. According to Clayton Alderfer, three sets of human need are as follows

i) **Existence Need :-** These include all forms of material and physiological and safety needs ie. Maslow's first two level needs.

ii) **Relatedness Need :** This includes all needs that involve relationships with other people we care about. Relatedness needs cover Maslow's social needs and esteem needs which are derived from other people.

iii) **Growth Need :-**Growth need is like Self - Actualisation need of Maslow. Growth needs involve persons making creative efforts to achieve full potential in the existence environment.

In ERG theory, the Maslow's theory is also revised in the following three ways :-

i) According to Alderfer the three need categories form hierarchy in the sense of decreasing concertedness. Because, we move from a focus on existence to relatedness to growth needs, the ways we can satisfy those needs become increasingly abstract.

ii) He recognised that rise in the level of satisfaction of our existence and relatedness needs may result in decrease in their importance to us. If we can successfully satisfy our growth needs, then these will become more important. Hence, as we are able to be productive and creative, we look to higher goals and we are again dissatisfied.

iii) According to Alderfer, we try to satisfy our most concrete needs and we tend to move on to more abstract needs. Likewise, Maslow, Alderfer also argued that as one need is satisfied we proceed to the next higher need, Further he argued that alongwith

satisfaction progression, we can experience frustration. So if we are unable to satisfy needs to a given level of abstractness, then we drop back and focus on more concrete needs. Hence, if we are unable to satisfy our growth needs, we again focus on relatedness needs, Thus we can go in cycles, focusing on one need, then another and then back again

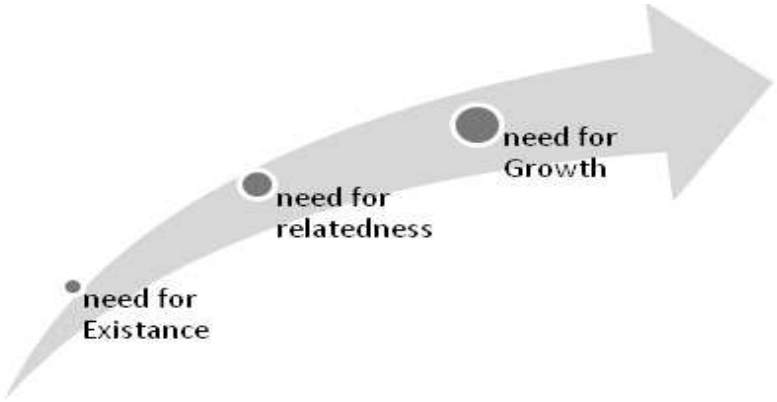


Figure 8.6: ERG theory

8.6.2 Vroom's Expectancy Theory

This theory was introduced by Victor Vroom in 1964. According to this theory motivation is a product of the anticipated worth to a person of an action and the perceived probability that a person's goals would be achieved.

This theory is based on three concepts, such as Valence, Expectancy and Instrumentality. According to Vroom, motivation is a force which is equivalent to the product of valence, expectancy and instrumentality. Below, we briefly describe these three concepts.

i) **Expectancy :-**Expectancy is the effort performance probability. Expectancy is the extent to which a person feels that his effort will lead to first level outcome in achieving the goals of the organisation. Expectancy is such type of probability that a specific action will lead to the outcome. It can also be defined as a perception in the mind of an individual that a particular action or behaviour will lead him to a certain outcome. The value of expectancy, is ranging between 0 and 1, because, it is an

association between effort and performance.If the probability of achieving an outcome is zero, then the person will not try at all. If the probability of outcome is higher, the person will agree to put more effort to achieve the desired outcome.

ii) **Instrumentality :** It implies to the degree to which a first level outcome will lead to a desired second level outcome. This is a relationship between the first level outcome and second level outcome. People will be motivated towards work if they expect enhanced effort to lead to reward and value the rewards resulting from their efforts.

iii) **Valence :-** It implies the preference that people have for a particular outcome or incentive or reward. Valence is the importance or value that an individual places on the potential outcome, which is achieved on the job. Valence becomes positive for a person, if he prefers attaining the outcome to not attaining it. If the person prefers not attaining outcome to attaining outcome, then his valence will be negative, In cases, where he is indifference towards the outcome his valence will be zero.

So, according to this theory motivation can be expressed in the form of an equation as given below.

Motivation = V x Ex I.

Where, V = Valence, E = expectancy and I = Instrumentality.



Figure 8.7: Vroom's Expectancy Theory



LET US KNOW

Presently, the effort of management scientists has centred round how to convert the process (moving the organisation most effectively to reach the goal) to a piece of science -where the output variables can be predicted given the input variable.

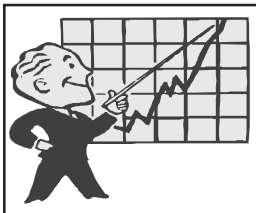
Generalizations in behavioural models are tainted heavily with two kinds of constraints : i) the situational constraints and ii) the personal constraints. Behavioural research and behavioural science aim at locating general laws of human behaviour under given environment. In the context of enterprise management what is important is to modify employee's behaviour so as to direct it towards enterprise objectives. If behavioural laws could be traced that regulate enterprise behaviour, it could be modified by manipulating the caused variable that lead to such behaviour.



ACTIVITY 8.1

1. " Observers have noticed a relationship chain between employee's needs, motivation, employees' behaviour and enterperise objectives" - Give your comment.

2. "Man is bundle of complex instincts-physical, intellectual, social, spiritual, economic, and psychological desires, Explain how can a good manager use these instincts and desire in motivating his subordinates ?



CHECK YOUR PROGRESS

Q3: What are the three human needs according to Alderfer's ERG Theory.

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Q4: What is Vroom's Expectancy Theory.

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8.6.3 McClelland's Theory of Needs

David McClelland theory of Needs Achievement Motivation Theory states that human behaviour is affected by three needs - Need for *Power*, *Achievement* and *Affiliation*.

1. Need for power is the desire to influence other individual's behaviour as per your wish. In other words, it is the desire to have control over others and to be influential.
2. Need for achievement is the urge to excel, to accomplish in relation to a set of standards, to struggle to achieve success.
3. Need for affiliation is a need for open and sociable interpersonal relationships. In other words, it is a desire for relationship based on co-operation and mutual understanding.

The individuals with high achievement needs are highly motivated by competing and challenging work. They look for promotional opportunities in job. They have a strong urge for feedback on their achievement. Such individuals try to get satisfaction in performing things better. High achievement is directly related to high performance. Individuals who are better and above average performers are highly motivated. They assume responsibility for solving the problems at work. McClelland called such individuals as gamblers as they set challenging targets for themselves and they take deliberate risk to achieve those set targets. Such individuals look for innovative ways of performing job. They perceive achievement of goals as a reward, and value it more than a financial reward.

The individuals who are motivated by power have a strong urge to be influential and controlling. They want that their views and ideas should dominate and thus, they want to lead. Such individuals are motivated by the need for reputation and self-esteem. Individuals with greater power and authority will perform better than those possessing less power. Generally, managers with high need for power turn out to be more efficient and successful managers. They are more determined and loyal to the organization they work for. Need for power should not always be taken negatively. It can be

viewed as the need to have a positive effect on the organization and to support the organization in achieving it's goals.

The individuals who are motivated by affiliation have an urge for a friendly and supportive environment. Such individuals are effective performers in a team. These people want to be liked by others. The manager's ability to make decisions is hampered if they have a high affiliation need as they prefer to be accepted and liked by others, and this weakens their objectivity. Individuals having high affiliation needs prefer working in an environment providing greater personal interaction. Such people have a need to be on the good books of all. They generally cannot be good leaders.

8.6.4 Goal Setting Theory of Motivation

In 1960's, Edwin Locke proposed the Goal-setting theory of motivation which states that goal setting is linked to task performance. It states that specific and challenging goals along with appropriate feedback contribute to higher and better task performance. In simple words, goals indicate and give direction to an employee about what needs to be done and how much efforts are required to be put in.

The important features of goal-setting theory are as follows:

- The willingness to work towards attainment of goal is main source of job motivation. Clear, particular and difficult goals are greater motivating factors than easy, general and vague goals.
- Specific and clear goals lead to greater output and better performance.
- Unambiguous, measurable and clear goals accompanied by a deadline for completion avoids misunderstanding.
- Goals should be realistic and challenging. This gives an individual a feeling of pride and triumph when he attains them, and sets him up for attainment of next goal.
- The more challenging the goal, the greater is the reward and the more is the passion for achieving it.
- Better and appropriate feedback of results directs the employee

behaviour and contributes to higher performance than absence of feedback.

- Feedback is a means of gaining reputation, making clarifications and regulating goal difficulties. It helps employees to work with more involvement and leads to greater job satisfaction.
- Participation of setting goal, however, makes goal more acceptable and leads to more involvement.

8.6.5 Reinforcement Theory of Motivation

Reinforcement theory of motivation was proposed by BF Skinner and his associates and it states that individual's behaviour is a function of its consequences. It is based on "law of effect", i.e, individual's behaviour with positive consequences tends to be repeated, but individual's behaviour with negative consequences tends not to be repeated.

Reinforcement theory of motivation overlooks the internal state of individual, i.e., the inner feelings and drives of individuals are ignored by Skinner. This theory focuses totally on what happens to an individual when he takes some action. Thus, according to Skinner, the external environment of the organization must be designed effectively and positively so as to motivate the employee. The following are the types of reinforcement:

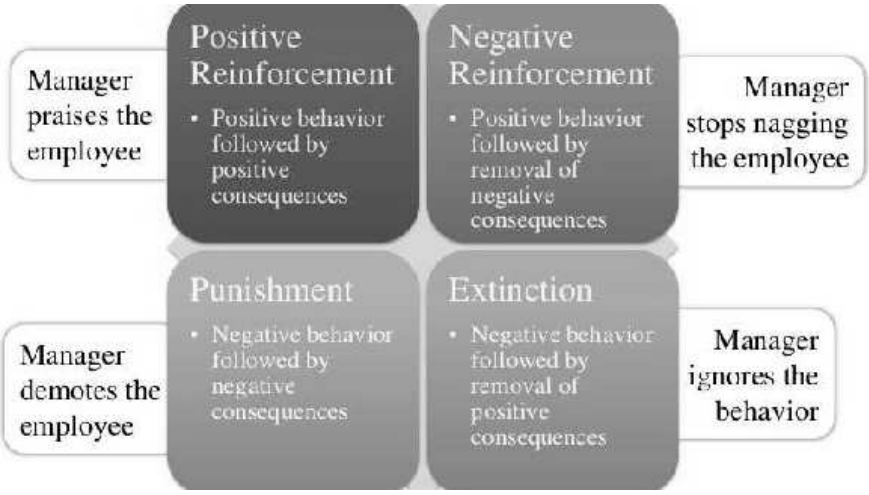


Figure 8.8: Reinforcement theory of Motivation

1. **Positive Reinforcement:** This implies giving a positive response when an individual shows positive and required behaviour. For example - Immediately praising an employee for coming early for job. This will increase probability of outstanding behaviour occurring again. Reward is a positive reinforce, but not necessarily. If and only if the employees' behaviour improves, reward can said to be a positive reinforcer. Positive reinforcement stimulates occurrence of a behaviour. It must be noted that more spontaneous is the giving of reward, the greater reinforcement value it has.

2. **Negative Reinforcement:** This implies rewarding an employee by removing negative / undesirable consequences. Both positive and negative reinforcement can be used for increasing desirable / required behaviour.

3. **Punishment:** It implies removing positive consequences so as to lower the probability of repeating undesirable behaviour in future. In other words, punishment means applying undesirable consequence for showing undesirable behaviour. For instance - Suspending an employee for breaking the organizational rules. Punishment can be equalized by positive reinforcement from alternative source.

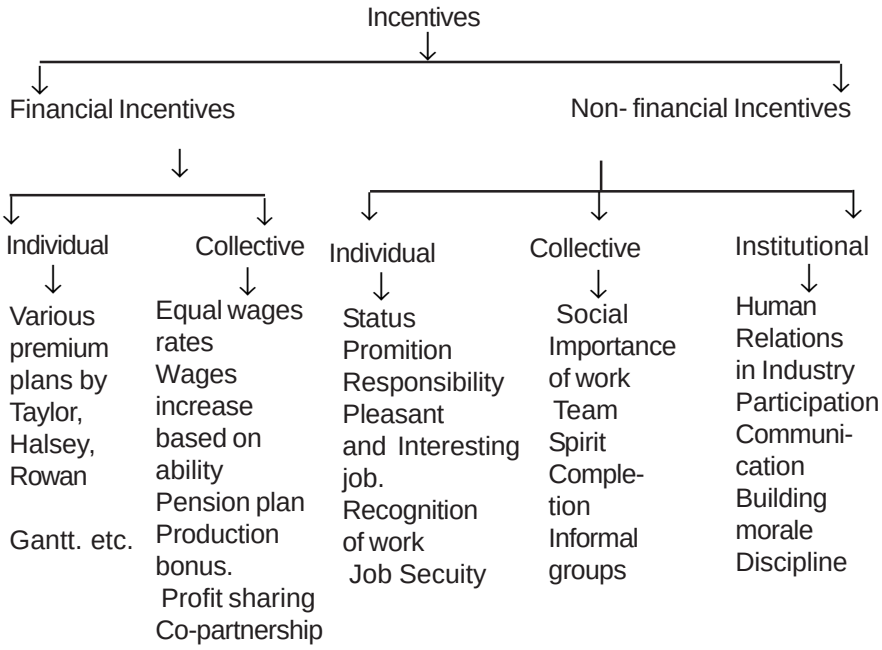
4. **Extinction:** It implies absence of reinforcements. In other words, extinction implies lowering the probability of undesired behaviour by removing reward for that kind of behaviour. For instance - if an employee no longer receives praise and admiration for his good work, he may feel that his behaviour is generating no fruitful consequence. Extinction may unintentionally lower desirable behaviour.

8.7 TECHNIQUES OF MOTIVATION

In human behaviour, individual need plays the role of driving force. So the management should try to govern the behaviour of employees in satisfying their needs.

Incentives are the objects which are perceived to satisfy their needs.

Individuals have both financial needs and non-financial needs. On the basis of these two needs, management uses two different types of techniques for motivation. These are financial incentives and non- financial incentives.From the following chart we may understand different financial and non- financial incentives.



8.7.1 FINANCIAL INCENTIVES

Financial incentives imply that more payment of money to the worker is an important motivating factor. Financial incentives are also called monetary incentives. These include wages, salaries, bonus, prize, income on investment and dividend. Money has the highest exchange value. So people can satisfy their needs through money. Of course, monetary incentives can be for the positive work. Such as amount of money paid to increase production or to do more work. On the other hand, monetary incentives may be for negative work, such as for not doing a work or doing less work, prize is given as on less absence etc. Moreover, financial incentives may be given personally as well as collectively.

8.7.2 NON-FINANCIAL INCENTIVES

Non-financial incentives imply all social and psychological attractions through which workers are encourged to fulfil their best and more work. Though money is an impotant incentive, yet workers do not work only for money. They also want to take incentives for satisfying their social and psychological needs. Non-financial incentives improve the workers interest in work, minimise accidents, and create interest in organisations. Non- financial incentives may be personal, collective and institutional.

Distinctions between financial and non- financial incentives-

Financial incentives differ from non- financial incentives in the following ways.

S. No	Basis of Distrinction	Financial Incentives	Non- Financial Incentives
1.	Mode	Financial incentives are given in terms of money such as wages, salary, bonus, commission	Non- Financial incentives are not given in terms of money
2.	Basis of Determin-ation	Financial incentives are determined on the basis of cost of living, agreement of service, benefits offered by the competitors. etc.	Non - financial incentives are determined on the basis of nature of job, attitude of management and aspirations of em-ployees.
3	Level	Financial incentives are used to motivate employ-ees and workers	Non- financial incentives are used to motivate managerial personnel, such as Directors, managers, chairman etc.

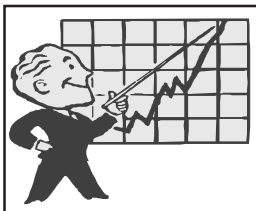
Table 8.1: Distinction between Financial and non-financial incentives



ACTIVITY

1. Money holds the key to work motivation in modern business organisation" Do you agree with this statement. Give reasons for your answer.

2. "Non- financial incentives are as strong motivators as the financial incentives" Mention few situations, where employees want to enjoy both non- financial and financial incentives.



CHECK YOUR PROGRESS

Q5: What is McClelland's Theory of Needs?

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Q6: Write any four features of Goal Setting Theory.

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8.8 LET US SUM UP

Motivation is highly individualistic. Motivation is a process of influencing to influence others, to do your will through the possibility of gaining reward. Different theories of motivation have been developed by different authorities. A.H. Maslow has developed a need hierchy model, which includes five needs of human such as physiological needs and safety needs, social needs, esteem needs and self actualisation needs. According to him these human needs tend of follow a basic hierarchical pattern from physiological needs to the self- actualisation needs. On the other hand, Mc Gregor introduced Theoy X and Theory Y. These theories are based on the dual nature of human beings. The Theory X assumes that average people are basically lazy and dislike work. The Theory Y assumes that person does not inheretly dislike work. On the basis of these two theories management can formulate various incentive schemes. There are financial and non - financial incentives.



8.9 FURTHER READING

1. L.M Prasad (2015); "*Principles and Practice of of Management*",Ninth Edition, Suttan Chand and sons, New Delhi.
2. R.N. Gupta, S(2010); *"Principles of Management"*, S Chand & Company Pvt Ltd, New Delhi.
3. Shyamal Banerjee (1981), '*Principles and Practice of Management'* , Oxford and IBH Publishing Co. Pvt. Ltd, New Delhi.

8.10 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q.No 1: Motive is an internal factor that integrates a man's behaviour. Motive can be known by studying the behaviour of a person. Different motives operate at different times among different people and influence their behaviour.

Ans to Q.No 2: An unsatisfied need creates tension and the person will not be able to give attention on his duites and activities. When a person is not able to satisfy his needs then he will not be stable at his work and suffers from frustration.

Ans to Q.No 3: Three sets of human needs as states by Alderfer are:

i) Existence Need
ii) Relatedness Need
iii) Growth Need

Ans to Q.No 4: According to Vroom's Expectancy Theory, motivation is a product of the anticipated worth to a person of an action and the perceived probability that a person's goals would be achieved.

Ans to Q.No 5: The theory states that, human behaviour is affected by three needs – Need for Power, Achievement and Affiliation.

Ans to Q.No 6: The features of goal setting theory are :

i) Willingness to work towards goal
ii) Unambiguous, measurable and clear goals

iii) More challenging goal, greather is the reward

iv) Goals must be realistic and challenging.



8.11 MODEL QUESTIONS

Q.1. What is motivation ?

Q.2. Explain Maslow's Theory of Motivation? How does this theory help the managers in motivating employees

Q.3. Explain the Theory X and Theory Y. How is Theory Y is an improvement over traditional views?

Q.4. Describe various financial and non- financial incentives.

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UNIT 9: INTRODUCTION TO ORGANISATIONAL BEHAVIOUR (OB)

UNIT STRUCTURE

9.1 Learning Objectives

9.2 Introduction

9.3 Historical Perspective to OB

9.4 Basic Approaches of OB

9.4.1 Importance of OB

9.4.2 Relationship between Management Process and OB

9.5 The Framework for Learning OB

9.6 Challenges in OB

9.7 Human Resources Management and OB

9.8 Globalization and OB

9.9 Let Us Sum Up

9.10 Further Reading

9.11 Answers To Check Your Progress

9.12 Model Questions

9.1 LEARNING OBJECTIVES

After going through this unit you will be able to:

- define Organisational Behaviour (OB)
- describe historical perspectives of OB
- explain approaches to OB
- discuss importance of OB
- analyse framework for learning OB
- describe relationship between management processs and OB
- describe relationship between Human Resources Management and OB
- discuss the challenges in OB
- explain globalization and OB

9.2 INTRODUCTION TO ORGANIZATIONAL BEHAVIOUR (OB)

Organizations are social systems. If one wishes to work in them or to manage them, it is necessary to understand how they operate. Organizations combine science and people – technology and humanity. Unless we have qualified people to design and implement, techniques alone will not produce desirable results. Human behaviour in organizations is rather unpredictable. It is unpredictable because it arises from people's deep-seated needs and value systems. However, it can be partially understood in terms of the framework of behavioural science, management and other disciplines.

Organizational Behaviour is field of study that investigates the impact that individuals, groups and structure have on behaviour within organization. It is the study and application of knowledge about how people act within organizations. It is a human tool for human benefit. It applies broadly to the behaviour of people in all types of organizations, such as business, government, schools and services organizations. It covers three determinants of behaviour in organizations: individuals, groups, and structure. It applies the knowledge gained about individuals, and the effect of structure on behaviour, in order to make organizations work more effectively. OB covers the core topics of motivation, leadership behaviour and power, interpersonal communication, group structure and process, learning, attitude development and perception, change process, conflict, job design and work stress.

9.3 HISTORICAL PERSPECTIVES OF OB

Different writers have provided different categorization schemes for studying organizational behaviour. In order to facilitate easy understanding, we can identify the following theories which had contributed to the evolution of management theory.

Max Webber's Bureaucratic theory of Management

It was Max Webber who propounded the bureaucratic theory of organisation and management. The term 'bureaucracy' has been widely used with

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

Characteristics of Weber's Bureaucracy:

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

1. Administrative Class:

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

2. Hierarchy:

The basic feature of bureaucratic organisation is that there is hierarchy of positions in the organisation. Hierarchy is a system of ranking various positions in descending scale from top to bottom of the organisation.

3. Division of Work:

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

4. Official Rules:

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

5. Impersonal Relationships:

A notable feature of bureaucracy is that relationships among individuals are governed through the system of official authority and rules. Official positions are free from personal involvement, emotions and sentiments. Thus, decisions are governed by rational factors rather than personal factors.

6. Official Record:

Bureaucratic organisation is characterised by maintenance of proper official records. The decisions and activities of the organisation are formally recorded and preserved for future reference.

Benefits of Bureaucracy:

The following are the advantages of Bureaucracy:

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

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

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

Disadvantages of Bureaucracy:

The following are the disadvantages of Bureaucracy:

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

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

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

Frederick Winslow Taylor's Scientific Management

Frederick Winslow Taylor (1856-1915) was an American inventor and engineer that applied his engineering and scientific knowledge to management and developed a theory called scientific management theory. In broad terms, scientific management theory is the application of industrial engineering principles to create a system where waste is avoided, the process and method of production is improved, and goods are fairly distributed. These improvements serve the interests of employers, employees, and society in general.

The concept of scientific management is based on 4 basic principles:

1. Each task must be scientifically designed so that it can replace the old, rule-of-thumb methods.

2. Workers must be scientifically selected and trained so that they can be more productive on their jobs.
3. Bring the scientifically designed jobs and workers together so that there will be a match between them.
4. There must be division of labour and cooperation between management and workers.

Key Concepts of Scientific Management

The key concepts of scientific management are:-

Scientific task planning: - Scientific task is the amount of work which an average worker can perform during a day under normal working conditions.

Time and motion studies: - This have been advocated by Taylor with a view to isolate the wasteful and unproductive motions on job. The time study would indicate the minimum time required to do a given job and the motion study is carried out to find out the best sequence of motions to do a job.

Standardization:- Under scientific management, certain standards have to be set in advance regarding task, raw material, quality, work method etc.

Differential piece rate system: - Taylor advocated differential piece rate system based on actual performance of the worker. In this scheme, a worker who completes the normal work gets wages at higher rate than a worker who fails to complete the same with the given time limit.

