PGBA (S1) 01-3

Management Process and Organisational Behaviour

SEMESTER - 1

BUSINESS ADMINISTRATION

BLOCK - 3

KRISHNA KANTA HANDIQUI STATE OPEN UNIVERSITY

Subject Experts

Prof. Nripendra Narayan Sarma, Maniram Dewan School of Management, KKHSOU.
Prof. U. R. Dhar, Retd. Professor, Dept of Business Administration, GU.
Prof. Mukulesh Baruah,Director, Assam Institute of Management.

Course Co-ordinator : Dr. Smritishikha Choudhury, Asst. Prof., KKHSOU

Dr. Chayanika Senapati, Asst. Prof., KKHSOU

SLM Preparation Team

UNITS	CONTRIBUTORS
11, 14	Prof. U. R. Dhar, G.U.
12	Dr. Chayanika Senapati, KKHSOU
13	Prof. U. R. Dhar
	Dr. Smritishikha Choudhury (co-author)
15	Prof. N. N. Sarma, KKHSOU

Editorial Team

Content : Prof U.R Dhar, Retd. Professor, Dept of Business Administration, GU

Structure, Format & Graphics: Dr. Chayanika Senapati, KKHSOU
Dr. Smritishikha Choudhury,KKHSOU

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Headquarters: Patgaon, Rani Gate, Guwahati-781017
City Office: Housefed Complex, Dispur, Guwahati-781006; Web: www.kkhsou.in

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MASTER IN BUSINESS ADMINISTRATION

MANAGEMENT PROCESS
AND
ORGANISATIONAL BEHAVIOUR

Block 3

DETAILED SYLLABUS

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

UNIT 12: Leadership **Page 238-255**

Meaning and Features of Leadership, Importance of Leadership, Qualities of a Good Leader, Difference between Leader and Leadership Styles: Autocratic Leadership Style, Democratic Leadership Style and Free-Rein Leadership Style; Likert's Management System

UNIT 13: Group and Team **Page 256-272**

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 273-294**

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BLOCK INTRODUCTION

This is the third block of the course ‘ Management Process and Organisational Behaviour’. The Block is divided into 5 units which are related to the concepts of Principles of Management. Block 3 deal with the basic 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 5 units:

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 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

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- 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.

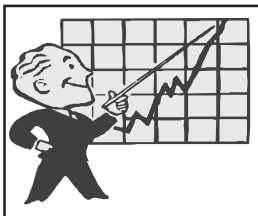
11.3.2 Similarities and Differences between Values and Attitudes

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.

.....

.....

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.

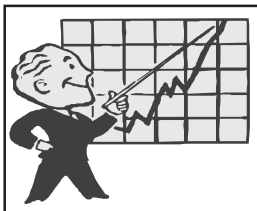
Job satisfaction and workplace misbehaviour will be discussed in next subsection.

- **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 READINGS

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

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.

*** ***** ***

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 Readings

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.

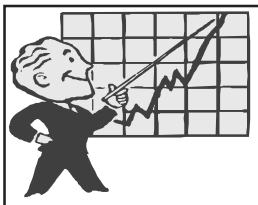
Here we are more concerned about manager as a leader. For efficient and effective functioning of an organization, it needs the guidance of a good leader, since an organization is deliberately created by human beings for certain specified objectives. So, there is a need to direct the activities of its 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