Functional foremanship:- Taylor advocated functional foremanship where a factory is divided in different components, each incharge of a specialty. These perform the planning function and provide the expert advice to the workers. The workers are expected to implement the commands of functional specialists.

Henri Fayol's Administrative Theory

Henri Fayol is known as the father of modern management theory, because of his pioneering efforts in systematizing the management principles. According to Fayol, managers should perform the following 5 functions –

1. Planning
2. Organizing
3. Commanding

4. Coordination
5. Controlling

Henri Fayol's 14 principles of management were discussed in unit1.

The Hawthorne Studies / Neo-Classical Theory

As we have allready discussed in Unit 1,the human relations theory (also called neo-classical theory) tried to compensate for the deficiencies in classical theory (scientific management and administrative management) modifying it with insights from behavioral sciences like psychology, sociology and anthropology. This theory gained popularity after the famous studies of human behavior in work situations conducted at the Western Electric Company from 1924 to 1933. These studies eventually became known as the 'Hawthorne Studies' because many of them were conducted at Western Electric's Hawthorne plant near Chicago.

Some of the major phases of Hawthorne experiments are as follows:

1. Illumination Experiments:

Illumination experiments were undertaken to find out how varying levels of illumination (amount of light at the workplace, a physical factor) affected the productivity. The hypothesis was that with higher illumination, productivity will increase. In the first series of experiments, a group of workers was chosen and placed in two separate groups. One group was exposed to varying intensities of illumination.

Since this group was subjected to experimental changes, it was termed as experimental group. Another group, called as control group, continued to work under constant intensities of illumination. The researchers found that as they increased the illumination in the experimental group, both groups increased production. When the intensity of illumination decreased, the production continued to increase in both the groups.

The production in the experimental group decreased only when the illumination was decreased to the level of moonlight. The decrease was due to light falling much below the normal level.

Thus, it was concluded that illumination did not have any effect on productivity but something else was interfering with the productivity. At that time, it was concluded that human factor was important in determining

productivity but which aspect was affecting, it was not sure. Therefore, another phase of experiments was undertaken.

2. Relay Assembly Test Room Experiments:

Relay assembly test room experiments were designed to determine the effect of changes in various job conditions on group productivity as the illumination experiments could not establish relationship between intensity of illumination and production. For this purpose, the researchers set up a relay assembly test room two girls were chosen.

These girls were asked to choose for more girls as co-workers. The work related to the assembly of telephone relays. Each relay consisted of a number of parts which girls assembled into finished products. Output depended on the speed and continuity with which girls worked. The experiments started with introducing numerous changes in sequence with duration of each change ranging from four to twelve weeks.

An observer was associated with girls to supervise their work. Before each change was introduced, the girls were consulted. They were given opportunity to express their viewpoints and concerns to the supervisor. In some cases, they were allowed to take decisions on matters concerning them.

Following were the changes and resultant outcomes:

1. The incentive system was changed so that each girl's extra pay was based on the other five rather than output of larger group, say, 100 workers or so. The productivity increase as compared to before.

2. Two five- minute rests one in the morning session and other in evening session were introduced which were increased to ten minutes. The productivity increased.

3. The rest period was reduced to five minutes but frequency was increased. The productivity decreased slightly and the girls complained that frequent rest intervals affected the rhythm of the work.

4. The number of rest was reduced to two of ten minutes of each, but in the morning, coffee or soup was served along with the sandwich and in the evening, snack was provided. The productivity increased.

5. Changes in working hours and workday were introduced, such as cutting an hour off the end of the day and eliminating Saturday work. The girls were allowed to leave at 4.30 p.m. instead of usual 5.00 p.m. and later at 4.00 p.m. productivity increased.

As each change was introduced, absenteeism decreased, morale increased, and less supervision was required. It was assumed that these positive factors were there because of the various factors being adjusted and making them more positive. At this time, the researchers decided to revert back to original position, that is, no rest and other benefits. Surprisingly, productivity increased further instead of going down.

This development caused a considerable amount of redirection in thinking and the result implied that productivity increased not because of positive changes in physical factors but because of the change in girls' attitudes towards work and their work group.

They developed a feeling of stability and a sense of belongings. Since there was more freedom of work, they developed a sense of responsibility and self-discipline. The relationship between supervisor and workers became close and friendly.

3. Mass Interviewing Programme:

During the course of experiments, about 20,000 interviews were conducted between 1928 and 1930 to determine employees' attitudes towards company, supervision, insurance plans, promotion and wages. Initially, these interviews were conducted by means of direct questioning such as "do you like your supervisor?" or "is he in your opinion fair or does he have favorites?" etc.

This method has disadvantage of stimulating antagonism or the oversimplified 'yes' or 'no' responses which could not get to the root of the problem, the method was changed to non- directive interviewing where interviewer was asked to listen to instead of talking, arguing or advising.

During the course of interviews, it was discovered that workers' behaviour was being influenced by group behaviour.

4. Bank Wiring Observation Room Experiment:

These experiments were conducted to find out the impact of small groups on the individuals. In this experiment, a group of 14 male workers were formed into a small work group. The men were engaged in the assembly of terminal banks for the use in telephone exchanges.

The work involved attaching wire with switches for certain equipment used in telephone exchanges. Hourly wage for each worker was fixed on the basis of average output of each worker. Bonus as also payable on the basis of group effort.

It was expected that highly efficient workers would bring pressure on less efficient workers to increase output and take advantage of group incentive plan. However, the strategy did not work and workers established their own standard of output and this was enforced vigorously by various methods of social pressure. The workers cited various reasons for this behaviour viz. fear of unemployment, fear of increase in output, desire to protect slow workers etc.

The following were the main conclusions drawn by Prof. Mayo on the basis of Hawthorne studies:

1. Social Unit:

A factory is not only a techno-economic unit, but also a social unit. Men are social beings. This social characteristic at work plays an important role in motivating people. The output increased in Relay Room due to effectively functioning of a social group with a warm relationship with its supervisors.

2. Group Influence:

The workers in a group develop a common psychological bond uniting them as £ group in the form of informal organisation. Their behaviour is influenced by these groups. Pressure of a group, rather than management demands, frequently has the strongest influence on how productive workers would be.

3. Group Behaviour:

Management must understand that a typical group behaviour can dominate or even supersede individual propensities.

4. Motivation:

Human and social motivation can play even a greater role than mere monitory incentives in moving or motivating and managing employee group.

5. Supervision:

The style of supervision affects worker's attitude to work and his productivity. A supervisor who is friendly with his workers and takes interest in their social problems can get co-operation and better results from the subordinates.

6. Working Conditions:

Productivity increases as a result of improved working conditions in the organisation.

7. Employee Morale:

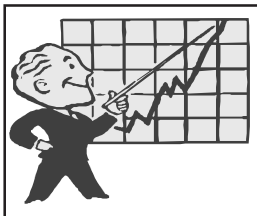
Mayo pointed out that workers were not simply cogs, in the machinery, instead the employee morale (both individual and in groups) can have profound effects on productivity.

8. Communication:

Experiments have shown that the output increases when workers are explained the logic behind various decisions and their participation in decision making brings better results.

9. Balanced Approach:

The problems of workers could not be solved by taking one factor i.e. management could not achieve the results by emphasizing one aspect. All the things should be discussed and decision be taken for improving the whole situation. A balanced approach to the whole situation can show better results.



CHECK YOUR PROGRESS

Q.1 Define Organisational Behaviour.

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Q.2 State two benefits of Bureaucracy.

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9.4 BASIC APPROACHES OF ORGANISATIONAL BEHAVIOUR

- **An Interdisciplinary Approach:** It is integrating many disciplines. It integrates social sciences and other disciplines that can contribute to the Organizational Behaviour. It draws from these disciplines any ideas that will improve the relationships between people and organization.
- **Scientific Management Approach:** The fundamental concern of the scientific management school was to increase the efficiency of the worker basically through good job design and appropriate training of the workers. Taylor is the father of the scientific management movement and he developed many ides to increase organizational efficiency. Taylor showed that through proper job design, worker selection, employee training and incentives, productivity can be increased. The scientific management school advocated that efficiency can be attainted by finding the right methods to get the job done, through specialization on the job, by planning and scheduling, by using standard operating mechanisms, establishing standard times to do the job, by proper selection and training of personnel and through wage incentives.
- **A Human Resources (Supportive) Approach:** It is developmental approach concerned with the growth and development of people toward higher levels of competency creativity and fulfilment, because people are the central resource in any organizations and any society. It helps people grow in self-control and responsibility and then it tries to create a climate in which all employees may contribute to the limits of their improved abilities. It is assumed that expanded capabilities and opportunities for people will lead directly to improvements in operating effectiveness. Work satisfaction will be a direct result when employees make fuller use of their capabilities.
- **A Contingency Approach:** Traditional management relies on one basic principle– there is one best way of managing things and these

things can be applied across the board in all the instances. The situational effect will be totally ignored in this traditional management. Situations are much more complex than first perceived and the different variables may require different behaviour which means that different environments required different behaviour for effectiveness. Each situation must be analyzed carefully to determine the significant variables that exist in order to establish the kinds of practices that will be more effective. Contingency theorist argues that the external environment and several aspects of the internal environment govern the structure of the organization and the process of management. Effective management will vary in different situations depending on the individual and groups in the organization, the nature of jobs, technology, the type of environment facing the organization and its structure.

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

9.4.1 Importance of Organizational Behaviour

- It builds better relationship by achieving people's, organizational, and social objectives.
- It covers a wide array of human resource like behaviour, training and development, change management, leadership, teams etc.
- It brings coordination which is the essence of management.
- It improves goodwill of the organization.
- It helps to achieve objectives quickly.
- It makes optimum utilization of resources.
- It facilitates motivation.
- It leads to higher efficiency.
- It improves relations in the organization.
- It is multidisciplinary, in the sense that applies different techniques, methods, and theories to evaluate the performances.

9.4.2 Relationship between Management Process and Organizational Behaviour

Although most of the times, the terms OB and management process are used synonymously, yet there exist certain minute differences between the two.

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

Management refers to the functional process of accomplishing the goals of the organization through the help of

others. A manager is an individual who is given the responsibility for achieving the goals assigned to him or her as part of the overall goals of the organization and who is expected to get the job done. The terms top management, middle management and lower management are frequently used to indicate the hierarchical levels of those who are engaged in the process of getting the goals of the organization accomplished. Thus, the term management process is much broader and it is essential in all organizations in order to achieve the organizational goals.

9.5 THE FRAMEWORK FOR LEARNING OB

The basic OB model suggests study of the organization at following three levels:

1. Organization
2. Group
3. Individual

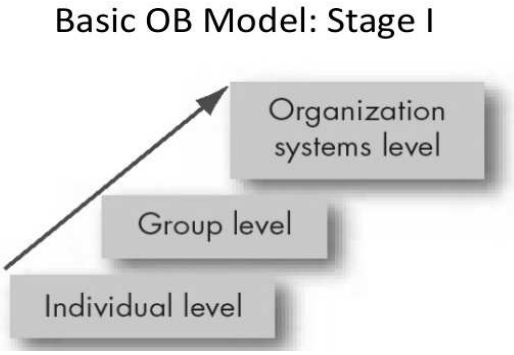


Figure 9.1: Basic OB Model

The purpose of understanding organizations from all three levels (individual, group, and organization) is to develop a well-rounded view that will prepare us for the challenges that managers face in today's business environment. Focusing on the individual level allows us to understand individual differences, perception, motivation, and learning. Focusing on the group level shows us how more than two people can work together in groups or teams within an organization. Focusing on the organization level allows us to see the effects of the organizational environment, technology, strategy, structure, and culture.

9.6 CHALLENGES IN OB

Following are the major challenges in OB:

- **Improving People Skills:** Technological changes, structural changes, environmental changes are accelerated at a faster rate in business field. Unless employees and executives are equipped to possess the required skills to adapt those changes, the achievement of the targeted goals cannot be achieved in time. There two different categories of skills – managerial skills and technical skills. These skills can be enhanced by organizing a series of training and development programmes, career development programmes, induction and socialization etc.
- **Improving Quality and Productivity:** Quality is the extent to which the customers or users believe the product or service surpasses their needs and expectations.
- **Managing Workforce Diversity:** This refers to employing different categories of employees who are heterogeneous in terms of gender, race, ethnicity, relation, community, physically disadvantaged, homosexuals, elderly people etc. The primary reason to employ heterogeneous category of employees is to tap the talents and potentialities, harnessing the innovativeness, obtaining synergetic effect among the divorce workforce.
- **Empowering People:** The main issue is delegating more power and responsibility to the lower level cadre of employees and assigning more freedom to make choices about their schedules, operations, procedures and the method of solving their work-related problems. Encouraging the employees to participate in work related decision will sizably enhance their commitment at work. Empowerment is defined as putting employees in charge of what they do by eliciting some sort of ownership in them. Due to the implementation of empowerment concepts across all the levels, the relationship between managers and the employees is reshaped.

- **Stimulating Innovation and Change:** Today's successful organizations must foster innovation and be proficient in the art of change; otherwise they will become candidates for extinction in due course of time and vanished from their field of business. Victory will go to those organizations that maintain flexibility, continually improve their quality, and beat the competition to the market place with a constant stream of innovative products and services.
- **Emergence of E-Organization:** The application of Internet operations initially covered a small part of the business. But today, millions of firms are now selling anything over the Internet. They are using e-business applications to improve communications with internal and external stakeholders and to better perform traditional business functions.
- **Improving Ethical behaviour:** The complexity in business operations is forcing the workforce to face ethical dilemmas, where they are required to define right and wrong conduct in order to complete their assigned activities. Differentiating right things from wrong behaviour has become more blurred. Following unethical practices have become a common practice such as successful executives who use insider information for personal financial gain, employees in competitor business participating in massive cover-ups of defective products etc.

9.7 HUMAN RESOURCE MANAGEMENT (HRM) AND OB

The relationship between organizational behaviour and human resource management stems from the fact that human resource management can be used as a tool for shaping organizational behaviour. Organizational behaviour is a term used to define the concept of the behaviour for individuals who constitute the human elements of an organization. This is related to human resources, which is a concept that is used to describe the management of the employees in any organization. From the description of the two terms, it is easy to see how organizational behaviour and human resource management are related.

The effective use of human resources can be used to shape the perceptions and behavior of the employees in an organization, resulting in a desired outcome in their organizational behavior. This link between organizational behavior and human resource management can be seen in the area of the workers' attitudes toward their jobs. Part of the responsibilities of the human resources department is managing the issues related to the welfare of the employees in an organization. When this responsibility is pursued diligently, the employees will have a more positive attitude toward their jobs and will be more willing to go the extra mile in furthering their duties.

A recognition of the fact that it is the individual employees within an organization who carry out whatever organizational behavior is in place in the establishment also shows a link between organizational behavior and human resource management. Since the individuals are the vehicles for organizational behavior they can be nudged in the right direction through the human resource department, which is charged with the management of employees. Examples of proper management for employees include the organization of orientation courses or classes for new employees where they will be informed about the corporate image of the organization and the expected organizational behaviour from employees needed to maintain that image.

One of the factors of organizational behaviour is the attitude of employees toward each other, ranging from the communication of management to employees, communication between the various levels of employees, and communication between employees and those outside the organization. Employees will be more productive in an atmosphere where they feel they can thrive, such as one where the relationships are clearly defined. Part of the responsibility of human resource is to enable such an environment within the organization through effective application of targeted good organizational practice.

9.8 GLOBALIZATION AND OB

The importance of organizational behaviour (OB) has accentuated subsequent to globalization and the consequent changes in business practices. Globalization has many dimensions. The most general is the

economic globalization. OB studies are now increasingly becoming complex due to the effect of globalization. Some of the important areas of concern are changing technology with a sharp increase in cross-border technology transfers, the mobility of organizations and people in the global world, the competition for markets and customers on a global scale, etc.

Globalization can be taken to mean the increasing trend to interaction beyond physical boundaries. The causes of globalization include deregulation and privatization of public sectors in certain countries, technological convergence, and increased competition. Furthermore, globalization has taken many forms such as foreign investment and international partnerships.

From the perspective of business organiza-tions, there are three different types of globalizations—multinationals, global, and international companies. The cascading effect of globalization even transcends to the tasks or the operational environments of business organiza-tions.

The effect of globalization on organizations is an increase in alliances and partnerships rather than on authority and control. This is characterized by the breakdown of tall hierarchies, increase in use of teams, reorganization of functional departments into cross-functional groups, reduction in centralized control, and allowing more local autonomy.

Another key aspect, from the perspective of a business organization, is the harvesting of the knowledge of the people. This is facilitated by knowledge management practices, using various tools, techniques, and values. Through knowledge management, organizations can acquire, develop measure, distribute, and provide a return on their intellectual assets.

Globalization has also changed the nature of managerial work, requiring managers, in the globalized era, to increase their judgmental power, use of persuasion and influence, shaping of the behaviour of the people, etc.

CHECK YOUR PROGRESS

Q.3 State two points on importance of Organisational Behaviour.

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Q.4 State two challenges in OB.

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9.9 LET US SUM UP

In this unit we have discussed the following:

- Organizational Behaviour is field of study that investigates the impact that individuals, groups and structure have on behaviour within organization.
- Different writers have provided different categorization schemes for studying organizational behaviour. In order to facilitate easy understanding, we can identify the following theories which had contributed to the evolution of management theory.
- Max Webber's Bureaucratic theory of Management
- Frederick Winslow Taylor's Scientific Management
- Henri Fayol's Administrative Theory
- Hawthorne Studies / Neo-Classical Theory
- Then we have discussed different approaches to Organisational Behaviour such as : interdisciplinary approach, Scientific Management Approach,Contingency Approach, Systems Approach etc.
- Next we have discussed framework for learning OB and its challenges.
- At the end of the unit, we have discussed the relationship between organisational behaviour and human resource management.



9.10 FURTHER READING

1) Gupta R.N. (2006). *Business organisation and management*, New Delhi, S. Chand &b Company Ltd.

2) Knootz Harold & Weihrich Heinz (2007). *Essentials of management: An international perspective*. New Delhi, Tata McGraw Hill.

3) Dutta M. (2002). *Management Control System*. New Delhi, S. Chand & Company Ltd.

9.11 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q.No 1: Organizational Behaviour is field of study that investigates the impact that individuals, groups and structure have on behaviour within organization.

Ans to Q.No 2: The two benefits of bureaucracy are as follows

1. The rules and procedures are decided for every work it leads to, consistency in employee behaviour. Since employees are bound to follow the rules etc., the management process becomes easy.
2. The duties and responsibilities of each job are clearly defined. There is no question of overlapping or conflicting job duties.

Ans to Q.No 3:

- It brings coordination which is the essence of management.
- It improves goodwill of the organization.

Ans to Q.No 4:

- Improving people skills
- Improving quality and productivity



9.12 MODEL QUESTIONS

1. Discuss the meaning of “Organization Behaviour”?
2. Explain the different approaches of OB.
3. Discuss the major tenets of Bureaucratic Theory of management.
4. Explain the significance of Taylor’s Scientific Management theory in OB.
5. Why Fayol’s management principles are known as the universal principles of management.
6. State the relationship between HRM and OB.
7. Explain how globalization has affected organizational behaviour.
8. Discuss the limitations of OB in the current scenario.

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UNIT 10: PERSONALITY AND PERCEPTION

UNIT STRUCTURE

10.1 Learning Objectives

10.2 Introduction

10.3 Concept of Personality

10.4 Approaches to Personality Traits and Determinants

10.5 Personality Attributes

10.5.1 Sixteen Personality Factor

10.5.2 The Big Five Personality Theory

10.6 Elements of the Perceptual Process

10.7 Importance and Factors Influencing Perception

10.8 Challenges of Performance Appraisal

10.9 Let Us Sum Up

10.10 Further Reading

10.11 Answers to Check Your Progress

10.12 Model Questions

10.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- state the concept of personality and its determinants.
- describe the different approaches to personality traits and dimensions.
- identify different personality attributes affecting behavior in organizations.
- describe the basic elements of the perceptual process.
- state the importance and factors influencing perception
- describe the challenges of performance appraisal while making judgment about others.

10.2 INTRODUCTION

All organizations are composed of employees with varied backgrounds, skills, experiences, aspirations and attitudes. The behavior

of an employee always involves a complex interaction of the person and the situation. Events in the surrounding environment, including the presence and behavior of others, strongly influence the way people behave at any particular time. One reason why we need to study human behavior is that individuals are different and unique. They respond to different situations and events in a different manner. It is therefore essential to study the individual and his personality before proceeding to see how he behaves in work organizations. One key idea is that personality represents personal characteristics that lead to conscious patterns of behavior. People naturally seek to understand these behavioral patterns in their interaction with others. Managers and employees in organizations need to understand others' behavior in various situations. In this Unit, we shall discuss the aspects related with personality and perception.

10.3 CONCEPT OF PERSONALITY

Personality refers to the relatively stable pattern of behaviors and consistent internal states that explain a person's behavioral tendencies. Personality has both internal and external elements. The external traits are observable behaviors that we rely on to identify one's personality. The internal state represents the thoughts, values, and generic characteristics that we infer from the observable behavior. Personality traits are less evident in situation where social norms, reward systems, and other conditions constraint our behavior.

An individual's personality is relatively stable. If it changes at all, it is only after a long time or as a result of traumatic events. Theories of personality often describe what people have in common and what set people apart. To understand the personality of an individual, it is important to understand both what that individual has in common with others and what makes that particular individual unique. This complexity makes managing and working with people extremely challenging.

10.4 APPROACHES TO PERSONALITY TRAITS AND DETERMINANTS

The major determinants of personality are, generally, grouped by researchers under four heads: biological, cultural, family and situational. Let us discuss these factors in detail:

a. Biological Factors: Personal characteristics such as age, sex, marital status, dependents, ability etc. Such individual information would help find the relationship between an individual's background and his motivation level and the impact of these variables on employee productivity, turnover and satisfaction.

- ***Age:*** The relationship between age and job performance has been a point of intense debate and discussion over the years. It is widely believed that job performance decline with increasing age. An employee turnover too, tends to be low as employees age. There are less chances of such employees quitting the job suddenly because of two reasons; one, the outside opportunities may not be very tempting or may not be available, second, one begins to get more by staying back in terms of higher wages, benefits, bonuses, stock options etc. The ***age vs. absenteeism*** relationship is somewhat inverse because older employees have lower rate of avoidable absence than do their younger counterparts. They have generally higher rate of unavoidable absence due to poor health and longer recovery periods when they fell sick. Coming to ***age vs. productivity*** relationship, it is generally believed that an individual's skills decay over time, may loose interest in his job and the intellectual stimulation may also depreciate over time. However, this may not always hold good as recent research studies have proved. In fact, researchers now opine that age and job performance are unrelated.
- ***Sex:*** It is generally believed that gender difference between males and females affect their job performance, especially in situations demanding physical effort. However, there are no consistent male -

female differences in problem-solving ability, analytical skills, motivation, sociability, competitive drive etc. At lower level women are willing to conform to authority whereas men are more aggressive. The difference in productivity, turnovers are also negligible.

- ***Marital Status:*** Research evidence suggests that married employees tend to have fewer absences, undergo fewer turnovers, and remain more satisfied with their job than unmarried co-workers.
- ***Ability:*** It refers to individual's capacity to perform the various tasks in a job. An individual's abilities are of two kinds (a) Intellectual abilities, which are required to carry out mental activities. These include number aptitude, verbal comprehension, perceptual speed, reasoning and memory. Selection tests emphasized to measure these found to be strong predictors of job performance. (b) Physical abilities, which includes stamina, dexterity, strength and similar skills. Physical abilities are more important for performing less skilled and more standard jobs at lower levels in an organization.

b. Cultural and Heredity Factors:

- ***Culture:*** A culture provides people with a set of values and assumptive beliefs as well as implicit inferences about how the world operates, which enable them to find meaning of the events of their lives. Culture is a complex set of these beliefs, values, and, techniques for dealing with the environment which are shared among contemporaries and transmitted from one generation to the next. Culture requires both conformity and acceptance from its members. There are several ways of ensuring that members comply with the dictates of the culture. Such socialization takes place through early training given to the young generation of a culture, through establishing customs and also through informal pressure to obey certain ways of behaving. The personality of an individual to a marked extent is determined by the culture in which he is brought up.
- ***Heredity:*** Personality emerges over time from the interaction of genetic and environmental factors. To a large extent, genes predetermine an individual's physical characteristics, (size, facial

attractiveness, sex, muscle composition and reflexes etc) and they contribute to other important personality characteristics such as intelligence and temperament. Gender, race, appearance, size, and even health and energy are influenced significantly by inherited genetic features.

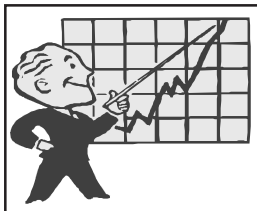
Although heredity plays a role in development of personality, personality characteristics are not completely dictated by heredity. One of the major characteristics that distinguish human being from other species is that human beings have a significantly greater capacity to learn, remember and think about what happened in the past, what is happening in the present, and what might happen in the future. Individuals learn and acquire knowledge, abilities, values, and attitudes. Individuals learn their own motives. Overtime, their pattern of behavior becomes identified as their personalities. People's personality becomes clearer and more stable as they grow older. Personality can change and may do so slowly over the years. The more set the individual's personality becomes, the greater the need for conscious effort to modify it.

c. **Family and Social Factors:** Family and social factors are important in shaping the personality of an individual. In order to understand the effect of family on an individual's personality, it is necessary to understand the socialization process and identification process.

The contribution of family and social groups in combination of culture is known as ***socialization***. Socialization is the process by which an individual infant acquires, from the enormously wide range of behavioral potentials that are open to him at birth, those behavioral patterns that are customary and acceptable according to the standards of his family and social groups. It initially starts with the contact with mother and later on the other members of the family. The social groups also play an influential role in shaping an individual's personality. ***Identification*** process starts when a person begins to identify himself with some other members of the family. Normally a child tries to behave as his father or mother. He tries to

emulate certain actions of his model - the parents. Apart from socialization and identification process, the personality of an individual is influenced by the home environment. There are substantial empirical evidences to indicate that overall environment created by parents at home is critical in personality development.

d. **Situational Factors:** An individual's personality is a unique combination of emotional, thought, and behavioral pattern that affect how a person reacts to situations and interacts with others. So situation plays a vital role in human personality. Knowledge, skill and language are obviously acquired and represent important modifications of behavior. However, learned modifications in behavior are not passed on the children, they must be acquired by them through their own personal experience, through interaction with the environment.



CHECK YOUR PROGRESS

Q.1 What are the determinants of personality?

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10.5 PERSONALITY ATTRIBUTES

Some of us are quiet and passive; others are loud and aggressive. When we describe people using terms such as *quiet, passive, loud, aggressive, ambitious, extrovert, loyal,* we are describing their personalities. Personality is most often described in terms of measurable traits that person exhibits. Over the years researchers have attempted to identify the traits that best describe personality.

10.5.1 Sixteen Personality Factors

Raymond Cattell in 1943 used the Allport and Odbert list of traits as a starting point to frame a multi-dimensional model of personality. As the list was too exhaustive, he reduced the number

of traits and applied cluster and factor analysis techniques to the reduced set. Words which were semantically similar were grouped as synonyms clusters, which were further grouped as antonyms pairs. He reduced the list of 4500 traits from the Allport and Odbert list to 35 variables in order to identify the major dimensions of personality. To assess these factors he constructed the Sixteen Personality Factors (16 PF) as follows:

	Sixteen Personality Factors (16 PF)
1	Apprehensive versus self-assured
2	Assertive versus humble
3	Conscientious versus expedient
4	Controlled versus casual
5	Emotionally stable versus unstable
6	Experimental versus conservative
7	Happy-go-lucky versus sober
8	Imaginative versus practical
9	More intelligent versus less intelligent
10	Outgoing versus reserved
11	Relaxed versus tense
12	Reserved versus warm
13	Shrewd versus forthright
14	Suspicious versus trusting
15	Tough-minded versus sensitive
16	Venturesome versus timid

Table 10.1: Sixteen Personality Factors

Cattell went on to construct the 16PF Questionnaire using these 16 factors as the basis. The questionnaire remains in use by universities and businesses for research, personnel selection, and the like. Further factor analysis reduced the 16 factors to 5 factors leading to the development of the “Big Five” personality theory.

10.5.2 The Big Five Personality Theory

In recent years, research has shown that five basic personality dimensions underlie all others and encompass most of the significant variation in human personality. The five personality traits in the Big Five Model are as follows:

1. **Extraversion:** This component of the Big Five focuses on the comfort level of an individual in their interactions with others. For example, an individual's behavior may range from being assertive, outgoing, talkative, open (extraversion) to being timid, quiet and reserved (introversion).
2. **Agreeableness:** This refers to an individual's behavior towards others while interacting with them. For example, the behavior may range from being warm, cooperative, and close (high agreeableness) to cold, antagonistic, and distant (low agreeableness).
3. **Conscientiousness:** This dimension of Big Five refers to the extent to which individuals show consistent and reliable behavior while working in an organization. An individual's style may range from being highly responsible, dependable, reliable, and consistent (high conscientiousness) to being unreliable, disorganized, and inconsistent (low conscientiousness); from performing work in a detailed and structured manner to performing work in a general and spontaneous way.
4. **Emotional Stability:** This refers to the ability of an individual to control his or her emotions at the time of crisis. Individuals with high stability are more controlled with their emotions and are calm and self-confident. On the other hand, those with low emotional stability are more nervous, depressed, and insecure in their approach.
5. **Openness to Experience**: This dimension measures the individual's ability to be open to any kind of experience that helps him or her to do the job effectively. Individuals who are open to

experience are more approachable, creative, and sensitive. However, those who are less open to experience are conservative in their approach and feel uncomfortable in a new environment.

THE "BIG FIVE" PERSONALITY FACTORS	
Extraversion	Sociable ⇄ retiring Fun-loving ⇄ sober Affectionate ⇄ reserved
Agreeableness	Soft-hearted ⇄ ruthless Trusting ⇄ suspicious Helpful ⇄ uncooperative
Conscientiousness	Organized ⇄ disorganized Careful ⇄ careless Disciplined ⇄ impulsive
Emotional stability	Calm ⇄ anxious Secure ⇄ insecure Self-satisfied ⇄ self-pitying
Openness	Imaginative ⇄ practical Preference for variety ⇄ preference for routine Independent ⇄ conforming

Table 10.2: The Big Five Personality Factors

There are other personality attributes that influence the behavior of individuals in an organization. Some of these are as follows.

I. Locus of Control: It is a dimension of personality that explains the degree to which people believe that they, rather than external forces, determine their own lives. People who believe that they are responsible for what happens to them are internals. Those who believe that what happens to them is directly related to fate or other forces are externals. Externals on this basis have been further classified into external (others) and external (chance). For example, let us assume that two employees, one an internal and the other an external, fail to get a promotion. The internal is likely to attribute this to his or her performance, while the external (others) will probably blame an unfair boss or some other outside force, and external (chance) will put it on his fate, luck or destiny. Internals are likely to perform better on jobs that require initiative and also autonomy. Externals are more likely to seek structured jobs with clear directions.



Figure 10.1: Locus of Control

II. **Machiavellianism:** It is a personality attribute that describes the extent to which a person manipulates others for personal gains. Niccolo Machiavelli proposed a ruthless strategy in early 1500 for seizing and holding political power. His approach was simple: other person can be manipulated or used for our purpose if we follow certain rules: (a) never show humility – arrogance is far more effective when dealing with others (b) morality and ethics are for the weak – powerful persons should feel free to lie, cheat and deceive whenever required to achieve personal goals (c) i t is better to be feared than loved. Those who want power, should be willing to do whatever it takes to get his way. Persons with Machiavellian orientation (called High Machs) are true pragmatists. Any means are justified as long as it helps High Machs to achieve their ends. This often gives them an edge over others who are guided by principles of morality. High Machs are confident, eloquent and competent. When they combine these traits with pure pragmatism, they achieve success easily.

III. **Extroversion and Introversion:** According to Carl Jung, individuals can be classified into two categories – Introverts and

Extroverts. Introverts are inward-directed people. They are guided by their own ideas and philosophies. They are rigid, subjective-oriented and rarely speak to others on their own. They have very few friends, avoid social contacts, remain withdrawn, quiet, and enjoy solitude. Extroverts, on the other hand, are friendly, enjoy interaction with others, crave excitement and dislike solitude. Extroverts prefer job environments that offer opportunity, variety, unpredictability and sporadic bursts of intensity. On the other hand, introverts do not require as much excitement from external stimulation, and consequently they tend to perform better than extroverts on repetitive tasks or tasks occurring in environments that offer very little sensory stimulation.

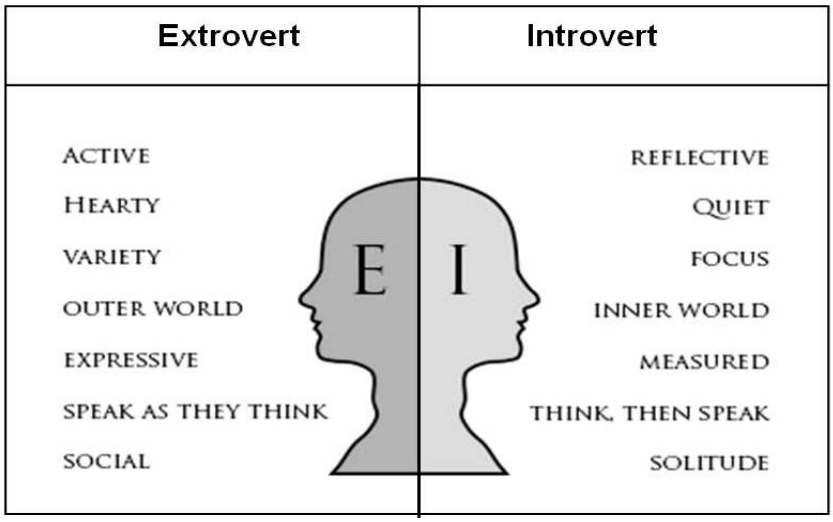


Figure 10.2: Extroversion and Introversion

IV. Type A and Type B Behaviors : Two cardiologists Meyer Friedman and Ray Rosenman have identified the typical characteristics of Type A behavior and Type B behavior in early 70s, while conducting research on the impact of job stress on heart disease. Type A personalities are aggressive – they are willing to oppose others to get what they want. Type A people are ambitious and hard-driving; they have very high standards for themselves. They try to schedule more and more in less and less time. They are also competitive. They do not find time to

enjoy life; for them work is not a means to an end, but an end in itself. For them work is an addiction and work outside the company is unproductive, disinteresting and meaningless. Type A people tend to lack skill in interpersonal relations and the ability to get along harmoniously with all types of people in various situations. In contrast Type B personalities are patient composed; they feel less pressure. They keep steadier pace, rather than working against the clock. They do not suffer from a sense of time urgency; concerned with quality rather than quantity. They are not as easily angered or disappointed by their own work or the work of others. They tend to be more relaxed and non-competitive. Because of their contemplative approach to problem-solving, Type Bs tend to be more creative than Type As. They are highly skilled in interpersonal relations and get along well socially.

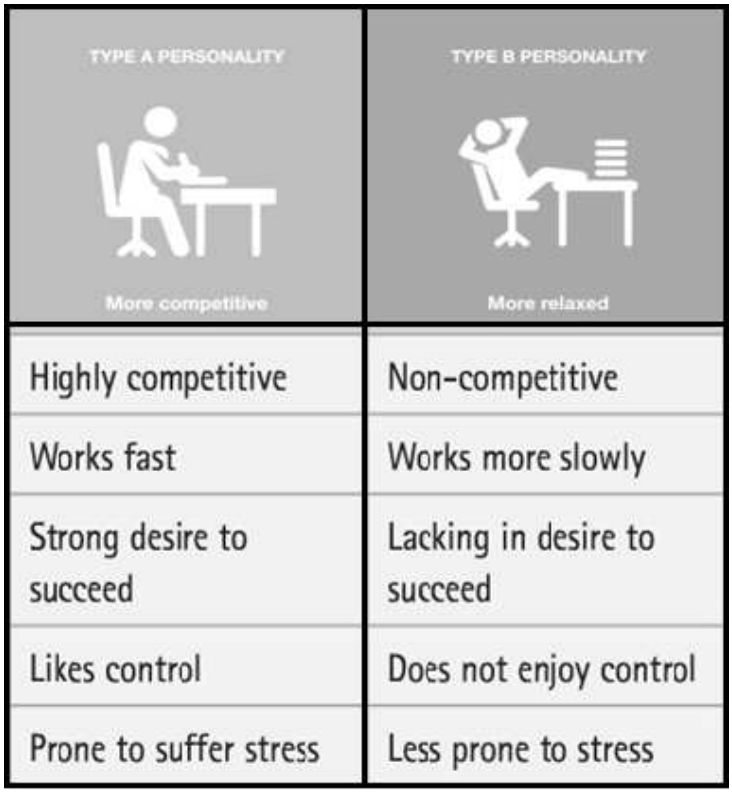
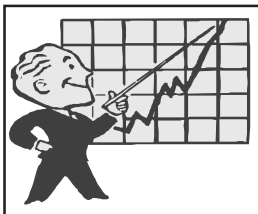


Figure 10.3: Type A and Type B Personality

V. **Authoritarianism:** It is the degree to which a person believes that status and power differences are appropriate in an organization. People high in authoritarianism tend to be autocratic and demanding with subordinates but are likely to accept orders and directions from superiors without questions. High authoritarian types would not fit well in organizations that require flexibility and quick change or sensitivity to people and cooperative behavior. They would fit better in a highly structured organization that values conformity.

VI. **Risk Taking:** People differ in their willingness to take chances. Difference in their propensity to assume or to avoid risk have been shown to affect how long it takes managers to make a decision and how much information they require before making their decision. For instance, in one study in which managers worked on simulated exercises that required them to make hiring decisions, high risk-taking managers took less time to make decisions and used less information in making their choices than did risk-averse managers. Interestingly, the decision accuracy was almost same in both the cases.



CHECK YOUR PROGRESS

Q.2 Distinguish between extroversion and introversion.

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10.6: ELEMENTS OF THE PERCEPTUAL PROCESS

People receive stimuli from the environment through the five senses: taste, smell, hearing, sight, and touch. Perception is a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment. Research on perception consistently demonstrates that several individuals may look at the same thing, yet

perceive it differently. A number of factors influence to shape and sometimes distort perception. These factors are in the *perceiver,* in the *target* being perceived, or in the *situation* in which the perception occurs. One manager, for instance, can interpret the fact that her assistant regularly takes several days to make important decisions as evidence that the assistant is slow, disorganized and afraid to make decisions. Another manager, with the same assistant might interpret the approach as evidence that the assistant is thoughtful, thorough, and deliberate. The first manager would probably evaluate her assistant negatively, and the second manager would probably evaluate the person positively. The point is that none of us actually sees reality. We interpret what we see and call it reality. Like we have all learnt that sun rises in the east and sets in the west, but in reality, it neither rises nor sets. And, of course, as the preceding example illustrates, we act according to our perception. Perception is the process of selection and organization of environmental stimuli and interpreting them to provide meaningful experiences for the perceiver.

A number of stimuli are constantly confronting people in the form of information, objects, events, people etc. in the environment. These serve as the inputs of the perceptual process. Some stimuli do not affect the senses of a person consciously, a process called subliminal perception. When a person receives information, he tries to process it through the following sub processes of selection, organisation and interpretation.

Many things are taking place in the environment simultaneously. However, one cannot pay equal attention to all these things, thus the need of perceptual selectivity. Perceptual selectivity refers to the tendency to select certain objects from the environment for attention. The objects which are selected are those which are relevant and appropriate for an individual or those which are consistent with our existing beliefs, values and needs.

10.7 IMPORTANCE AND FACTORS INFLUENCING PERCEPTION

Various external and internal factors which affect our selection process are as explained below:

(i) External Factors:

(a) Size:

The bigger the size of the stimulus, the higher is the probability that it is perceived. Size always attracts the attention, because it establishes dominance. The size may be the height or weight of an individual, sign board of a shop, or the space devoted to an advertisement in the newspaper. A very tall person will always stand out in the crowd, on the other hand, a very short person will also attract attention. A full page advertisement will always catch attention as compared to a few lines in the classified section.

(b) Intensity

Intensity attracts to increase the selective perception. A few examples of intensity are yelling or whispering, very bright colours, very bright or very dim lights. Intensity will also include behavioral intensity. If the office order says "Report to the boss immediately," it will be more intense and effective as compared to the office order which says "Make it convenient to meet the boss today."

(c) Repetition:

The repetition principle states that a repeated external stimulus is more attention drawing than a single one. Because of this principle, supervisors make it a point to give the necessary directions again and again to the workers. Similarly, the same advertisement or different advertisement but for the same product shown, again and again on the TV will have more attention as compared to an advertisement which is shown once a day.

(*d) Status:*

High status people can exert greater influence on the perception of the employees than the low status people. There will always be different reactions to the orders given by the foreman, the supervisor or the production manager.

(e) Contrast:

An object which contrasts with the surrounding environment is more likely to be noticed than the object which blends in the environment. For example, the Exit signs in the cinema halls which have red lettering on a black background are attention drawing or a warning sign in a factory, such as Danger, written in black against a red or yellow background will be easily

noticeable. In a room if there are twenty men and one woman, the woman will be noticed first because of the contrast.

(f) Movement:

The principle of motion states that a moving object receives more attention than an object which is standing still. A moving car among the parked cars catches our attention faster. A flashing neon-sign is more easily noticed.

(*g) Novelty and Familiarity*:

This principle states that either a novel or a familiar external situation can serve as an attention getter. New objects in the familiar settings or familiar objects in new settings will draw the attention of the perceiver. A familiar face on a crowded railway platform will immediately catch attention. Because of this principle, the managers change the workers' jobs from time to time, because it will increase the attention they give to their jobs.

(ii) Internal Factors:

The internal factors relate to the perceiver. Perceiving people is very important for a manager, because behavior occurs as a result of behavior. Following are the internal factors which affect perception:

1. Learning:

Although interrelated with other internal factors learning may play the single biggest role in developing perceptual set. A perceptual set is basically what a person expects from the stimuli on the basis of his learning and experience relative to same or similar stimuli. This perceptual set is also known as cognitive awareness by which the mind organizes information and forms images and compares them with previous exposures to similar stimuli.

2. Motivation:

Besides the learning aspects of the perceptual set, motivation also has a vital impact on perceptual selectivity. For example, a person who has a relatively high need for power, affiliation or achievement will be more attentive to the relevant situational variables. For example, when such a person walks into the lunch room, he may go to the table where several of his co-workers are sitting, rather than a table which is empty or on which just one person is sitting.

Another example is that a hungry person will be more sensitive to the smell or sight of food than a non-hungry person. In one experiment people who were kept hungry for some time were shown some pictures and were asked to describe what they saw in them. Most of them reported more food items in such perceptions.

10.8 CHALLENGES OF PERFORMANCE APPRAISAL

Closely related to learning and motivation is the personality of the perceiving person which effects formation of perception. This has implications for performance appraisal also. For example, the older senior executives often complain about the inability of the new young manager to take tough decisions concerning terminating or reassigning people and paying attention to details and paper work. The young managers, in turn, complain about the 'old guards' resisting change and using paper and rules as ends in themselves. Different perceptions in young and old are due to their age differences. Further, the generation gap witnessed in recent years definitely contributes to different perceptions.

In addition to the above two problems another problem is about the woman in the work place. Women are still not reaching the top levels of organizations. At least part of this problem can be attributed to perceptual barriers such as the established managerial hierarchy is not able to see (perceive) that qualified woman should be promoted into top level positions. Of course, there are individual differences in all age categories but the above examples show that how personalities, values and even age may affect the way people perceive the world around them.

Perceptual outputs encompass all that results from the throughout process. These would include such factors as one's attitudes, opinions, feelings, values and behaviors resulting from the perceptual inputs and throughputs. Perceptual errors adversely affect the perceptual outputs. The lesser our biases in perception, the better our chances of perceiving reality as it exists or at least perceiving situations with the minimum amount of distortions.

Accuracy in perception can be improved when the perceiver understands potential biases. Unfortunately, the errors that individual make in interpretation are so common that they have been assigned names. Some of the perception errors the following:

I. **Perceptual Defence:** Perceptual defence is the tendency of people to protect themselves against ideas, objects, or situations that are threatening. People see and hear what they want to see and hear and disregard the rest. People tend to perceive things that are supportive and satisfying and ignore disturbing things.

II. **Stereotyping :** It is the tendency to assign attributes to someone solely on the basis of the category in which the person has been placed. People generally expect someone identified as a doctor, a president of a company, or a professor to have certain positive attributes, even if they meet someone who does not. A person categorized as a dropout, an ex-convict, or an alcoholic, by default, is perceived negatively.

III. **Halo Effect:** Evaluation of another person solely on the basis of one attribute, either favorable or unfavorable, is called “halo effect.” In other words, a halo blinds the perceiver to other attributes that also should be evaluated to obtain a complete, accurate impression of the other person. Managers have to guard against the halo effect while rating employee performance. For example, an excellent attendance record may produce judgments of high productivity, quality work, and industriousness – whether they are accurate or not.

IV. **Projection:** Projection is the tendency for people to see their own traits in other people, that is, they project their own feelings, personality characteristics, attitudes, or motives onto others. This tendency may be especially strong for undesirable traits that the perceiver possesses but fail to recognize in themselves.

As the perceptual errors indicate, managers need to constantly guard themselves from these errors so that fair appraisal of performance is not affected.



10.9 LET US SUM UP

Personality is the sum total of ways in which an individual reacts and interacts with others. Biological, cultural, family and situational factors influence the manner in which an individual respond to different situations. Each employee in an organization is unique and may and may not respond as other do in a particular situation. In this regard, we have discussed the importance of trait theories.

People receive stimuli from the environment through the five senses: taste, smell, hearing, sight, and touch. Perception is a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment. Research on perception consistently demonstrates that several individuals may look at the same thing, yet perceive it differently. A number of factors influence to shape and sometimes distort perception. In this Unit we have discussed these factors. In addition to this, we have examined the role that perception may play in apprising one's performance.



10.10 FURTHER READING

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2. Robbins Stephen , David DeCenzo,Sanghamitra Bhattacharjyya and Madhusree Agarwal(2008), *Fundamentals of Management*, Pearson
3. Singh Kavita(2010), *Organizational Behavior: Text & Cases*, Pearson
4. www. Yourarticlelibrary.com/perception
5. marketandme.blogpost.com/2009/01

10.11 ANSWERS TO CHECK YOUR PROGRESS

Answer to Q.No. 1 : The major determinants of personality can be categorized as biological, cultural, family and situational.

Answer to Q.No. 2 : Introversion is related with inward-directed people. They are guided by their own ideas and philosophies. They are rigid, subjective-oriented and rarely speak to others on their own. They have very few friends, avoid social contacts, remain withdrawn, quiet, and enjoy solitude. Extroversion, on the other hand, is related with people who are friendly, enjoy interaction with others, crave excitement and dislike solitude. Extroverts prefer job environments that offer opportunity, variety, unpredictability and sporadic bursts of intensity.



10.12 MODEL QUESTIONS

1. Describe the concept of personality?
2. Describe the major determinants of personality.
3. What behavioral prediction could be made if it is known that an employee had (a) an external locus of control, (b) High Mach.
4. Discuss how might a manager use personality trait to improve employee selection in his department.
5. State the five factors in the Big Five personality theory.
6. Do you think a Type A person or a Type B person would be better suited to manage a health care facility? Explain.
7. Discuss the importance of perception in managerial decision making.
8. Discuss the role of perception errors in fair appraisal of performance.

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Unit 11: VALUES, ATTITUDES AND EMOTIONS

UNIT STRUCTURE

11.1 Learning Objectives

11.2 Introduction

11.3 Values and Classifications

- 11.3.1 Types of Values
- 11.3.2 Similarities & Differences between Values & Attitudes
- 11.3.3 Value Conflict

11.4 Attitudes and Behaviour

- 11.4.1 Relationship between Attitude & Beheviour

11.5 Employee Attitudes and Performance in Workplace

- 11.5.1 Workplace Misbehaviour
- 11.5.2 Work Attitudes and Job Satisfaction

11.6 Emotions and Emotional Intelligence

- 11.6.1 Concept & Emotion
- 11.6.2 Emotional Intelligences and Its Characteristics

11.7 Emotional Intelligence in Workplace

11.8 Let Us Sum Up

11.9 Further Reading

11.10 Answers to Check Your Progress

11.11 Model Questions

11.1 LEARNING OBJECTIVES

After going through this unit, you will be able to:

- define values and its classifications
- describe the concept of values and attitudes
- outline the major attitudes displayed by employees at the workplace
- explain the role that attitudes play in work performance
- explain the relationship between attitudes and behaviors
- discuss the concept of emotional intelligence
- describe the impact of emotional intelligence on workplace effectiveness

11.2 INTRODUCTION

The values people hold can explain their attitude and, in most cases, the behavior they engage in, but unfortunately, we can't say which value shapes which attitude and behavior. Attitudes are more specific than values; whereas values are more broad and encompassing than attitudes. Values contain a moralistic flavor. The statement that "reservation is bad in employment" reflects one's values. On the other hand, "I favor a supportive education program to bring out the best in socially backward classes" is an attitude.

There is a strong reason to believe that we react to different states in different ways depending on our moods or emotional state, and these determine the satisfaction experienced. Emotional intelligence is one such approach by which we recognize, understand, and manage our emotions effectively. To rise higher at the workplace, it is not just essential that individuals are good at their jobs; they are required to be more positive, approachable, warm, empathetic, and optimistic.

11.3 VALUES

Values are stable enduring beliefs, about what is worthwhile, that influence thoughts and behavior. Values are learned, beginning soon after birth, as parents and others teach that certain behaviors are good and certain others are bad. Children in many cultures learn quickly that it is good to be obedient and bad to disobey. They may learn that honesty, cleanliness, politeness, and similar traits, are good and thus valued. They may develop basic conviction about what is right and what is wrong, good or bad, important or unimportant.

Values contain both content and intensity attributes. The content attribute says that a specific way of behavior is important. The intensity attribute reveals how important it is. Values are emotionally charged priorities and are passionately defended. The term value system implies a ranking of individual values (relating to obedience, freedom, pleasure, self-respect, equality etc) according to their importance. The value system is a framework

of personal philosophy which governs and influences the individual's reactions and responses to different situations.

11.3.1 Types of Values

Allport classified and categorized values in the following six types:

1. **Theoretical**: Values the discovery of truth and emphasizes a critical and rational approach to a problem.
2. **Economic**: Values utility and practicality and emphasizes standard of living.
3. **Aesthetic**: Value form, grace, and harmony and emphasizes the artistic aspect of life.
4. **Social:** Values love of people and altruism, and emphasizes concern for others.
5. **Political**: Values power, position, and influence and emphasizes competition and winning
6. **Religious**: Values unity of people's relationship to the universe and emphasizes high ideals and the search for the purpose of being on earth..

Researchers have found that the value people emphasize vary with their occupations. For example, scientists of all kinds are often theoretically inclined; business people emphasize economic value; artists have high aesthetic value; psychologists, social workers, and teachers are inclined towards social value; executives in all fields often have a high political value; philosophers and the clergy often hold religious value.

A second way of classifying values was developed by Milton Rokeach; he distinguished between two sets of values. ***Instrumental values*** describe desirable beliefs about behaviors that are appropriate in reaching desirable goals and ends. ***Terminal values*** describe desirable ends that are worth striving for. A list of instrumental and terminal values is presented in the box below:

Instrumental(mean) Values	Terminal (end) Values
Ambition and Hard Work	Prosperity
Open mindedness	Stimulating, active life
Competence	Achievement
Courage	Equality
Helpfulness	Freedom
Honesty	Happiness
Courtesy	Friendship
Responsibility	Wisdom
Intelligence	Pleasure

Table 1.1: List of instrumental and Terminal Values

Case example

VALUES AT TATA GROUP

At the Tata group we are committed to improving the quality of life of the communities we serve. We do this by striving for leadership and global competitiveness in the business sectors in which we operate.Our practice of returning to society what we earn evokes trust among consumers, employees, shareholders and the community. We are committed to protecting this heritage of leadership with trust through the manner in which we conduct our business.Core valuesTata has always been values-driven. These values continue to direct the growth and business of Tata companies. The **five core Tata values** underpinning the way we do business are:**Pioneering:** We will be bold and agile, courageously taking on challenges, using deep customer insight to develop innovative solutions.**Integrity:** We will be fair, honest, transparent and ethical in our conduct; everything we do must stand the test of public scrutiny.**Excellence:** We will be passionate about achieving the highest standards of quality, always promoting meritocracy.**Unity:** We will invest in our people and partners, enable continuous learning, and build caring and collaborative relationships based on trust and mutual respect.**Responsibility:** We will integrate environmental and social principles in our businesses, ensuring that what comes from the people goes back to the people many times over.

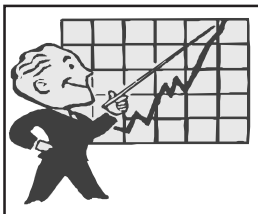
11.3.2 Similarities and Differences between Values and Attitudes

Similarities

- Both influence behavior of people in a powerful way.
- Both are learned and acquired from the same source – experience with people and objects.
- They are relatively permanent and resistant to change.
- They have reciprocal influence and are used interchangeably.

Differences

- Attitudes reflect how one feels about something. They are learned predispositions towards aspects of our environment. Values focus on our judgment of what ought to be.
- Attitudes represent several beliefs and feelings focused on a specific object, idea, people or situations. Values, on the other hand, represent a single belief that guides actions and judgment across objects and situations.
- Attitudes and beliefs are mostly personal experiences. Values contain a moral flavor.



CHECK YOUR PROGRESS

Q.1 Distinguish between values and attitudes.

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Q.2 Values have professions wise preferences. Do you agree?

.....

.....

11.3.3 Value Conflict

Value conflict is a difference of opinion created by differences in long-held beliefs and world views. The conflict cannot be easily

resolved with facts because the differences are belief-based and not fact-based

There are three types of value conflicts: intrapersonal, interpersonal and, individual-organizational conflicts.

Intrapersonal Value Conflict: Inner conflict and resultant stress are typically experienced when highly ranked instrumental and terminal values pull the individual in different directions. For example, in the category of instrumental values, "honest" can be pushed aside by "ambitious", and "obedient" in hard-driving managers.

Interpersonal Value Conflict: This problem generally is at the core of the so-called personality clashes common at work and elsewhere. Interpersonal value conflicts usually exist with whomever a person is encountering difficulties in interpersonal relations with, say, spouse, boss, employee or the group with which he identifies. Scholars believe that managers must consider value differences when attempting to resolve interpersonal conflicts.

Individual-Organizational Conflict: Every organization has a distinct culture complete with its own prevailing value system. Not surprisingly, individual employees often find them-selves at odds with their employing organization's value system. Generally, the individual's only option is to join the system, leave the system, or fight the system.

11.4 ATTITUDE AND BEHAVIOUR

An attitude is a relatively enduring organization of beliefs, feelings, and behavioral tendencies towards socially significant objects, groups, events or symbols. It is a psychological tendency that is expressed by evaluating a particular entity with some degree of favor or disfavor.

Every attitude has three components that are represented in what is called the **ABC model** of attitudes: A for affective, B for behavioral, and C for cognitive. Attitudes structure can be described in terms of three components.

Affective component: this involves a person's feelings / emotions about the attitude object. For example: "I am scared of spiders".

Behavioral (or conative) component: the way the attitude we have influences how we act or behave. For example: "I will avoid spiders and scream if I see one".

Cognitive component: this involves a person's belief / knowledge about an attitude object. For example: "I believe spiders are dangerous".

11.4.1 Relationship between Attitude and Behavior

While every attitude is a combination of feelings, beliefs and evaluations, behavior, on the other hand, refers to the actions or reactions of an object or organism. Attitude predicts behavior.

Every stimuli is different from each other especially in behaviors and attitudes. A person's behavior is the reflection of his personality. Most people say that attitude is a negative thing just because they are not having the correct knowledge about it. Both tendencies are different. Let's discuss the difference between Behavior and Attitude.

Attitude: In psychology, attitude is the internal mindset of an individual. It is shelled within the man which nobody can approach until a person doesn't show it.

Behavior: Behavior is the inborn attribute of an organism controlled by the nervous system, which diffuse and come outside in the form of actions of an individual. It's external which everyone can see.

Most people call behavior an attitude and attitude a behavior, But it's not. Psychologists say that what you think is attitude and what you do is behavior. In other words we can say that it is the attitude which shapes the behavior.

Surely there is a Difference. Attitude is what and how we react to stimuli in society. Attitude develops with our experiences and observation. We set our attitude on the basis of judgments on different statements. It's totally internal and individual is dealing with

it. Whereas, Behavior is something which is diffused form of attitude, what we think (attitude) when perform in actions is considered to be the behavior of a stimuli. Behavior is a natural action and they are highly dependent upon others.

11.5 EMPLOYEE ATTITUDES AND PERFORMANCE IN WORKPLACE

Managers are not interested in every attitude an employee might hold. They are specifically interested in job-related attitudes because they are interested to *explain* why employees engage in some behaviour rather than others, *predict* how employees will respond to various actions and decisions, and *influence* how employees behave.

Researchers have identified six important employee behaviours which are of concern to management. These are: employee productivity, absenteeism, turnover, organizational citizenship behavior, job satisfaction, and workplace misbehavior.

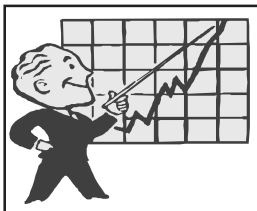
Job satisfaction and workplace misbehaviour will be discussed in next subsection.

- **Employee Productivity** is a performance measure of both efficiency and effectiveness of employees. Managers want to know what factors will influence the efficiency and effectiveness of employees.
- **Absenteeism** is the failure to show up for work. It's difficult for work to get done if employees don't show up. Although absenteeism can't be totally eliminated, excessive levels have a direct and immediate impact on the organization's functioning.
- **Turnover** is the voluntary or involuntary permanent withdrawal from an organization. It can be a problem because it leads to increased recruiting, selection, and training costs as well as work disruptions. As with absenteeism, managers can never eliminate turnover, but it is something they want to minimize, especially high-performing employees.
- **Organizational Citizenship Behavior (OCB)** is discretionary behavior that is not a part of employee's formal job requirements but that promotes the effective functioning of the organization. Examples of good OCB

include helping others on one's work team, volunteering for extended job activities, avoiding unnecessary conflicts, and making constructive statements about one's work group and the organization. Organizations need individuals who will do more than their usual job duties, and evidence indicates that organizations that have such employees outperform than those don't.

11.5.1 Workplace Misbehaviour

Workplace Misbehaviour is any intentional employee behaviour that is potentially harmful to the organization or individuals within the organization. Workplace misbehavior shows up in organizations in four ways: deviance from established norms, aggression to others, antisocial behavior, and violence at work place– all of which can create havoc in any organization.



CHECK YOUR PROGRESS

Q.3 Researchers have identified six important employee behaviors which are of concern to management. State three of them.

.....

.....

Q.4 What is Organizational Citizenship Behaviour?

.....

.....

11.5.2 Work Attitudes and Job Satisfaction

Work attitudes such as organizational commitment, job involvement and job satisfaction have a dual interest to managers. On one hand, they represent important outcomes that managers may want to enhance. On the other hand, they are symptomatic of other potential problems such as low job satisfaction and employee's intention to quit. It is thus important for managers to understand the

causes and consequences of key work attitudes such as job satisfaction. Studies show that employees are more satisfied and are less likely to quit when their personal values are consistent with the organization's values, and when they have positive attitudes about work environment.

Job Satisfaction

Job satisfaction is one of the most important and much studied attitudes in organizational behavior. One reason for the interest in job satisfaction is that whether an employee is satisfied with his or her job has significant consequences not only for the employee, but also for co-employees, managers and the organization as a whole.

Formally defined, job satisfaction is an "affective or emotional response towards various facets of one's job." Job satisfaction essentially reflects the extent to which an individual likes his or her job. Job satisfaction is an affective or emotional response towards various facets of one's job, which means that a person can be relatively satisfied with one aspect of his or her job and dissatisfied with one or more other aspects. For example, an employee may be satisfied because of aspects like work, co-employee and supervisors but may be dissatisfied because of promotion and pay based on his or her values and attitudes. It is important to understand these causes in order to find a solution to stop the decline of job satisfaction.

Employee's level or degree of job satisfaction can range from extreme satisfaction to extreme dissatisfaction. Extreme dissatisfaction might indicate to manager that the problems exist, say, with working conditions, the reward system or the employee's role in the organization. Since values and attitudes are directly related to job satisfaction, the knowledge about job satisfaction can also assist managers in using a multifaceted approach towards increasing work attitudes. Work values and attitudes capture the range of thoughts and feelings that make up the experience of work.

Because work values are more stable and long lasting, they can strongly affect work attitudes and hence employee's level of job satisfaction. In order for the employees to be satisfied with their job, their interpersonal, intra-personal, and individual organization values, all must be aligned to avoid many work related conflicts. Attitudes towards work are not as long lasting as values, and hence can be changed by increasing pay, promotion or moving to another position. By aligning employee's values with that of organizations and by addressing the attitude problems of employees, management can increase the job satisfaction level. Research shows that overall job attitudes were positively related to performance and negatively associated with indications of withdrawal, tardiness, absenteeism, and turnover. Satisfied employees are less likely to quit their job, or be absent from work, have less stress and will perform their job better.

11.6 EMOTION AND EMOTIONAL INTELLEGENCE

11.6.1 Concept of Emotion

Airhosts or airhostesses have to be courteous to anxious and stressed air travellers who can be sometimes rude and un-courteous. Similarly, a nurse has to continuously smile and sound positive even when facing the pessimistic patients and their families. How we respond emotionally and how we deal with our emotions is a function of our personality.

Emotions are intense feelings that are directed at someone or something. They are object specific; that is, emotions are reactions to an object. For instance, when a work colleague criticizes you for the way you spoke to a client, you might become angry at him. That is, you show emotion (anger) towards a specific object (your colleague). Because employees bring with them emotional components to work every day, managers need to understand the role that emotions play in employee behavior.

Researchers have identified six universal emotions. These are: *anger, fear, sadness, happiness, disgust, and surprise*. All these emotions surface in the workplace. People respond differently to identical emotion-provoking stimuli. There are people who almost never show their feelings. They rarely get angry or show rage. In contrast, we find others who seem to be an emotional roller coaster. When they are happy they are ecstatic; when sad, they are deeply depressed. Reason can be attributed to a person's personality because people vary in their ability to express emotions. Two people can be in exactly the same situation, but one shows excitement and joy, and the other remains calm.

11.6.2 Emotional Intelligences and its Characteristics

One area of emotions research with interesting insights into personality is Emotional Intelligence (EI) or Emotional Quotient (EQ). EI or EQ is described as a form of social intelligence that involves the ability to monitor one's own and other's feelings and emotions, to discriminate among them, and to use this information to guide one's thinking action.

In his book titled "Emotional Intelligence - Why It Can Matter More Than IQ" 1995, Daniel Goleman, an American psychologist, developed a framework of five elements that define emotional intelligence:

- **Self-Awareness** – People with high EI are usually very self-aware. They understand their emotions, and because of this, they don't let their feelings rule them. They're confident – because they trust their intuition and don't let their emotions get out of control. They're also willing to take an honest look at themselves. They know their strengths and weaknesses, and they work on these areas so they can perform better. Many people believe that this self-awareness is the most important part of EI.
- **Self-Regulation** – This is the ability to control emotions and impulses. People who self-regulate typically don't allow themselves

to become too angry or jealous, and they don't make impulsive, careless decisions. They think before they act. Characteristics of self-regulation are thoughtfulness, comfort with change, integrity, and the ability to say no.

- **Motivation** – People with a high degree of EI are usually motivated. They're willing to defer immediate results for long-term success. They're highly productive, love a challenge, and are very effective in whatever they do.
- **Empathy** – This is perhaps the second-most important element of EI. Empathy is the ability to identify with and understand the wants, needs, and viewpoints of those around you. People with empathy are good at recognizing the feelings of others, even when those feelings may not be obvious. As a result, empathetic people are usually excellent at managing relationships, listening and relating to others. They avoid stereotyping and judging too quickly, and they live their lives in a very open, honest way.
- **Social Skills** – It's usually easy to talk to and like people with good social skills, another sign of high EI. Those with strong social skills are typically team players. Rather than focus on their own success first, they help others develop and shine. They can manage disputes, are excellent communicators, and are masters at building and maintaining relationships.

It is evident from above; EI can be a key to success in one's life – especially in building career. The ability to manage people and relationships is very important in all leaders, so developing and using your EI can be a good way to show others the leader inside of you.

11.7 EMOTIONAL INTELLIGENCE IN WORKPLACE

Certain skills and characteristics of managers become factors that affect the satisfaction of employees. Managers who are empathetic towards the feelings of employees and who are able to intervene at the appropriate time stand to induce a feeling of trust and attachment among employees; they can be considered as individuals with high EI.

According to Goleman, some of the greatest challenges that organizations face today are as follows:

- Organizations need to cope with massive, rapid change.
- Employees need to be more creative in order to drive innovation.
- Organizations have to manage huge amount of information.
- Organizations have to enhance customer loyalty.
- Employees need to be more motivated and committed.
- There is need for collaborative effort.
- Organizations need to identify potential leaders in its rank and prepare them to move up.
- Organizations need to identify and recruit top talents.

These and many more concerns today confront work organizations, both public and private. Since majority of these concerns involve people in different roles, EI must become a determining factors in their effective management. And in virtually every case, EI must play an important role in addressing the concern. For instance, while dealing with the process of change in an organization, a lot of emotions get generated which may range from the very positive to the very negative. This requires ability on the part of both the employer and the employees to perceive and understand the emotional impact of change on self and others. To be effective in helping their organizations manage change, leaders should be aware of and manage the feelings of anxiety and uncertainty of their employees. Beside the leaders, the other members of the organization should also be able to monitor and manage their own emotional reactions as well as that of their colleagues. Similarly, for every case EI plays its role for effective are

Case Study: Mukul was a hard working policeman. He married a beautiful girl from his village. Both of them stayed in a house at police quarters. Mukul's boss Sub-Inspector Sandeep was an arrogant and flirtatious officer. He did not treat his subordinates well. He had an eye on Mukul's wife ever since he saw her on the day of Mukul's wedding. His house was in the neighborhood of Mukul's. Unlike other superior officers, Sandeep often invited Mukul to visit his home with his wife for dinner and to other get together parties. Mukul had noticed that Sandeep was trying to get closure to his wife by making jokes and giving unsolicited advices.

Sandeep denied Mukul any holidays. Mukul was tired of asking for leave so many times and had even mildly protested once. Sandeep wanted Mukul and his wife to stay at the quarter all the time.

Once Mukul wanted fifteen days of leave to arrange and look after his only sister's wedding. He had to go to his native with his family for fifteen days. Mukul officially kept asking for leave two months well before the wedding date itself. But as expected Sandeep kept refusing him any leave. Just before the schedule day Mukul had to leave for his native, he once again finally asked Sandeep to grant him leave. Sandeep said that he would grant him leave provided he went alone to the marriage leaving behind his wife in the quarters.

Mukul agitated, took his loaded rifle and shot the inspector dead. He then surrendered to the police.

Emotional Intelligence is must for police officers to work in a stressful and provocative environment. *Comment how would have been Mukul and Sandeep's behavior if they had possessed high emotional intelligence?*



11.8 LET US SUM UP

In this Unit we have discussed about values and attitudes. Values are moralistic in nature; they are central to a person and relatively permanent and resistant to change. The term value system implies a ranking of individual values (relating to obedience, freedom, pleasure, self-respect, equality etc.) according to their importance. An attitude is a relatively enduring organization of beliefs, feelings, and behavioral tendencies towards socially significant objects, groups, events or symbols. It is a psychological tendency that is expressed by evaluating a particular entity with some degree of favor or disfavor. We have discussed that every attitude has three components that are represented in what is called the ABC model of attitudes: A for affective, B for behavioral, and C for cognitive. Managers are not interested in every attitude an employee might hold. They are specifically interested in job-related attitudes because they are interested to explain why employees engage in some

behavior rather than others, predict how employees will respond to various actions and decisions, and influence how employees behave.

In this Unit, we have also discussed about Emotions, Emotional Intelligence and their influence on work behavior. Emotions are intense feelings that are directed at someone or something. They are object specific; that is, emotions are reactions to an object. One area of emotions research with interesting insights into personality is Emotional Intelligence (EI) or Emotional Quotient (EQ). EI or EQ is described as a form of social intelligence that involves the ability to monitor one's own and other's feelings and emotions, to discriminate among them, and to use this information to guide one's thinking action. Hence, it is very essential for organizational effectiveness.



11.9 FURTHER READING

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2) P. C. Tulsian & Pandey Vishal (2008). *Business Organization and management*. New Delhi, Pearson Education Ltd.

11.10 ANSWERS TO CHECK YOUR PROGRESS

Ans. to Q.No. 1: Attitudes are more specific than values; whereas values are more broad and encompassing than attitudes. The values people hold can explain their attitude and, in most cases, the behavior they engage in, but unfortunately, we can't say which value shapes which attitude and behavior.

Ans. to Q.No.2: Yes, the statement is agreeable. Researchers have found that the value people emphasize vary with their occupations and professions. For example, scientists of all kinds are often theoretically inclined; business people emphasize economic value; artists have

high aesthetic value; psychologists, social workers, and teachers are inclined towards social value; executives in all fields often have a high political value; philosophers and the clergy often hold religious value.

Ans. to Q.No. 3: Researchers have identified six important employee behaviors which are of concern to management. Three of them are Employee Productivity, Absenteeism and Turnover.

Ans. to Q.No.4: Organizational Citizenship Behavior (OCB) is discretionary behavior that is not a part of employee's formal job requirements but that promotes the effective functioning of the organization. Examples of good OCB include helping others on one's work team, volunteering for extended job activities, avoiding unnecessary conflicts, and making constructive statements about one's work group and the organization. Organizations need individuals who will do more than their usual job duties, and evidence indicates that organizations that have such employees outperform their completion who may not have such employees



11.11 MODEL QUESTIONS

1. What is the relationship between values and human behavior?
2. Define values. Discuss the factors that lead to the formation of value in individuals.
3. How does the value system of a person influence his job satisfaction at work?
4. Explain instrumental and terminal values with examples.
5. List and describe with example different types of value conflicts in organizations.
6. What are attitudes? How do attitudes affect behavior at the workplace?
7. Define emotional intelligence and its five characteristics.
8. Discuss the impact of emotional intelligence on workplace effectiveness.

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UNIT12: LEADERSHIP

UNIT STRUCTURE

12.1 Learning Objectives

12.2 Introduction

12.3 Meaning and Features of Leadership

12.4 Importance of Leadership

12.5 Qualities of a Good Leader

12.6 Leadership Styles

- 12.6.1 Autocratic Leadership Style
- 12.6.2 Democratic Leadership Style
- 12.6.3 Free-Rein Leadership Style

12.7 Likert's Management System

12.8 Let Us Sum Up

12.9 Further Reading

12.10 Answer To Check Your Progress

12.11 Model Questions

12.1 LEARNING OBJECTIVES

After going through this unit you will be able to:

- define leadership.
- outline the characteristics of leadership.
- discuss the importance of leadership.
- identify the qualities of a good leader.
- discuss the various leadership styles.
- illustrate Likert's management system.

12.2 INTRODUCTION

In an organization, human resource is the most precious resource. So, the capacity of human resources should be used to the utmost level so that an organization can show its excellence in every aspect. It depends upon the management of the organization. They can get the optimal result

from those human resources by winning their support. However, it is possible when a manager becomes their leader in real sense to influence their behavior in desired direction. Here, we can take the example of a cricket team. In the team, out of total eleven players one member is selected as the captain and he leads the team i.e. the leader. To win a cricket match, it is totally dependant upon the efficiency of the captain as a leader. It is believed that under the guidance of an efficient leader the team is sure and certain to win the match. In this unit, we will discuss about leadership and the qualities that a leader should posses to influence his sub-ordinates and to provide them the guidance. In this unit, we will cover the importance of leadership in achieving the desired objectives and goals in an organization. Moreover, we will discuss the three different styles of leadership and Likert's management system.

12.3 MEANING AND FEATURES OF LEADERSHIP

Leadership is a part of management and one of the most significant elements of direction. Being a leader, the manager must lead his sub-ordinates and inspire them to achieve organizational goals. Leadership is an abstract quality in a man and a psychological process through which a leader tries to influence the behaviour of followers to work willingly and enthusiastically for achieving predetermined goals. Thus, leadership acts as a driving force to get the things done by others.

Management can get the result from the human beings of an organization in two ways:

- One, by exercising the authority vested in it.
- Or, by winning the support of the people.

Out of these, the second method is the better one as it has a lasting effect over the employee's motivation in an organization. Thus it is seen that the essence of leadership is "followership" because willing followers can alone make a person "leader". An executive has to earn followers. An executive may get sub-ordinates due to his positional authority, but unable to get a follower unless he makes the people to follow him.



LET US KNOW

The word 'Psychological' has been derived from the word 'Psychology'. It is the study of human mind. It is related with human emotion, cognition, behaviour and the interaction among them.

Now, let us discuss some of the definitions of leadership given by management experts-

According to *Chester Bernard*, "Leadership is the quality of behaviour of individuals whereby they guide people or their activities in organizing efforts". From this definition, it is seen that a leader interprets the objectives of the people working under him and guides them towards the accomplishment of those objectives.

In the words of *Koontz and O'Donell*, " Leadership is the ability of a manager to induce sub-ordinates to work with zeal and confidence". This definition reflects that the primary job of a leader is to build a team for the achievement of organizational goals.

Tennenbaum et al have defined leadership as follows:

"Leadership is the interpersonal influence exercised in a situation and directed through communication process, towards the attainment of a specified goal or goals". This definition emphasizes on the influencing of people through communication. However, the enthusiasm with which the receiver of the communication will act is hidden here.

So, a more recent definition of leadership is as follows:

"Leadership is the process of influencing and supporting others to work enthusiastically towards achieving objectives".

Features of Leadership

The various features of leadership are as follows:-

- It is a continuous process of influencing the follower's behavior rather than one-shot activity.
- It is a personal quality of character and behaviour in man which make him fit to exert an interpersonal influence.

- There should be a group of followers for leadership function.
- It is the relationship between a leader and his followers (individuals and/ or groups) which arises out of their functioning for common goals.
- Laying down of objectives and policies for the followers, motivating them and coordinating their efforts to accomplish the objectives all come under the umbrella of leadership.
- The style of leadership may differ from situation to situation.
- It includes the ability to persuade others and to motivate them for working objectively to accomplish certain specific goals.
- It is necessary to guide the followers in attaining common goals. While giving guidance, the leader shows his feelings of recognition for the followers as well as conveys them the importance of their works.
- It is a process through which the leader exercises an influence on the members of a group.
- There is an unequal distribution of authority among the leader and group members in leadership.

12.4 IMPORTANCE OF LEADERSHIP

Leadership is a process of influencing the behavior of members of a group. Thus effective leadership is highly essential in inspiring the people to accomplish the specified objectives. When you recall the history of success, you will recognize whether in a war, a political movement, a business, or a team game, the success can be attributed largely to leadership.

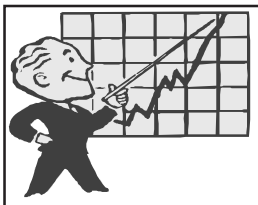
Here we are more concerned about manager as a leader. For efficient and effective functioning of an organization, it needs the guidance of a good leader, since an organization is deliberately created by human beings for certain specified objectives. So, there is a need to direct the activities of its members in a certain way to achieve the specified objectives in time. Otherwise any departure from this way will lead to inefficiency in the organization. Direction of activities in the organization is affected by the leader.

According to P.F. Drucker, "Good leadership is a must for the success of a business but business leaders are the scarcest resources of any enterprise."

John G. Gloves, in his book, *Fundamentals of Professional Management,* states that "more failures of business concerns are attributable to poor leadership than any other cause."

All these management expert emphasise the importance of leadership in achieving the organizational goals. The importance of Leadership in management will be clear if the following functions performed by the leaders are known:

- **Determination of goals:** As a creative function, a leader lays down the goals and policies for his followers.
- **Organization of activities:** A good leader divides the organizational activities among the employees in a systematic way to reduce the chances of conflict between them.
- **Accomplishing coordination:** A leader accomplishes the organizational goals by directing and unifying the efforts of all the individuals of a group.
- **Providing guidance:** A good leader besides guiding his sub-ordinates provides advice whenever they face any problem.
- **Building employee's morale:** A good leader is a source of developing employee's morale, which in turn ensures high productivity and stability in the organization.
- **Facilitating change:** Dynamic leadership is the corner stone of organizational change. A dynamic leader can facilitate change, as he is able to overcome the resistance which comes in the way of change.
- **Motivating employees:** Motivation is an essential factor for influencing the work performance of employees. Higher the motivation, better would be the performance. A good leader motivates the employees to perform high to accomplish the organizational goals. Good leadership in the organization itself is a motivating factor for the individuals.



CHECK YOUR PROGRESS

Q. 1: State three features of Leadership.

i) ……

ii) ……

iii) ……

12.5 QUALITIES OF A GOOD LEADER

A leader to be effective must possess the following basic qualities:

- **Intelligence:** Intelligence means the capacity of thought and reasoning especially to a high degree. Though intelligence is a natural quality of an individual [i.e inherent in nature], but it is the claim of many psychologists that the level of Intelligence can be increased in an individual through various training methods.
- **Initiative and creative ability:** At the time of uncertainty, a leader must function in an orderly and purposeful manner to overcome the hurdles. People also look to the leader during the times of uncertainty and unfamiliarity with hope. It is only the leader who can give assurance and security to them by portraying a picture of confidence and positive behaviour at that time.
- **Power of judgment:** A good leader should have the ability to judge a thing analytically. Keeping the main goals or objectives in focus, he is able to break down the whole situation into manageable sub parts for closer inspection. Thus a good leader makes a progress towards the main goals of an organization.
- **Vision and foresight:** A successful leader should have the capability to assess the future environment along with its trends. And accordingly he devises his policies and programmes with foresight based on logical programmes.
- **Mental and emotional maturity:** A leader should have a high level of emotional and mental stability. He should not be biased in any situation. He should show consistency in action and be able to refrain from anger.

He must have the capacity to adjust in all situations importantly at the time of troublesome or difficulty.

- **Flexibility:** According to the need under different circumstances, leadership styles varies giving rise to three different types namely Autocratic, Democratic and Free-rein leadership style.
- **Technical competence:** The leader must follow some definite principles for getting success while leading the people. "Technical competence" of Leadership means the use of important abilities of a leader for handling certain functions of management like planning, organizing , analyzing, advising , decision making, controlling and winning cooperation etc. The technical competence of Leader may help him in winning his follower's support.
- **Self confidence:** To be a good leader, a person must be first self-confident who can lead and set direction in the desired way. Such a confident leader becomes a source of inspiration and confidence for others. Thus, the confidence of a leader helps him to draw out the trust and best efforts of the team members to complete the tasks well.
- **Human relations attitude:** A successful leader should have an adequate knowledge of human relations that means the way of dealing with human beings. Since an important job of a leader is to get people's voluntary and full cooperation for achieving the set goal, so he must try to get an intimate knowledge of people and their relationship to each other. The knowledge of human behaviour and their reaction to various situations is quite meaningful to a leader.

SUCCESSFUL LEADERSHIP VS EFFECTIVE LEADERSHIP

The way through which a manager always tries to influence the behaviour of the subordinates is known as "leadership". In practical situation, the subordinate may come up to the expectations of the leader or not. If the leader succeeds in this, that means, the behaviour of the subordinate is compatible with the expectations of the leader, then it may be due to two reasons:-

(i) impact of leader appropriate style; or

(ii) because of the position power of the leader;

In the first case, the leader is effective because he has influenced the behaviour of the subordinates to accomplish the organizational goals by satisfying their personal needs via or during the process of goals accomplishment. In the second case, the leader is successful but he is not effective because he has received the desired response from the subordinates but by using his positional authority.

Successful leadership and effective leadership are the two different modes of leadership and thus depend on different factors. Like, success of leaders is attributed to position, power and close supervision while effectiveness of leadership is due to personal power and general supervision.

Though the position can be delegated downward in the organization, but the personal power cannot be delegated. Rather it is generated upward from below through acceptance of the leadership style of a leader by his subordinates. The successful and effective continium is shown in the following flow chart

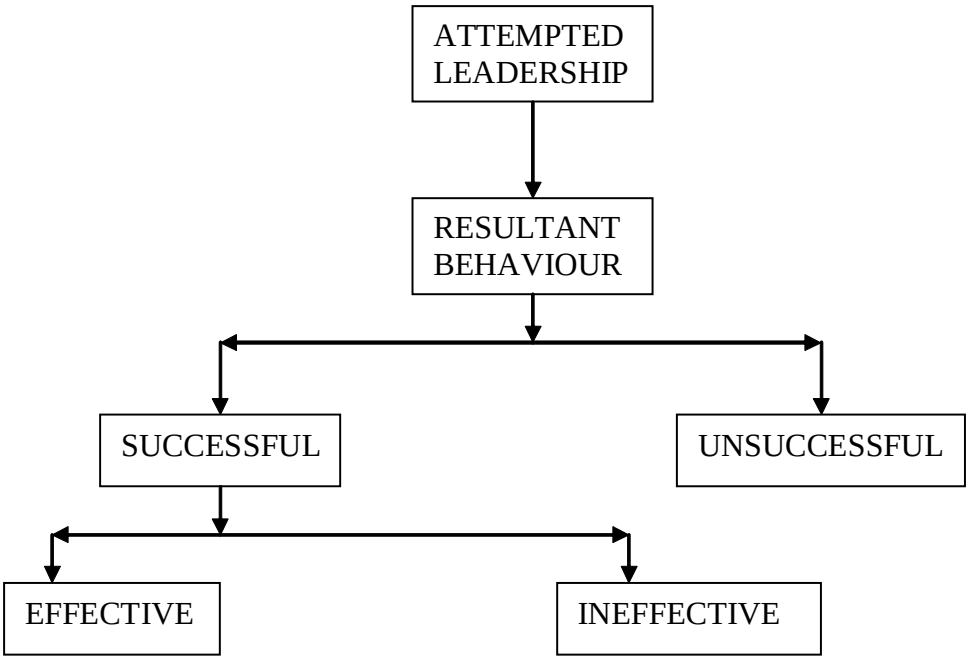
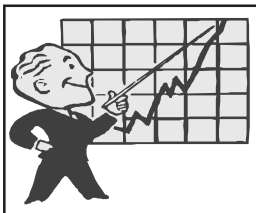


Figure 12.1 : Successful and effective leadership continium

Thus, a manager can be successful but ineffective. It means that he has only a short-run influence over the behaviour of others but unable to continue with the same influence for a longer period of time. On the contrary, a successful and effective manager is an ideal person, who has a long run influence on the productivity of his subordinates.



CHECK YOUR PROGRESS

Q. 2: Mention five qualities of a good leader.

i) ……

ii) ……

iii) ……

iv) ……

v) ……

12.6 LEADERSHIP STYLE

Leadership style means the behavioral pattern of a leader that often reflects in his activities while providing direction, implementing plans and motivating people. The philosophy, personality and experiences of a leader are visible in his leadership style. It is the art or process of influencing people for their willing participation in the combined efforts to achieve the common goals.

Basically the leadership style is categorized into three groups. But in reality it is seemed that depending on the forces that are prevailed among the followers, the leader and the situation, a good leader uses all the three styles based on his common sense.

Forces that influence the style of Leadership to be adopted by the leader are as follows:-

- **Time consideration:** Availability of time for completing the work.
- **Relationship:** The kind of relationship, the leader and the followers have between them, is also a determining factor for the style of Leadership to be adopted by the leader. For example, whether the relationships are based on respect and trust or on disrespect.

- **Information:** The leader may alone have the information that is required to solve the entire problem or it may be along with the employees also. In many situation, the information may be with both of them. Thus, this force has an influence in the use of leadership style in an organization.
- **Knowledge of task:** Besides having the self-confidence and competence by the leader that he has the required skills and knowledge for the task, in some situation, the leader may also have the confidence on his skillful and knowledgeable employees.
- **Internal matter:** The competency, experience, morale and other factors associated with the team or the members of the team.
- **Stress Level:** The use of Leadership Style also depends on the complexity of a task, elements of perceived risk, actual danger or emergency etc.
- Laws or established procedure or training plans etc.

We will discuss the different Leadership styles in the following sections. Diagrammatically it can be shown as follows:

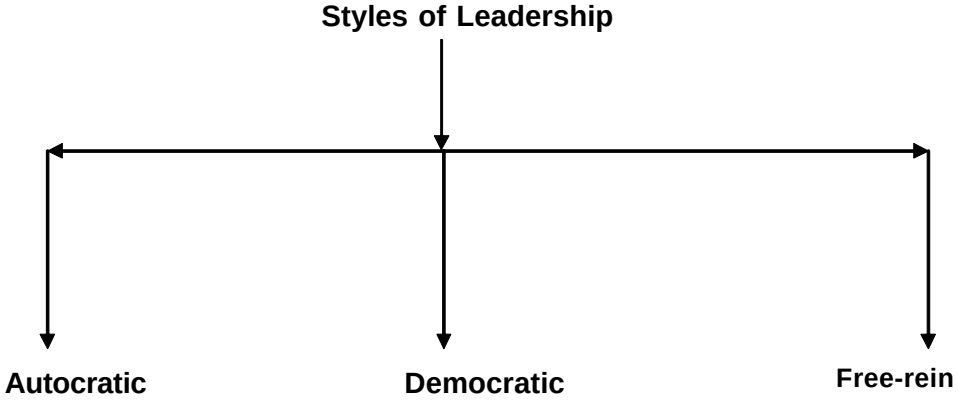


Figure 12.2 : Styles of Leadership

12.6.1 Autocratic Leadership style

Under the autocratic leadership style, all *decision making powers are centralized* in the leader as shown in Figure (A). The leaders prefer no suggestion and initiative from the subordinates. He only gives orders and assigns tasks to subordinates without taking their consent. This leadership style is usually used in the following conditions, when:-

- The leader is running short on time. For example in the situations of danger and emergencies.
- The leader has all the information to solve the problem.
- The employees of the organization have full confidence on their leader. Moreover, they are well motivated and believe that the leader has adopted the particular style of leadership keeping the best interest of the team in his mind.
- The leader requires a high level of productivity from an inexperienced team or individual.
- The pressure of finishing the assigned task is more on the higher authority in the organizational structure of positional hierarchy.
- The team may be placed at risk if it cannot finish the assigned task within the given time period.



Delegation of Power: Authorizing the subordinates to make decisions.

It is not suggestible to use the autocratic leadership style at normal situation; rather it should only be used on rare occasions. If you have time and want to gain more commitment and motivation from your employees, then you should use the democratic leadership style.

Figure (A): Autocratic Leadership style

In the Figure (A)

A = Leader ; B,C,D = Subordinate

12.6.2 Democratic Leadership Style

The Democratic leadership style admires the decision making process by a group of people as shown in Fig B. Here a leader gives instruction after consulting the group. However, the final decision making authority lies with the leader.

- A leader may adopt this style when the situation is unfavourable for a team that means the team is unlikely to meet its goals and there is only a little ray of hope. In this case the leader and subordinates can make a try to win the game with joint efforts.
- The situation is not serious enough as like as the autocratic leadership style.
- Considering a situation where the manager has only a part and the employees have the other part of the information that is required to solve the task, then it is better to use democratic leadership style. Therefore, in this case, it becomes important for a leader to appoint knowledgeable and skillful employees so that they can fully co-operate the leader in performing or finishing the works successfully.
- This approach is most common when the leader is working with a new team or a team that is in a learning stage.
- Here, the leader can win the co-operation of his group and can motivate them effectively and positively.

Thus, by using this style the number of complaints, employee's grievances, industrial unrest and strikes can be reduced because it allows the employees to become a part of the team for decision making.

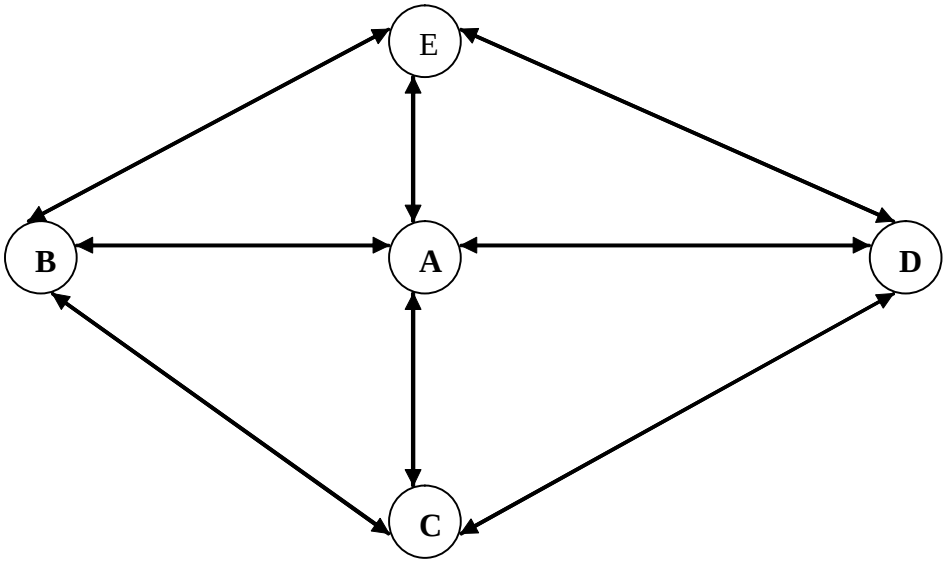


Figure B: Democratic Leadership style

In the Figure (B)

A = Leader; B,C,D = Sub-ordinate

12.6.3 Free-rein Leadership style

In this style, the leader does not lead, but leaves the group entirely to itself as shown in Figure (C).

- This approach is most common with experienced team carrying out routine activities with the ability to analyze the situation and determine what needs to be done and how to do it.
- Such leader allows maximum freedom by giving a free hand to subordinates, in deciding their own policies and methods.
- This style benefits the self-motivated team members looking for new responsibilities and challenges.
- Here, the leader acts as an umpire and coordinator of information.
- Through this leadership style, a leader can assess the capability of his team members in performing their responsibilities.

This style is suitable when a leader has full trust and confidence in the people below him. But it is not fair that you can blame others when things go wrong, giving the excuse of this system.

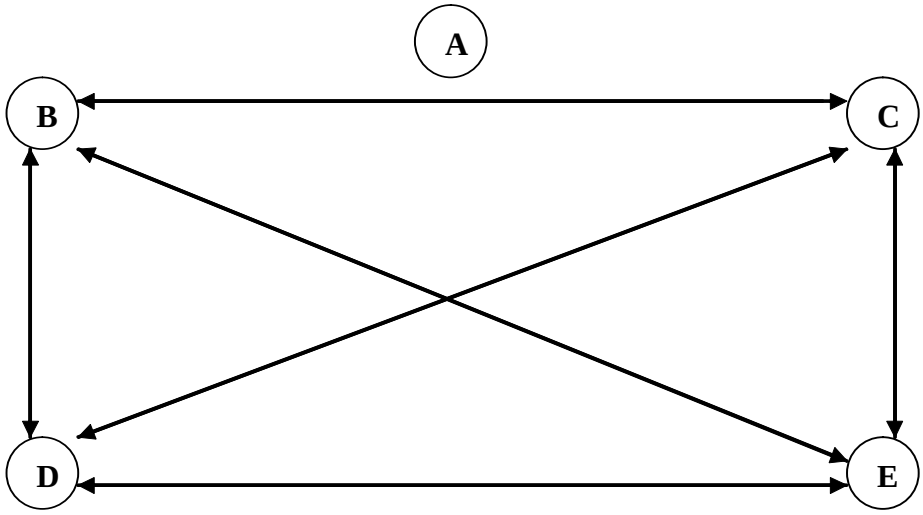


Figure C: Free-rein Leadership style

In the Figure (C)
A = Leader
B,C,D = Subordinate



CHECK YOUR PROGRESS

Q.3: Match the followings:

i. Autocratic leadership style	a. Leader gives instruction after consulting the group
ii. Democratic leadership style	b. The leader does not lead, but leaves the group entirely to itself
iii Free-rein leadership style	c. All decision making powers are centralized in the leader

12.7 LIKERT'S MANAGEMENT SYSTEM

Rensis Likert and his associates have studied the pattern and styles of managers and based on their findings, they have developed certain concepts and approaches important to understand the leadership behaviour.

According to Likert, management system of an organization has an influence on the efficiency of that organization and its departments. Likert categorized the system of management into the following four groups:-

System 1: Exploitative authoritative

In this type of management, with a persisting distant relationship between superiors and their subordinates in an organization, the employees have to abide by the decisions made by managers and those with a higher status than them. Communication flows from top to down with most decisions taken at the top.

In this system, you find neither the teamwork nor the subordinate's participation in the decision making process. The organization is concerned simply about completing the work. There is use of fear and threats by the management of an organization to make sure that employees complete the work set.

System 2: Benevolent authoritative

As like the Exploitative authoritative system, here also decisions are made by the top authority and management of an organization. Here policy decisions usually are made by the top level authority. But sometimes the lower levels are also delegated with power to take prescribed decisions.

There is a use of reward system in Benevolent authoritative, to motivate employees for their contribution rather than fear and threats. Information may flow from subordinates to managers but it is restricted to "What manager wants to hear". Superiors always expect the obedience of subordinates in this management system.



Euphemistic: It has been derived from Euphemism, which means delicate word or expression used for one that is offensive.

System 3: Consultative system

In this type of management system, sub-ordinates are tried to be motivated by rewards. There is a partial involvement of subordinates in the decision making process because in reality, the major decisions are still made by senior management. Management admires their subordinates' ideas and opinions and uses their valuable suggestions in constructive way. Communication is usually downward. But critical upward communication is also flown with caution. There is a greater flow of information than the

benevolent authoritative system from sub-ordinates to management. But it is incomplete and euphemistic in nature.

System 4: Participative system

In this system, management has complete confidence in their subordinates or employees. There is free flow of communication in all direction that means from managers to subordinates and vice-versa. Here, subordinates are actively involved in the decision making process and they can comfortably express their opinions in front of management.

There exists a team work in this system. The relationships between superiors and subordinates are very close. Teams are linked together by people whom Likert calls as “Linking pins” because they are the members of more than one team.

Employees feel that they are responsible for achieving the organizational objectives. Sub-ordinates are offered economic rewards for achieving organizational goals which they have set participating in the decision making process. Thus the sub-ordinates are motivated for their responsibility.

So, one can expect better industrial relations and higher productivity by applying this type of management system.



CHECK YOUR PROGRESS

Q.4: Mention the groups of Likert Management System.

……..

……

……



12.8 LET US SUM UP

After going through this unit, we have learnt to define leadership, its characteristics and importance as well as the qualities of a good leader. Thus we have found that a manager as a leader can help in achieving the

predetermined goals of an organization by winning the support of the human resources working there in. But for that, the leader has to influence the behavior of the human resources in desired direction. The art or process adopted by the leader for influencing people in known as the leadership style.

Basically there are three styles of Leadership -Autocratic, Democratic and Free-rein style of Leadership.

We are also gone through Likert's system management. *Rensis Likert* and his associates have studied the pattern and styles of managers and categorized four management systems. These are

- System 1: Exploitative authoritative
- System 2: Benevolent authoritative
- System 3: Consultative system
- System 4: Participative system



12.9 FURTHER READING

Gupta R.N. (2006). *Business Organization and Management*. New Delhi: S. Chand & Company Ltd.

Gupta R.N. (2007). *Principles of Management*. New Delhi: S. Chand & Company Ltd.

12.10 ANSWERS TO CHECK YOUR PROGRESS

Ans. to Q.No. 1: Three features of leadership are–

i) It is a continuous process of influencing behavior; it is not one-shot activity.

ii) It is a personal quality of character and behavior in man, which enables him to motivate others.

iii) It presupposes the existence of a group of followers.

Ans. to Q.No. 2: Five qualities of a good leader are—

i) Intelligence.

ii) Initiative and creative ability.

iii) Power of judgement.

iv) Vision and foresight.

v) Mental and emotional maturity.

Ans. to Q.No. 3:

i) – c

ii) – a

iii) – b

Ans. to Q.No. 4: The four management system of Likert are—

i) Exploitative authoritative

ii) Benevolent authoritative

iii) Consultative system

iv) Participative system



12.11 MODEL QUESTIONS

a) Define the role of a manager as the leader in an organization.

b) What are the three different styles of leadership? Explain its application in an organization according to the situation.

c) Discuss Likert's management system with suitable examples.

*** ***** ***

UNIT 13 : GROUP BEHAVIOUR AND TEAM DEVELOPMENT

UNIT STRUCTURE

13.1 Learning Objectives

13.2 Introduction

13.3 Concept of Group and Group Dynamics

13.4 Types of Groups

- 13.4.1 Formal Group
- 13.4.2 Informal Group

13.5 Concept of Group Behaviour

- 13.5.1 Group Norms
- 13.5.2 Group Cohesion
- 13.5.3 Inter-Group Behaviour

13.6 Stages of Group Development

13.7 Group Decision-Making

13.8 Team

- 13.8.1 Types of Team

13.9 Team Building and Managing Effective Team

13.10 Let Us Sum Up

13.11 Further Reading

13.12 Answers to Check Your Progress

13.13 Model Questions

13.1 LEARNING OBJECTIVES

After going through this unit, you will be able to :

- discuss the concept of Group and Group dynamics
- outline the types of Group
- explain Group Behaviour
- discuss group decision making, its advantages and disadvantages
- learn Inter Group Behaviour
- identify the difference between Group and Team
- outline the types of Team
- describe Team Building and managing effective Team.

13.2 INTRODUCTION

In this unit we will discuss Group Behaviour and Team Development. Individuals work in organizations in collections, are known as 'groups'. As a matter of fact, groups have central part of everyday human lives. At any given time, we are members in many different groups, such as, our family, student club, work groups, sport clubs, professional associations, and political parties. At any one time, the average individual belongs to five or six different groups.

In the end of this unit, we will come to know about the differences between group and team, the different types of team and its related topics.

13.3 CONCEPT OF GROUP AND GROUP DYNAMICS

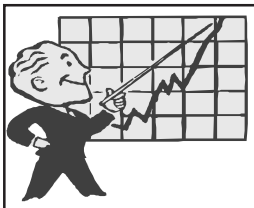
A Group is a collection of two or more individuals, interacting and interdependent, which have come together to achieve particular objectives. A group is, thus, an aggregation of people who interact with each other, are aware of one another, have a common objective, and perceive themselves to be a group.

Mere collection of people cannot constitute a group. For example, a crowd in front of a shop in the market watching India vs. Pakistan one-day cricket match in TV will not be called as group because people do not interact with one another, do not know one another, and also do not share a common purpose. Based on these definitions of group, the following characteristics of group can be listed:

1) **Two or More People :** A single individual cannot form a group. For group formation, at least two persons are needed.
2) **Collective Identity :** Each group member knows one another. Each member of the group perceives that he/she is a part of group.
3) **Interaction :** There is an interaction among the members of the group. Each member shares his ideas with each other through different communication methods such as face-to-face communication, in writing, over the telephone, and across a computer network etc.

4) **Common Purpose :** The members of the group work to achieve some common objective or purpose. In fact, it is the common purpose that binds the group members together.

5) **Collective Identity:** Each member of the group must believe that he/she is a member of a specific group.



CHECK YOUR PROGRESS

Q.1 : Define Group.

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.....

.....

Q.2 : What are the characteristics of Group?

.....

.....

13.4 TYPES OF GROUPS

There are mainly two ways of classifying groups which are formal and informal groups. Different kinds of formal and informal groups are listed in the following figure :

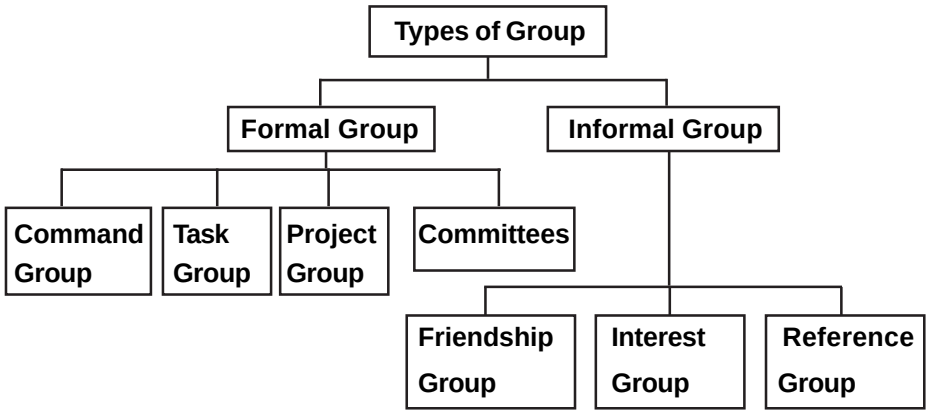


Figure 13.1: Types of Groups

13.4.1 Formal Groups

Groups established by the organization to achieve organizational goals are called formal groups. In formal groups, the behaviour that a member should exhibit is conditioned by organization and directed towards organizational goals. It is possible to sub-classify formal groups into the following ones:

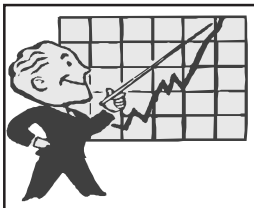
1) **Command Group :** A command group is composed of a supervisor (manager) and the subordinates who report directly to that supervisor. A command group is determined by the organizational chart. For example, in the Department of Business Administration of XYZ University, e.g., the Head of the department and the other faculty members in the department would comprise a command group.
2) **Task Group :** A task group comprises persons working together to complete a common task. However, a task group can cross command relationship. In a University, for instance, if a student is accused of a campus crime, it may involve interaction among the Head of the Department, the Dean of the school, the Dean of the student's welfare, the *Proctor*, the Registrar of the University. Here it should be noted that all command groups are task groups, but task groups can cut across the organizational boundary. The reverse need not be true.
3) **Project Group :** Likewise, project groups are formed to complete a specific project. The life of the project group normally coincides with the length of the project. Assigning a research project to a university Professor by the University Grants Commission is an example of a project group.
4) **Committees :** Committees are usually created outside the usual command group structure to solve recurring problems. The life of a committee may be relatively long or short. An example of committees is a University's Examination Discipline Committee created to solve discipline problems relating to examination.

13.4.2 Informal Groups

Groups, which are not formal, are informal. In other words, these are the groups that are neither formally created nor controlled by the organization. These groups are natural formations in the work environment that appear in response to the need for social contact. Four employees belonging to four different departments taking their lunch together represent an example of an informal group.

The various kinds of informal groups are :

1) **Friendship Groups :** Friendship groups are associations of people who like each other and who like to be together. Such groups are formed because members have one or more common characteristics, such as age or ethnic heritage, political beliefs, religious values, and other bonds of attraction.
2) **Interest Groups :** Interest groups are composed of individuals who may be members of the same organization (command or task groups), but they are united by their interest in a common issue. Examples of interest groups may include a group of University Professors who organize a seminar on Socio-Economic Problems in the North-Eastern Region of India.
3) **Reference Group :** A reference group is a special type of informal group that people use to evaluate themselves. A reference group may or may not be an actual one that meets together; it can be an imaginary group. The reference group for a new group for a new university Lecturer, for example, may be other scholars in the same discipline at other universities.



CHECK YOUR PROGRESS

Q.3 : Discuss the concept of committees.

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13.5 CONCEPT OF GROUP BEHAVIOUR

Groups are composed of individuals. Hence, the group behaviour means behaviour of its members and how in turn it is also affected by them. The nature and patterns of reinforcement the members receive through interaction with one another is also determined by the group itself. This is because the behaviour of individual members in a group becomes different than their behaviour outside the group situation. Therefore while studying group behaviour, the factors that should be understood are group norms, group cohesion, group decision-making etc. They can be discussed as follows :

13.5.1 Group Norms

Group norm is a standard of behaviour. In other words, group norm is a rule that tells the individual how to behave in a particular group. Thus, group norms identify the standards against which the behaviour of group members will be evaluated and help the group members to know what they should or should not do. Norms could be formal or could be informal.

Thus, the group norms have following characteristics;

1) As personality reveals an individual, so group norms do for groups.
2) Norms serve as the basis for behaviour of group members.
3) They predict and control the behaviour of members in groups.
4) Norms are applied to all members of the group, though not uniformly.

13.5.2 Group Cohesion

Group cohesion means the degree to which the group members are attracted to each other and remain within the group. It is usually reflected by its *resiliency* to disruption by outside forces. Group cohesion develops out of the activities, interactions and sentiments of the members. Cohesiveness binds all the group members to work as one man to attain the set goals.

Factors to increase Group Cohesiveness : There are various factors that determine group cohesiveness. Factors increasing Group Cohesion are as follows :

1) Inducing agreement on group goals
2) Increasing membership homogeneity
3) Increasing interactions among group members
4) Down-sizing of the group
5) Encouraging competition with other rival groups.
6) Allocating rewards to the group not to the members
7) Keeping the members isolated from other groups.

13.5.3 Inter-Group Behaviour

Organizations are composed of individuals and groups. Organization being a system, both individuals and groups cannot remain independent but dependent on each other. For example, one group may depend on other for raw materials, information and other assistance. The nature of interdependence among different groups can be classified into the following four categories:

a) Pooled Interdependence : When the groups belonging to the same parent's organization depend on each other it is called 'pooled interdependence' such groups have limited interaction among them. Manufacturing divisions producing independent products are examples of pooled interdependence.

b) Sequential Interdependence : Group activities occurring in a sequential manner create sequential interdependence. For example, group A's activities or operations preceed and act as prerequisite for group B's operations. Assembly line departments represent sequential interdependence.

c) Reciprocal Interdependence : When a group relies on the other to perform its own job effectively, it is called 'reciprocal interdependence'. Relationship between union and management is an example of reciprocal interdependence.

d) Team Interdependence : The reciprocal interdependence gets multiplied with interaction among multiple groups. The examples

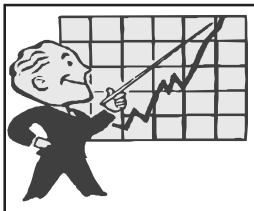
of multiple groups may be various departments such as sales, advertising, and market research in marketing division.

The nature and degree of interdependence among groups will influence the degree and quality of inter-group behaviour. Accordingly, groups tend to have the following two types of interactions:

i) **Inter-group openness and co-operation :** Groups being part of an organizational system, each group co-operates with others to achieve organizational objectives. However, a co-operative relationship does not mean absence of absenteeism among the groups. This is because the groups may not compete with each other but still groups may not be co-operative. The groups may be just indifferent. Factors like subordinate goals, lateral communication, and suitable structural arrangement helps in establishing co-operation among various groups.

ii) **Intergroup closure and competition :** Intergroup relationship becomes competitive in the following situations:
   a) One group sees the other group as rival.
   b) With decrease in interaction and communication, hostility of one group towards others tends to increase.
   c) While interacting with each other, the groups try to defend their own viewpoints and find fault with the others.

As such, relationship among groups neither benefits groups nor organizations. The managers need to take timely actions to overcome these problems.



CHECK YOUR PROGRESS

Q.4 : Discuss the factors involved in Group Behaviour?

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Q.5: What is meant by group cohesion?

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13.6 STAGES OF GROUP DEVELOPMENT

Once a group is formed, it goes through certain phases to become a functioning group. Dr Bruce Tuckman published his Forming- Storming-Norming -Performing model in 1965. He added a fifth stage, adjourning, in the 1970s. The phases of group development are discussed as follows:

1. **Forming:** This is the first stage; here group members discover those interpersonal behaviors which are acceptable or not acceptable to others in the group.
2. **Storming:** Team members vie for position as they attempt to establish themselves in relation to other team members and the leader, who might receive challenges from team members. The team needs to be focused on its goals to avoid becoming distracted by relationships and emotional issues. Compromises may be required to enable progress.
3. **Norming:** Agreement and consensus largely forms among the team, who respond well to facilitation by leader. Roles and responsibilities are clear and accepted. Big decisions are made by group agreement. Smaller decisions may be delegated to individuals or small teams within group. Commitment and unity is strong. The team discusses and develops its processes and working style.
4. **Performing:** The team is more strategically aware; the team knows clearly why it is doing what it is doing. The team has a shared vision and is able to stand on its own feet with no interference or participation from the leader. The team has a high degree of autonomy. Disagreements occur but now they are resolved within the team positively, and necessary changes to processes and structure are made by the team. The team is able to work towards achieving the goal, and also to attend to relationship, style and process issues along the way. The team requires delegated tasks and projects from the leader. The team does not need to be instructed or assisted.
5. **Adjourning:** Tuckman's fifth stage, adjourning, is the break-up of the group, hopefully when the task is completed successfully, its purpose fulfilled; everyone can move on to new things, feeling good about what's been achieved.

13.7 GROUP DECISION-MAKING

Decision-making is the process whereby a final but best choice is made among the alternatives available. When a group makes decision, it can be either through the ***consensus*** mode or through majority vote. When all members of the group agree to the decision arrived at, it is called 'consensus'. If majority of the group members agree to the decision arrived at, it is called majority vote. Whether the decision arrived at will be consensus or majority mode depends mainly on the size of the group.

Components of Group-Decision Making : The following are the components of group-decision making that should be taken into consideration :

1) **Group Size :** Research indicates that as the number of members in problem-solving group increases beyond a certain point, the quality of decisions made by the group tends to decrease. Though the size of an ideal group have not been determined, groups consisting of five to seven members have been found to be effective for decision-making. This is because the members of a group of this size get adequate opportunities to express their opinions, listen to others, seek clarifications on points that are not clear, and reach to a ***unanimous*** decision.
2) **Group Composition:** The qualifications of group members also influence the group decision. Group members with higher status, either due to their background or expertise, are likely to exercise ***subtle*** pressure, manipulate force or otherwise alter or shake the thinking of the other group member in a particular direction. Minority group members tend to be highly influenced by such group pressures.
3) **Unanimity of Group Consensus:** It is found that a united group exerts greater pressure if the group is divided by disagreement. It is worth noticing that consensus doesn't require unanimity but requires no outright ***dissent*** either.

4) **The Risky Shift:** Research findings are that people tend to make risky decisions when they are engaged in-group decision-making than when the same members make decisions individually.

Advantages of Group Decision-Making: The group decision-making offers the following advantages:

1) Compared to an individual, the groups usually have a greater knowledge, expertise, and skill base to make better decisions.
2) Larger number of members provides more perspectives of the problem. As such, the narrow vision of a single perspective is avoided in making decisions.
3) With larger number of group members, the participation also increases that helps reach at a quality decision.
4) Following increased group participation, comprehension of final decision arrived at is usually high.

Disadvantages of Group-Decision Making: All is not always good with group decision-making. It suffers from the following disadvantages also:

1) Group decision-making is a time consuming process.
2) Influential members manipulate the group decision in the direction of their liking and interest.
3) Sometimes decisions made by the group members are simply a compromise between the various views and options offered by the group members.

In view of the above disadvantages, there is a need to improve group decisions.

13.8 TEAM

A team comprises a group of people or animals linked in a common purpose. Teams are especially appropriate for conducting tasks that are highly complex and have many interdependent subtasks.

A group in itself does not necessarily constitute a team. Teams normally have members with complementary skills and generate synergy through a coordinated effort which allows each member to maximize his or her strengths and minimize his or her weaknesses.

For example, teams of sports players can form (and re-form) to practice their craft. Transport logistics executives can select teams of horses, dogs or oxen for the purpose of conveying goods.

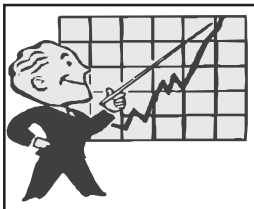
13.8.1 Types of Team

The four most common types of teams are: Problem-solving teams, Self-managed work teams, Cross-functional teams, and Virtual teams.

1) **Problem-Solving Teams:** It is a group of 5 to 12 employees from the same department, who meet for a few hours each week to discuss and solve quality and other work related problems.
2) **Self-Managed Work Teams:** Self-managed work teams are groups of employees (typically 10 to 15 in number) who perform highly related or interdependent jobs and take on many of the responsibilities of their former supervisors. Typically, this includes planning and scheduling of works, assigning tasks to members, collective control over the pace of work, making operating decisions, taking action on problems, and working with suppliers and customers. Fully self-managed work teams even select their own members and have the members evaluate each other's performance. As a result, supervisory positions take on decreased importance and may even be eliminated.
3) **Cross-Functional Teams:** A team can be made up of employees from production, planning, quality, tooling, design, engineering, and information systems to automate a function on a company's special programme. The team's findings may result in drastically reducing cycle time, cost, and improved quality on the special programme. Such a team is called cross-functional team. These are teams made up of employees from about the same hierarchical level, but from different work areas, who come together to accomplish a task. Cross-functional teams are an effective means for allowing people from diverse areas within an organization to exchange information, develop new ideas and solve problems, and coordinate complex projects.

4) **Virtual Teams:** Virtual teams use computer technology to tie together physically dispersed members in order to achieve a common goal. They allow people to collaborate online – using communication links like wide-area networks, video conferencing or e-mail – whether they are only a room away or continents apart.

Virtual teams can do all the things that other team's do– share information, make decisions, and complete tasks. And they can include members from the same organization or link an organization's members with employees from other organizations, such as suppliers or joint partners.



CHECK YOUR PROGRESS

Q.6 : What are the components of group-decision making?

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Q.7 : Define Team.

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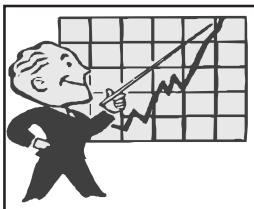
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13.9 TEAM BUILDING AND MANAGING EFFECTIVE TEAMS

Team building consists of activities designed to construct, develop and sustain groups of people who are working together to achieve common goals with a commitment to take collective responsibility. In order to develop and manage teams effectively, the managers should follow the following tips:

1) **Balanced Roles :** People with different work preferences must gain entry into teams rather than like-minded people.
2) **Open Communication :** Communication should be open, flexible and capable of building trust between people.

3) **Handling Stress :** Working with others in close proximity can itself be stressful. Additionally, we tend to react differently to various work pressures. The key skill which effective teams develop is the ability to recognize when either the individual or the collective stress is becoming a problem and to reduce it altogether.
4) **Team Choices :** These choices must be made explicit. Once the range is known, alternatives could be ascertained. Suppose someone from the team says, "I think teams are good in principle, but in practice they can be a complete waste of time", Once a response like this come out, the team can begin to deal with it.
5) **Team Goals :** Teams make sense only when there is a common goal, which requires collective action. Defining the team's purpose is vital. This, then, gives the team members a focus for their energy and action. It is also helpful to set some short-term goals to create gains, which sustain the team as it pursues long-term goals.
6) **Review Mechanism :** For a team's success, there must be proper control over team's activities and outcomes. A periodical review is needed to keep everything on track. If it is missing, teamwork will become just another 'flavor of the mouth'.
7) **Shared Leadership :** Teams need different forms of leadership at different times. Both the leader and the members must be willing to exchange roles, depending on the situation.
8) **Facilitation Skills :** Ensure that team meetings are well organized, allowing enough room for all to express their feelings and thoughts openly.
9) **Shake off the constraints of the past:** All relevant issues affecting the functioning of a team must be discussed, debated and resolved.
10) **Consensus:** Team decisions need to be based on consensus, so that all members can agree with and be committed to implementing important decisions. Consensus building does not imply 100 percent agreement on the part of the members. It only indicates the willingness of a member to support the decisions on reaching a certain stage or point.



CHECK YOUR PROGRESS

Q.8 : State the tips involved in Team Building.

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13.9 LET US SUM UP

In this unit, we have discussed the following –

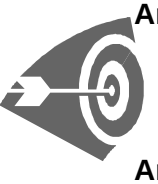
- A group may be defined as a collection of people who have a common purpose or objective who interact with each other to accomplish the group objectives, are aware of one another and perceive themselves to be a part of a group. There are mainly two ways of classifying groups into types: formal and informal groups. The group behaviour means behaviour of its members and, in turn, is also affected by them.
- When a group makes decision, it can be either through the consensus mode or through majority vote. When all members of the group agree to the decision arrived at, it is called 'consensus'. If majority of the group members agree to the decision arrived at, it is called majority vote. Whether the decision arrived at will be consensus or majority mode depends mainly on the size of the group.
- The four most common types of teams are: Problem-solving teams, Self-managed work teams, Cross-functional teams, and Virtual teams. Team building consists of activities designed to construct, develop and sustain groups of people who are working together to achieve common goals with a commitment to take collective responsibility.



13.11 FURTHER READING

1) Drucker, Peter F.(2014)*Practice of Management*, Allied Publications, New Delhi.
2) Koontz, Harold & Weihrich, Heinzl.(2007)*Essential of Management*, Tata McGraw Hills, New Delhi.
3) Rao, V. S. P. & Hari Krishna, V. (2005) *Management : Text and Cases*, Excel Books, New Delhi.
4) Robbins, Stephen, Judge P., Timothy A. & Vohra IV.(2016) *Organizational Behavior*, Prentice Hall, Delhi.

13.12 ANSWERS TO CHECK YOUR PROGRESS



Ans. to Q. No. 1 : A cluster, crowd, or throng; an assemblage, either of persons collected without any regular form or arrangement; is claaed a group of men.

Ans. to Q. No. 2 : a) Two or More People, b) Collective Identity, c) Interaction, d) Common Purpose.

Ans. to Q. No. 3 : A committee is a special group delegated to consider some matter.

Ans. to Q. No. 4 : a) Group Norms, b) Group Cohesion, c) Inter-Group Behaviour, d) Group Decision-Making.

Ans. to Q. No. 5 : Group cohesion means the degree to which the group members are attracted to each other and remain within the group.

Ans. to Q. No. 6 : a) Group Size, b) Group Composition, c) Unanimity of Group Consensus, d) Risk Shift

Ans. to Q. No. 7 : Team is a a group of people linked is a common purpose.

Ans. to Q. No. 8 : Balanced role, Open communication, handling stress, Team choices, Team goals, Review mechanism, Shared leadership, Facilitation skills, Shake off the constraints of the past, Consensus.



13.13 MODEL QUESTIONS

Q.1 : Define the term 'group'. Why do groups form?

Q.2 : How are group decisions made? How can group decisions be made more effective?

Q.3 : Explain the concept of inter-group behaviour.

Q.4 : What is menat by team? Describe the most common types of teams.

Q.5 : Describe the activities necessary to construct, develop and manage an effective team.

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UNIT 14: POWER, POLITICS, CONFLICT, NEGOTIATION AND STRESS

UNIT STRUCTURE

14.1 Learning Objectives

14.2 Introduction

14.3 Concept of Power

14.4 Sources of Power

- 14.4.1 French and Raven's Social Power Theory
- 14.4.2 Mintzberg's Genesis of Power Theory
- 14.4.3 Consequences of Power

14.5 Concept of Organizational Politics

14.6 Organization as a Political System

- 14.6.1 Factors contributing to Political Behaviour in Organisations
- 14.6.2 Managing Political Behaviour in Organisations

14.7 Concept of Conflict

14.8 Types of Conflict and their Management

- 14.8.1 Positive Attitude towards Conflict
- 14.8.2 Negative Attitude towards Conflict

14.9 Resolving Conflict through Negotiation

14.10 Work Stress and its Causes

- 14.10.1 Causes of Work Stress
- 14.10.2 Causes of Stress Outside Work

14.11 Strategies for Managing Stress

14.12 Let Us Sum Up

14.13 Further Reading

14.14 Answers to Check Your Progress

14.15 Model questions

14.1 LEARNING OBJECTIVES

After going through this unit you will be able to:

- describe the concept of power and identify the sources of power in organizations.

- explain the concept of organizational politics
- state the concept of conflict
- list the types of conflict
- discuss the strategies for managing conflict in organizations
- identify the role of negotiation in resolving conflict
- explain the nature and types of stress.
- identify the causes of stress and highlight the strategies to cope with stress.

14.2 INTRODUCTION

Power is the potential ability to influence the behaviour of others. It is the ability to make things happen or get things done the way one want. Power involves the potential to influence others. The sources of power can be primarily categorized into two: formal position of the leader and personality characteristics of the leader. Power and politics are indisputable facts of organizational life. They are universal and important phenomena that need to be understood by employees, managers, and employers.

Conflict is an essential part of organizational life. It takes many forms and stems from many sources. Conflict can be a serious problem in any organization. If not handled properly, it can hurt an organization's performance. Managers, therefore, have to take appropriate steps in order to manage conflict in a constructive way. Negotiation plays an important role in resolving conflicts.

Stress is a fact of everyday life. When people reach out for help, they are often dealing with circumstances, situations, and stressors in their lives that leave them feeling emotionally and physically overwhelmed. Stress can come from any situation or thought that makes one feel frustrated, angry, or anxious. Everyone sees situations differently and has different coping skills. For this reason, no two people will respond exactly the same way to a given situation. In this Unit we shall discuss all these aspects related with power, politics, conflict, negotiation and stress.

14.3 CONCEPT OF POWER

According to Pfeffer, power is the capability of one social actor to overcome resistance in achieving a desired objective or result. In other words, interpersonal power in a social situation is the ability to get one's way. Examples of social power are seen everywhere – influence, leadership, persuasion, selling, forcing, and coercing – all these are power in action. To have power or to exercise power is not, in itself, either good or bad. The phenomenon of power is ubiquitous i.e. present everywhere.

McClelland's research indicated that while most people give a negative connotation to power, it is by power that things are done in the world. The exercise of power is behind most human achievement, both good and bad. According to him, negative face of power is characterized by a primitive need to have dominance over submissive others. The positive face of power is characterized by a socialized need to initiate, influence, and lead. This positive face of power is intended to enable others to reach their goals as well as let the persons exercising power to reach their goals. The negative face of power seeks domination; the positive face seeks "more power to everybody".

14.4 SOURCES OF POWER

The sources of power determine the process of generation and acquisition of power. There are different approaches to understand who gets power and how, but we discuss the following two approaches:

14.4.1 French and Raven's Social Power Theory

French and Raven have suggested five sources, or bases, of social power:

- **Reward Power:** Power based on the ability of the power holder to reward another, that is, to give something valued by the other.
- **Coercive Power:** Power based on the ability of the power holder to punish the other, that is, to give something that is negatively perceived by the other.

- **Legitimate Power:** Power based on the fact that everyone believes that the power holder has a legitimate right to exert influence and that the power receiver has a legitimate obligation to accept the influences.
- **Referent Power**: Power based on power receiver having an identification with the power holder.
- **Expert Power**: Power based on the power holder possessing expert knowledge or expertise that is needed by the other. Information power is a form of expert power where the power holder possesses important facts or information needed by the other.

14.4.2 Mintzberg's Genesis of Power Theory

Mintzberg's theory of organizational power is built on the premise that "organizational behaviour is a power game in which various players, called influencers, seek to control the organization's decisions and actions." The *three* basic conditions for the exercise of power are, *some source of basic power* coupled with the *expenditure of energy* in a *politically skillful way* when necessary. There are three bases of power, according to Mintzberg:

1. Control of resources,
2. Control of technical skill,
3. Control of body of knowledge

All these three bases are critical to the organization. In addition to the bases of power the influencer must have the will and the skill to use power. There are many influencers in and around the organizations, such as board of directors, managers, the top executives, union leaders, regulators etc.

14.4.3 Consequences of Power

Yukl has provided a framework for understanding how power can be employed under different conditions. The bases of power are related to forces residing in the subordinates - those of commitment, compliance, and resistance.

A committed subordinate will have little difficulty in accepting and identifying with the leader and may put in extra effort necessary to complete a project that is important to the leader.

A compliant subordinate is likely to carry out the leader's wishes, provided it does not involve extra effort but will work at a reasonable pace.

A resistant subordinate is likely to be in conflict with the leader and may neglect the project as a means of contravening the leader's instructions or guidelines.

The reaction to the use of power is illustrated in the figure:

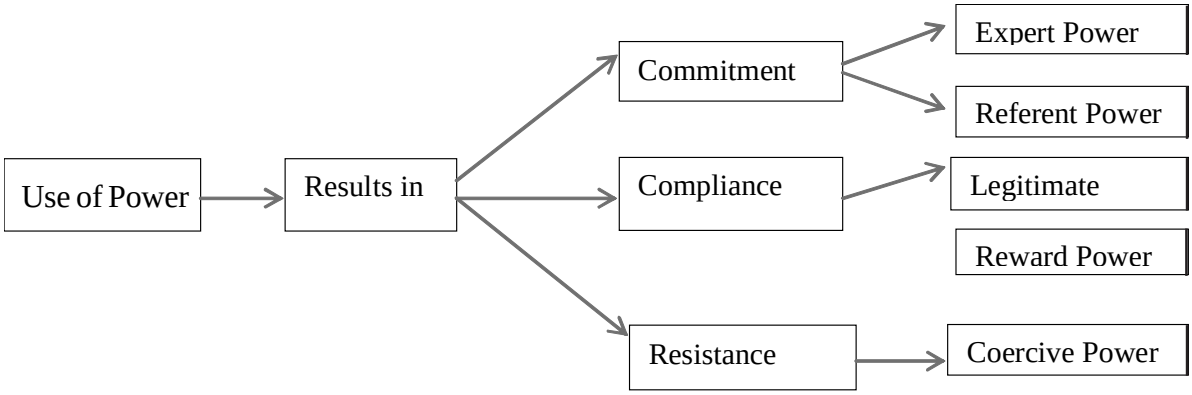
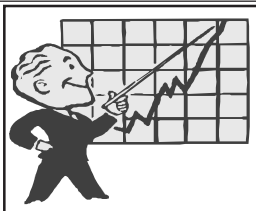


Figure 14.1: Outcome of the use of power

One broad dimension, referred to as **position power**, has to do with the power based on one's formal position (authority) in an organization. It includes three power bases – legitimate power, reward power, and coercive power.

The other broad dimension is known as **personal power**. This refers to the power that one derives because of his individual qualities or characteristics. It includes expert power and referent power, as well as persuasive power and charisma.



CHECK YOUR PROGRESS

Q.1 What is coercive power?

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14.5 CONCEPT OF ORGANIZATIONAL POLITICS

While power refers to one's ability to influence flows of available energy and resources towards certain goals as opposed to other goals, organizational politics refer to one's behaviour to influence the distribution of advantages or disadvantages within the organization. In this sense, both power and political skills serve similar functions. Both refer to the ability to influence, and both can be equally used to achieve legitimate or illegitimate goals. The difference lies in the means of influence

Exercising power would involve the use of legitimate means (one's position, expertise, reward and punishment etc), whatever be the ends. Political skills refer to the use of means (withholding information, blocking-off incoming info, delaying agreement and decisions, emphasizing perfectionism etc) to achieve ends, which may be quite legitimate.

14.6 ORGANIZATION AS A POLITICAL SYSTEM

Organizational members enjoy power from various sources which help them in influencing each other. This creates complexity and contradiction in relationships. For instance, when a senior executive faces a trade union leader, both have power, but from different bases.

The decision-maker has to contend with and balance diverse and often contradictory demands arising from different constituencies (subordinate staff, colleagues, superiors etc). Since satisfying each of these groups is essential for the effective implementation of decisions, the decision-making does not remain a mere rational and objective decision.

By virtue of their role, certain people/departments are more important for achieving organizational goals as compared to others. Thus, while on paper, all people/departments are equal, some are, more powerful than

others. In any organization, people differ widely in terms of their need for power and control.

Most organizations work on the principle of resource optimization. This is easier said than done, and so, lobbying for resources becomes a practical necessity for any well-meaning executives.

Lastly, any viable decision needs to satisfy three kinds of goals: corporate goal, departmental goal and individual goal. These three, in most situations, are not congruent with each other, call for political skills from the decision-maker.

14.6.1 Factors Contributing to Political Behaviour in Organizations

The political behavior of individuals in the organization is influenced by variety of factors. These factors can be broadly categorized into individual and organizational factors.

Individual Factors:

There are individual factors where individuals play politics to satisfy their personal needs. Many people like to gain power for control and to influence decision-making process of the organization. The aim of such individuals is to increase the area of their influence. They try to sustain power as it helps to obtain personal needs and fulfill desires. In organizations, individuals play politics as they have great desire and high need of gaining power. There are many individuals who play politics because of their expectation of quick success in life at any cost.

Organizational Factors:

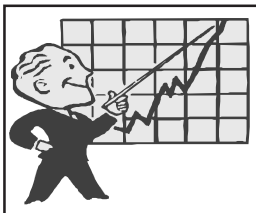
There are some organizational factors that influence the individuals to play politics in the organizations. These factors are as follows:-

a. Limited Resources in the organization: - When there are limited resources in the organization then every individual in the organization wants to have optimum resources. It results in making individuals getting engaged themselves in politics to get the maximum advantage of the distribution of resources.

b. **Uncertainty in decision-making**: - There are some individuals who take advantage of the situation where there is uncertainty and ambiguity in decision-making because of unclear rules and policies.

c. **Performance evaluation:** - The individuals tend to play politics in the organization when performance evaluation and its outcome are subjective, qualitative and unclear.

d. **High performance pressure:** - The individuals play politics when they are enforced with high performance pressure. The politics playing in the organization becomes measure to pressurize authority to withdraw control and lower the performance target.



CHECK YOUR PROGRESS

Q.2 State two organizational factors that influence the individuals to play politics in the organizations.

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14.6.2 Managing Political Behaviour in Organizations

An organization is at loss when its employees play dirty politics. Individuals find it extremely difficult to concentrate on their work in a politically driven organization. Management plays an important role in avoiding politics at the workplace. The management must delegate responsibilities as per interests, specialization and educational qualification of the individuals. Job mismatch leads to politics at the workplace. Employees indulge in all sorts of non-productive tasks when they have nothing innovative to do. The management must ensure that each and every employee adheres to the set guidelines and follows the predefined rules. No employee should be given special benefits. Policies should be same for

everyone. The management must regularly interact with the employees to find out their grievances. The issues must be sorted out immediately to expect loyalty from the employees towards the organization. A good and a healthy relationship amongst the employees reduce the chances of politics at the workplace. The management must promote team building activities to strengthen the bond amongst the employees.

Case study on power and politics

Mr. Kabir was working in an Administration Department as Officer-Administration. He was responsible for keeping account of all the vehicles of the company apart from other arrangements including the guesthouse of the company. Mr Kabir has been working in the company for 6 years in the same grade without promotions. He was supposed to be very honest in his job. Once the GM of the factory Mr. Rakesh Gupta, requested for the company car during office time for his personal work. Mr. Kabir refused saying that it cannot be given during the office work as the work would suffer due to its duty to go to bank. Mr. Gupta became quite upset and asked his boss Mr. Srivastava to give the car. Mr. Srivasatava (Sr. Manager Admn) was too happy to oblige Mr. Gupta as he wanted one of his relatives to be employed as Officer. Hence he fired Mr. Kabir for his disobedience and threatened to transfer him to stores if he continued to show disrespect to Senior officers. Kabir was also active member of staff union. He immediately went to the Union President and informed him about the misuse of the company car for private purpose by the GM at the cost of the office work. It was decided that Kabir would send a note in writing to Mr. Srivastava asking him to approve sending the car to the house of Mr. Gupta. Mr Srivastava understood the possible repercussions and refused to sign the approval. He lent his own car to Mr Gupta.*1. What power was being used by Kabir?2. What power Mr Srivastava was using? 3. What was the game Kabir played when Srivatava ordered the car?*

14.7 CONCEPT OF CONFLICT

Conflict is a disagreement between two or more parties, such as individuals, groups, departments, organizations or countries, who perceive that they have incompatible concerns. Conflicts exist whenever an action by one party is perceived as interfering with the goals, needs or actions of another party. Conflicts can arise for several reasons, some of them are:

- Incompatible goals
- Differences in the interpretation of facts
- Negative feelings
- Variations in values and philosophies
- Disputes over shared success

Conflict is neither good nor bad. The outcome of a conflict is the criterion for determining whether the conflict is functional (conflict that supports organization's goal) or dysfunctional (conflict that prevents an organization from achieving its goal), that is, whether it has positive or negative outcomes for concerned parties.

14.8 TYPES OF CONFLICT AND THEIR MANAGEMENT

Conflict in organizations manifests itself in different forms. Broadly there are three types of conflict: personal, group, and organizational. All these types can be further classified in terms of being "intra" meaning within, and "inter", meaning across. These conflicts are interrelated and affect each other in organization.

Inter-personal conflict involves two or more individuals rather than one individual. Two men vying for the same accommodation, two mangers competing for the same promotion, two executives maneuvering for a larger share of corporate capital are examples of conflict between individuals are quite familiar. So inter-personal conflict occurs when two person's attitudes, behavior, and actions are in opposition. Personality clashes lead to interpersonal conflicts in organizations. Inter-personal conflict also results when there is a lack of clarity in terms of understanding one's role in a given situation with respect to another person. The most commonly cited

reasons for interpersonal conflict are: personality differences, differences in perception, clashes of values and interests and power and status differences.

Intra-personal conflict is internal to the person and is probably the most difficult type of conflict to analyze. It happens because the person is not clear about his role; he sets two mutually exclusive goals for himself. An individual is expected to play a variety of role in his life. Since it is practically impossible to live up to everyone's expectations, the role incumbent starts experiencing frustration and anxiety from within. These ultimately lead to interpersonal conflict.

Conflicts between teams and groups are termed **inter-group conflicts**. They result because of opposition, disagreements, and disputes between the teams. It can have both positive and negative consequences. On the positive side, the intergroup conflict increases the cohesiveness among the group members, thereby generating enhanced commitment and loyalty towards the group. On the negative side, it distances people from each other in organizations and enhances the gap between teams and departments.

A heightened level of intergroup conflict can be dysfunctional for organizations. In organizations when groups compete for a common goal in situation of scarce resources, such conflicts are likely to result in hostility towards each other. Managers should try to encourage cooperative behavior among members and also try not to be prejudiced towards certain groups or individuals. They should encourage intergroup or interdepartmental activities so that a desirable level of trust can be established.

Intragroup conflict is a form of interpersonal conflict. It includes disagreements between group members on certain issues, thereby leading to ineffectiveness in the group's functioning. It is very common feature of family-run businesses where the conflict becomes more intense when the owner or the founder is about to retire or dies untimely. The conflict between the Ambani brothers of the Reliance Group is an example of intergroup conflict.

Conflicts between organizations are termed **inter-organizational conflicts**. Corporate takeovers, mergers, acquisitions can also produce inter-organizational conflict. The degree of conflict generated may depend on the extent to which the organization creates uncertain conditions for competitors, suppliers or customers and try to control the same resources. Attempts to resolve inter-organizational conflicts can be made so that it creates a positive impact on organizational performance and result in the formation of strategic alliances and partnership.

Intra-organizational conflicts occur across departments in an organization, within work teams and other groups, and between individuals. It is widely acknowledged that intra-organizational disputes can negatively impact an organization in significant way. These disputes can reduce productivity, harm morale and diminish a stated goal of hiring and retaining the best qualified and competent employees. Mediation/arbitration techniques are increasingly being utilized to manage and resolve intra-organizational conflict.

14.8.1 Positive Attitude towards Conflict

Conflicts in organizations can be positive forces. The creation and resolution of conflict can lead to constructive problem solving. The need to resolve conflict can lead people to search for ways of changing how they do things. The conflict-resolution process can stimulate innovation and positive change, as well as make change acceptable. A positive attitude towards conflict encourages people to solve their differences, to participate in developing an ethical and fair organization, and to directly handle injustice.

14.8.2 Negative Attitude towards Conflict

Conflict can also have serious negative effects, diverting attention from the goal and depleting resources, especially time and money. Conflict can negatively affect the psychological wellbeing of employees and cause stress. Severe conflicting thoughts, ideas, and beliefs can lead to resentment, tension, and anxiety. Over an

extended period, conflicts can make it difficult to create and maintain supportive and trusting relationships. When cooperation is required, severe conflict and competition hurts performance. Deep and lasting conflicts that are not addressed can even trigger violence among employees or between employees or others

14.9 RESOLVING CONFLICT THROUGH NEGOTIATION

Negotiation is a means of resolving differences between people. In the process of negotiation, not only are different opinions are taken into account, but also individual needs, aims, interests and differences in background and culture. One of the techniques of resolving conflict is through third-party mediation, which requires the involvement of a third-party consultant to settle the dispute between two parties. The process of third party mediation involves of opening, information sharing, exchanging and negotiating, reaching an agreement and concluding.

The Win-Lose Approach to Negotiation:

Negotiation is sometimes seen in terms of 'getting your own way', 'driving a hard bargain' or 'beating off the opposition'. While in the short term bargaining may well achieve the aims for one side, it is also a Win-Lose approach.

This means that while one side wins the other loses and this outcome may well damage future relationships between the parties. It also increases the likelihood of relationships breaking down, of people walking out or refusing to deal with the 'winners' again and the process ending in a bitter dispute

While this form of bargaining may be acceptable in the market place, and even expected in some cultures, for most situations it has drawbacks. These drawbacks can have serious consequences if applied to social situations

The Win-Win Approach to Negotiation:

Many professional negotiators prefer to aim towards what is known as a Win-Win solution. This involves looking for resolutions that allow both sides to gain.

In other words, negotiators aim to work together towards finding a solution to their differences that results in both sides being satisfied.

This means not allowing the disagreement to damage the interpersonal relationship, not blaming the others for the problem and aiming to confront the problem not the people. This can involve actively supporting the other individuals while confronting the problem.

14.10 WORK STRESS AND ITS CAUSES

Stress is a condition in which an individual is confronted with an opportunity, constraint or demand related to what one desires and for which the outcome is perceived to be both uncertain and important. According to this widely accepted definition, stress is associated with (i) constraints or demands, (ii) uncertainty over the outcome which is regarded as important.

Stress can be constructive (positive) or destructive (negative):

Stress is good when the situation offers an opportunity to a person to gain something. It acts as a motivator for peak performance

Constructive Stress (or Eustress) can indicate a situation where the individual is in balance or behaves within tolerable limits. Low or moderate amount of stress can act in a constructive or energizing way. Moderate stress can increase effort, stimulate creativity and encourage diligence in one's work. It can be equated with tension that causes one to work hard before exams, pay attention in class, and complete project/assignments on time. The same positive results of stress can be found in the workplace.

Stress is negative when a person faces social, physical, organizational and emotional problems.

Destructive Stress (or Distress) is not healthy for the individual and/or organizations. Distress would indicate effects that are out of balance or outside the tolerance limits. Excessive stress may lead to overload and breakdown of a person's physical and mental systems. Performance may suffer and persons may react to high stress through absenteeism, errors, accidents, reduced performance etc.

14.10.1 Causes of Work Stress

Factors that are responsible for causing stress are called **stressors**. Following are some causes of stress at work or in organization:

Career Concern:

If an employee feels that he is very much behind in the corporate ladder, then he may experience stress. If he seems that there are no opportunities for self-growth, he may experience stress.



Figure14.2 : Causes of Stress at Work

Role Ambiguity:

It occurs when the person doesn't know what he is supposed to do, on the job. His tasks and responsibilities are not clear. The employee is not sure what he is expected to do. It creates confusion in the minds of the worker and results in stress.

Rotating Work Shifts:

Stress may occur in those individuals who work on different work shifts. Employees may be expected to work on day shift for some days and then on the night shift. That may create problems in adjusting to the shift timings, and it can affect not only personal life but also family life of the employee.

Role Conflict:

It takes place when people have different expectations from the person performing a particular role. It can also occur if the job is not as per expectation, or when a job demands a certain type of behavior that is against the person's moral values.

Occupational Demands:

Some jobs are more demanding than others. Jobs that involve risk and danger are more stressful. Research findings indicate, job that cause stress needs constant monitoring of equipment and devices, unpleasant physical conditions, making decisions, etc.

Lack of Participation in Decision-making:

Many experienced employees feel that management should consult them on matters affecting their jobs. In reality, the superiors hardly ask the concerned employees before taking a decision. That develops a feeling of being neglected, which may lead to stress.

Work Overload:

Excessive workload leads to stress as it puts a person under tremendous pressure. Work overload may take two different forms: Qualitative work overload implies performing a job that is complicated or beyond the employee's capacity. Quantitative work overload is a result of many activities performed in a prescribed time.

Work Underload:

In this, case, too little work or very easy work is expected on the part of the employee. Doing less work or jobs of routine and simple nature would lead to monotony and boredom, which can lead to stress.

Poor Working Conditions:

Employees may be subject to poor working conditions. It would include bad lighting and ventilation, unhygienic sanitation facilities, excessive noise, and dust, presence of toxic gasses and fumes, inadequate safety measures, etc. All these unpleasant conditions create physiological and psychological imbalance in humans thereby causing stress.

Lack of Group Cohesiveness:

Every group is characterized by its cohesiveness, although they differ widely in its degree. Individuals experience stress when there is no unity among work group members. There are mistrust, jealousy, frequent quarrels, etc., in groups and this lead to stress to employees.

Interpersonal and Intergroup Conflict:

These conflicts take place due to differences in perceptions, attitudes, values and beliefs between two or more individuals and groups. Such conflicts can be a source of stress for group members.

Organizational Changes:

When changes occur, people have to adapt to those changes, and this may cause stress. Stress is higher when changes are significant or unusual like transfer or adoption of new technology.

Lack of Social Support:

When individuals believe that they have the friendship and support of others at work, their ability to cope with the effects of stress increases. If this kind of social support is not available, then an employee experiences more stress.



CHECK YOUR PROGRESS

Q.3 How can rotating work shifts cause stress?

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14.10.2 Causes of Stress outside Work

There are certain factors outside the scope of an organization also cause stress. The main causes of stress outside work or organization:



Figure14.3 : Causes of stress outside work

Poor civic amenities in the area in which one lives can be a cause of stress. Life changes can bring stress to a person. Sudden life changes are highly stressful and very difficult to cope. Frustration is another cause of stress. It arises when goal-directed behavior gets blocked. Management should attempt to remove barriers and help the employees to reach their goals. Employees living in areas, which are often prone to conflicts among people based on differences seen in their race, caste and religion do suffer more from stress. In the case of a religion, the minorities and lower-caste people (especially in India) are subject to more stress. When there are any changes in technical fields, employees are under the constant fear of losing jobs or need to adjust to new technologies. It can be a source of stress. When a person suddenly switches to another job, he is under stress to shoulder new responsibilities adequately. Under-promotion, over-promotion, demotion and transfers can also cause stress.

14.11 STRATEGIES FOR MANAGING STRESS

Some of the techniques of stress management are as follows;

I. ***Set priorities***. Use the time-management tips. Make a To-Do-list. Decide what is really important to get done today, and what can wait. This helps you to know what you are working on, your most immediate priorities, and you don't have the stress of trying to remember what you should be doing.

II. ***Practice facing stressful moments***. Think about the event or situation you expect to face and rehearse your reactions. Find ways to practice dealing with the challenge. If you know that speaking in front of a group frightens you, practice doing it, perhaps with a trusted friend or fellow student.

III. ***Examine your expectations***. Try to set realistic goals. It's good to push yourself to achieve, but make sure your expectations are realistic. Watch out for perfectionism. Be satisfied with doing the best you can.

IV. ***Live a healthy lifestyle***. Get plenty of exercise. Eat healthy foods. Allow time for rest and relaxation. Find a relaxation technique that works for you—prayer, yoga, meditation, or breathing exercises. Look for the humor in life, and enjoy yourself.

V. ***Learn to accept change as a part of life***. Nothing stays the same. Develop a support system of friends and relatives you can talk to when needed. Believe in yourself and your potential. Remember that many people from disadvantaged backgrounds have gone on to enjoy great success in life.

At the same time, avoid those activities that promise release from stress while actually adding to it. Drinking alcohol, drinking caffeine, smoking, using narcotics, and overeating - all add to the body's stress in addition to their other harmful effects.



14.12 LET US SUM UP

In this Unit we have discussed about power and politics.

Power is the ability to make things happen or get things done in the way one wants. The important bases of power include: expert power, reward power, legitimate power, coercive power, referent (charismatic) power, and information power. Organizational politics is the use of behavior that enhance or protect a person's self-interest. Politics is a fact of life in organizations due to fairly obvious reasons including scarcity of resources, limited opportunities, ambiguous roles, unclear performance evaluation, tight schedules etc. People generally employ certain tactics to enhance their political power in organizations. Managers have to define job duties clearly, design job properly, allocate resources carefully with a view to arrest the formation of political groups in organizations.

Conflicts exist whenever an action by one party is perceived as interfering with the goals, needs, or action of another party. Conflict is inevitable and has the potential to be dysfunctional, but if managed constructively, it can be functional and enhance performance. Conflict can be divided into various types. Negotiation occurs when two or more conflicting parties attempt to resolve their divergent goals. The win-win approach uses a collaborative style of conflict resolution.

Stress has a disastrous effect on both the quality of life and the quality of work life. A variety of factors contribute towards stress. Sometimes, stress can be functional and may add up to the energy levels of the incumbents, but most of the time it is dysfunctional and has a negative impact. At the personal level, to combat stress one needs to exercise regularly, relax, manage one's role and handle stress by entering into meaningful relationship with other people.



14.13 FURTHER READING

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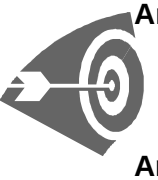
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14.14 ANSWERS TO CHECK YOUR PROGRESS



Answer to Q.No. 1: Coercive Power is the Power based on the ability of the power holder to punish the other, that is, to give something that is negatively perceived by the other.

Answer to Q.No. 2: Limited resources in the organizations and uncertainty in decision making are the two factors that influence individuals to play politics in the organizations.

Answer to Q.No. 3: Stress may occur in those individuals who are subject to rotational work shifts. Employees may be expected to work on day shift for some days and then on the night shift. That may create problems in adjusting to the shift timings, and it can affect not only personal life but also family life of the employee.



14.15 MODEL QUESTIONS

1. Describe the factors contribution to political behaviour in organizations.
2. State the various types of power, giving relevant examples in each case.

3. Discuss the various behaviors that are common in organizational politics.
4. What steps can be taken to control political behavior in organizations? Why is controlling political behavior in organizations important?
5. What is conflict? Should some conflicts be encouraged?
6. Discuss the different types of conflict
7. What are the factors that contribute to work stress?
8. How do work overload, role conflict, and role ambiguity contribute to employee stress?
9. Discuss the major strategies for coping with stress.

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UNIT 15 CASE STUDIES

An Introduction on Management Cases

In simple terms, a case is a description of a management situation. The length of a case may vary from one page to several pages. In some cases to present quantitative and analytical data and information, exhibits and figures are provided. All these information provide the required inputs for case analysis. While reading and analysing the case, the reader should try to find out the management problem in the case. The focus of the case should be identified. Cases are prepared from field data or from published sources. The websites of the concerned business organizations or the published reports etc. provide the required information. Information related with some of the cases may be available in the public domain. Some cases may require analysis of interpersonal relations, disciplinary issues in an organization. In those situations, in house materials in the organization provide the required information and those information are presented in the case. A case is not written or analysed to illustrate correct or incorrect handling of an administrative situation. There is no bias towards a particular conclusion. The analysis should be rational, free from bias. A chronological series of cases based on a single organization is sometimes used to expose the learner to an organization's cumulative experience with a situation.

Cases are used to develop an analytical bent of mind and also for class discussion in a variety of educational programs. At the KKHSOU in the Master of Business Administration (MBA) Programme a few cases have been offered in this Unit for reading and analysis by the learners. The short cases (can also be said as caselets) offer the learners an experience in dealing with complex, realistic situations. The emphasis is on analysis and exposure to decision making in real life organizational situations.

In some cases questions are given at the end of the case. In those cases the learners should read the case and answer the questions with an analytical approach. In the cases, where information may be available in the public domain, the learner may update himself or herself accordingly

before approaching the issues. In some cases, there may not be some questions at the end. In those cases, while answering the questions the learners should try to identify the main problem and the key issues, search for the decision alternatives and should try to contemplate measures towards solving the management problem.

Case 1

Demonetisation of Notes

Taking the nation by surprise, Prime Minister Narendra Modi announced demonetisation of Rs. 1000 and Rs. 500 notes with effect from midnight of 8th November, 2016, making these notes invalid in a major assault on black money, fake currency and corruption. The announcement was made just a few hours before the ban. Within a few hours the notes became worthless pieces of papers. He also announced that new notes of Rs. 2000 and Rs. 500 would be introduced and all notes and coins of lower denomination would continue to remain valid.

ATM withdrawals were restricted to Rs. 2000 only per day and withdrawals from bank accounts were limited to Rs. 10000 a day and Rs. 20000 a week. Banks were asked to remain closed on 9th November, 2016 to make all the preparations. ATMs were also disabled from functioning for two days. The normal life of the people in the country was disrupted. People were urged to face the short term inconveniences for the sake of a larger interest.

The Prime Minister also expressed confidence that the staff of banks and post offices would rise to the occasion to introduce the new order within the available time. The move was regarded as a drastic but positive step that would help stamp out the menace of black money. The banks were asked to extend the service hours and to keep open on the holidays on 12th and 13th November, 2016. Long queues were there in all the branches of all the banks to meet the requirements of public for the cash crunch.

Question: You are the manager of a nationalised bank in a small town. You have limited number of staff members to operate the branch. Two of the staff members already submitted out station leave application

for 12, 13 and 14 November, 16 even before the announcement was made. As a branch manager, how would you have handled the situation?

Case 2

McDonalds in India

When McDonald's started two decades ago in Mumbai, it was welcomed with crowds queuing up outside its restaurants.

McDonald's is the world leader in QSR (Quick Service Restaurants). Their presence in 118 countries with 33,000 restaurants glorifies its position as world leader and as a fast food giant. This huge network is not easy to manage where guest expectations in different countries are clean, hygienic, tasty and quick food every time. The credit of this successful availability goes to the unique supply chain management the company follows and control over its huge network.

McDonald's is present in more than 40 cities of India with 250 eating outlets and adding more every now and then. The company outsources the huge supply chain. This supply chain is multi-layered but very well coordinated. McDonald's Supply Chain is quite uniquely handled with least number of employees on McDonald's payroll. The control on outsourced entities is commendable. With ever growing business of fast food, McDonald's has laid down its systems efficiently and the company is expanding at a fast speed.

For training their staff company takes all its measure through intensive programmes. Utmost care is taken for management of quality in all aspects of management functioning.

McDonald's being a limited menu restaurant is characterised by speed of operations, serving more than 67 million customers each day globally. In India, the first outlets of the chain threw open their doors to the public in Delhi and Mumbai in. In India McDonald's serves 650,000 customers daily.

McDonald's Supply Chain is quite uniquely handled with least number of employees on McDonald's payroll. The control on outsourced entities is commendable. With ever growing business of fast food,

McDonald's has laid down its systems efficiently. The chain is expanding at a fast speed.

Question : Can the model of McDonalds be replicated in other sectors as well?

Note: The case let is adapted from the Case Study on the McDonald's Supply Chain in India, by Prof. Kshitiz Sharma, published in Asia Pacific Journal of Marketing & Management Review, Vol.2 (1), January (2013)

Online available at indianresearchjournals.com

Case 3

Mumbai Dabbawala

A dabbawala; also spelled as dabbawalla or dabbawallah, (tiffin wallah); is a person in India, most commonly in Mumbai, who is part of a delivery system that collects hot food in lunch boxes from the residences of workers in the late morning, delivers the lunches to the workplace, predominantly using bicycles and the railway trains, and returns the empty boxes to the worker's residence that afternoon. They are also used by meal suppliers in Mumbai, where they ferry ready, cooked meals from central kitchens to the customers and back.

In Mumbai, most office workers prefer to eat home-cooked food in their workplace rather than eat outside at a food stand or at a local restaurant, usually for reasons of taste and hygiene, hence the concept of dabbawalah. A number of work-from-home women also supply such home-cooked meals, delivering through the dabbawala network.

A collecting dabbawala, usually on bicycle, collects dabbas either from a worker's home or from the dabba makers. As many of the carriers are of limited literacy (the average literacy of Dabbawallahs is that of 8th grade), the dabbas (boxes) have some sort of distinguishing mark on them, such as a colour or group of symbols.

The dabbawala then takes them to a sorting place, where he and other collecting dabbawalas sort the lunch boxes into groups. The grouped boxes are put in the coaches of trains, with markings to identify the destination

of the box (usually there is a designated car for the boxes). The markings include the railway station to unload the boxes and the destination point with delivery address.

At each railway station or a common point, boxes are handed over to a local dabbawala, who delivers them. The empty boxes are collected after lunch or the next day and sent back to the respective houses. The dabbawalas also allow for delivery requests through SMS.

Lunch boxes are marked in several ways: (1) abbreviations for collection points, (2) colour code for starting station, (3) number for destination station and (4) markings for handling dabbawala at destination, building and floor.

A colour-coding system identifies the destination and recipient. Each dabbawala is required to contribute a minimum capital in kind, in the form of two bicycles, a wooden crate for the tiffins, white cotton kurta-pyjamas, and the white Gandhi cap (topi). Each month there is a division of the earnings of each unit. Each *dabbawala*, regardless of role, is paid around 8,000 rupees per month (about US$131 in 2014). Between 175,000 and 200,000 lunch boxes are moved each day by 4,500 to 5,000 dabbawalas.

It is frequently claimed that *dabbawalas* make less than one mistake in every six million deliveries, however this is only estimation from Ragunath Medge, the president of the Mumbai Tiffinmen's Association in 1998, and is not from a rigorous study. Medge told Subrata Chakravarty, the lead author of the 'Fast Food' article by *Forbes* where this claim first appeared, that *dabbawalas* make a mistake "almost never, maybe once every two months" and this statement was extrapolated by Subrata Chakravarty to be a rate of "one mistake in 8 million deliveries."

Subrata Chakravarty recalled the affair in an interview and said:

"*Forbes* never certified the *dabbawalas* as being a six-sigma organization. In fact, I never used the term at all. As you know, six-sigma is a process, not a statistic. But it is commonly associated with a statistic of 1.9 errors per billion operations, and that is what caused the confusion. I was impressed by the efficiency and complexity of the process by which some 175,000 tiffin boxes were sorted, transported, delivered and returned

each day by people who were mostly illiterate and unsophisticated. I asked the head of the organization how often they made a mistake. He said almost never, maybe once every two months. Any more than that would be unforgivable to customers. I did the math, which works out to one mistake in 8 million deliveries—or 16 million, since the tiffin carriers are returned home each day. That is the statistic I used. Apparently, at a conference in 2002, a reporter asked the president … whether the tiffinwallahs were a six-sigma organization. He said he didn't know what that was. When told about the 1.9 error-per-billion statistic, I'm told he said: "Then we are. Just ask Forbes". The reporter, obviously without having read my story, wrote that Forbes had certified the tiffinwallahs as a six-sigma organization. That phrase was picked up and repeated by other reporters in other stories and now seems to have become part of the folklore

Question : Can the model of Mumbai Dabbawalas be replicated in other cities of India?

Note: The case is adapted from the reading material available in and through the web link https://en.wikipedia.org/wiki/Dabbawala, accessed on 18th July 2016

Case 4

Strategy of Ford in India

Mr William Clay Ford Jr., Executive Chairman of Ford Motor Co. is upbeat on India and expects the country to play a bigger role beyond making and selling cars to being a 'great laboratory' to develop connected and autonomous car solutions. Ford's Research and Development Centre was inaugurated in Chennai in November 2016. They have agenda to work on product development, not only for conformity of Make in India but also for development of intellectual capacity as a part of global development strategy.

Ford has been around for two decades in India, but profits still elude them. That has not worried Mr. William Clay much. He is of the view that money is always welcome, but markets develop at different paces. The markets need to be understood well. In the 113 years history of Ford, Ford did not have great results in some of the markets. But at some points, the

markets turned around. William is highly optimistic about Indian market. In India, they have developed a very good employee base. Exports are made from India. Still they would like to have better results. They consider India as a great laboratory for the learning experiences. They are looking at Indian market through different lenses, selling cars and trucks, making cars and trucks, providing mobility solutions. They have to work on all these well.

Question: Critically comment on the strategy of Ford in India in view of the emerging complexities in the automobile market in India.

(The case let is developed from an interview with Mr William Clay Ford Jr. in The Economic Times on 9th November, 2016, page 5)

Case 5

It is about two people

Indian construction magnate Pallonji Mistry's son and heir, Cyrus Mistry was picked to lead Tata Sons. He took over from Ratan Tata as Chairman of Tata Sons, the holding company of global salt-to-jags Tata Group. The transition was very well covered in Indian media. It was a momentous occasion in Indian corporate history.

Five years later, Mistry's unceremonious eviction from Tata Sons has shaken India's corporate universe. The effects have been felt all over the world. It has become a case of succession planning, corporate governance, leadership and conflict management in management institutions. This was an episode, Mistry himself described as 'unique in the annals of corporate history'. Tata's have a 148 years old history.

Tata, the most valuable brand, according to Brand Finance, has interests across industrial and consumer sectors from auto, software, airlines and steel to hospitality, food and beverage. As per Bloomberg data, the 29 publicly traded companies under Tata Sons have a combined market value of about $120 billion. Any product with a Tata name gives a lift on brand trust. It is an old, trusted, stable, dignified company led by 'gentlemen'. The 'ugly' nature of Tata-Mistry spat has posed serious questions on Ratan

Tata's successor. Of their own making or not, image of the company has suffered. There is no magic formula to solve the leadership spat at Tata. It is about two people. People have to work at relationships. There are lots of personality conflicts and lots of different viewpoints. Leadership is like an orchestra making all instruments come together and produce something that is effective, efficient and excellent.

Trust is important, so is communication.

Question : Develop your observation on leadership, succession, interpersonal relation in light of the leadership spat at Tata.

(The case let is adapted from Brands Creating Desire , p 5 and Brand Equity of The Economic Times, p 1 and 4, November 9 and November 9-15, 2016)

Case 6

Prantik – The Assamese Fortnightly

The year was 1981. The Assam agitation for deportation of foreigners was in full swing and a wide majority of the native population was driven by a feeling of regional chauvinism. The state and its people were in turmoil. The need of the hour was to rejuvenate the Assamese people with clear logic and radical thinking instead of wallowing in emotion and sentimental rhetoric. Mr. Pradip Baruah, owner of a small letter press and screen printing press, with a professional qualification of printing technology and work experience in the family business of newspaper publications; felt that a magazine with suitable content would be able to help in changing the scenario of excessive emotion and sentimentalism. It was a time when even a reasoned dissent or a word of caution was not tolerated by the supporters of the agitation. In those tumultuous times, when even established institutions were shaky about future prospects, Mr. Baruah took the bold step of introducing a fortnightly with the aim of providing reasoned and socially responsive info-edutainment writing of various genres. He envisioned that a fortnightly magazine might prove useful in filling the vacuum created by the cessation in publication of the monthly magazine 'Ramdhenu' edited

by Dr. Birendra Kumar Bhattacharya, the first Jnanpeeth award winner of Assam.

A team of carefully chosen personnel was formed and eminent figures in Assamese journalism and literature were approached to contribute regular columns for the proposed publication. A 'dummy' was prepared for a 48 page magazine which was to be totally different from the conventional Assamese periodicals of the time. It was contemplated that the magazine would be 'a necessary magazine for every Assamese family'. The ball was set rolling with the members of the team comprising of three promising fresh graduates travelling to different corners of Assam to gather feedback from a cross-section of people. It was going to be a very daunting and extremely challenging task. The mortality rate of Assamese periodicals was very high. It required a qualified, eminent and competent personality to handle the challenges with panache.

At that time, Dr. Bhabendra Nath Saikia, a noted litterateur, academic and filmmaker was relieved of the responsibility of Chairman, Railway Service Commission, Guwahati. Mr. Baruah approached Dr. Saikia to be the Chief Editor of the magazine ; he himself remaining the editor for all practical purposes i.e. acting as a buffer providing the safety cushion to the Chief Editor while dealing with Government, legal issues etc. Dr. Saikia accepted the offer and Prantik was launched in December 1981. Prantik weathered the turbulence. However, within a short period of five months, so great was the acceptance of the magazine and enthusiasm of the people that the circulation figure touched the 10,000 mark, a highly respectable figure in Assam. The fortnightly was ably managed by Dr. Saikia up to 15th November 1997. The ideas and standards set by Dr. Saikia and the legacy left by him; the love and loyalty of readers who call themselves the members of Prantik family; the writers and the sellers have sustained the fortnightly for thirty five years. Mr. Baruah feels that the role of the editorial team is catalytic only. The journey is carrying on with a sense of satisfaction to all concerned although the magazine has not registered a worthwhile increase in circulation.

In the journey of Prantik, in 1986, the sale of an average issue reached its peak. The figure was almost four times the sale of an average issue in 1982. Since then, there has been a decline till 1999 to a figure which would be about half of the sale of an average issue in 1986. After 1999, the sales increased and currently has stabilised at about 10,000 copies more. The sales could have been much more. Despite all the challenges, the magazine has been able to carve out a niche for itself and has been able to create a Prantik family in the Assamese society. This is quite satisfying. The magazine has managed the transition process remarkably well from the founder Editor to the current editorial team. The composition of the team and the team cohesiveness has been instrumental in this regard. One or two blunders on the part of the editorial staff sometimes cause concern to Mr. Baruah, who is 78 years old now. He delegates many responsibilities to the managerial and editorial staff.

The management processes in the publication house are worth observing. Transparencies in financial management and reporting, adherence to a strict action plan for timely release, well designed distribution system, management of receivables and payment, very low number of unsold copies and accuracy in demand forecasting, retention of employees, maintenance of office atmospherics and work environment, creation of new writers, remarkable number of well sold volume publications of serialised content, dependable outsourcing of key services – are all quite important. With the no- advertising strategy, profitability also has not been a key concern.

Even without changing too much, a product can be continually successful if the vision and mission is clear. Growth in sales is not a priority. Meaningful survival and contribution to society are more important. The challenges in the journey will have to be continually addressed and the day to day management problems will always have to be sorted out. Mr. Baruah feels satisfied in this regard too.

With the advent of the new age media vehicles, the print magazines in India (and Assam as well) are facing problems in retaining readership and increasing circulation. Although Prantik is a unique product in its own

category, it cannot defy competition. But Mr. Baruah, the editor publisher of Prantik, is quite undeterred. He derives inspiration and satisfaction from the comments and feedback of the readers. He feels hopeful in the knowledge that some children have also developed the habit of reading Prantik. He considers it a limitation on his part that the magazine has not been able to penetrate in the desired way among the educated people and in the urban areas. He has seen considerable scope to contribute to the cause of protection of Assamese identity, language and Assamese culture. One can be progressive without losing one's identity. He cannot think of anything else, except Prantik, in the foreseeable future.

The editor-publisher of Prantik feels that his magazine must continue its journey despite its dwindled sales. No dependence on advertising income is a unique strategy of the magazine. Readership subscription is the only source of revenue for the single product publication house. Readership loyalty and stakeholder relationship management aspects are noteworthy.

Question: Should the editor/publisher of Prantik adopt a new strategy to meet the changing requirements of time or consolidate on the existing one so as to reach a larger number of readers and expand the base of loyal readers?

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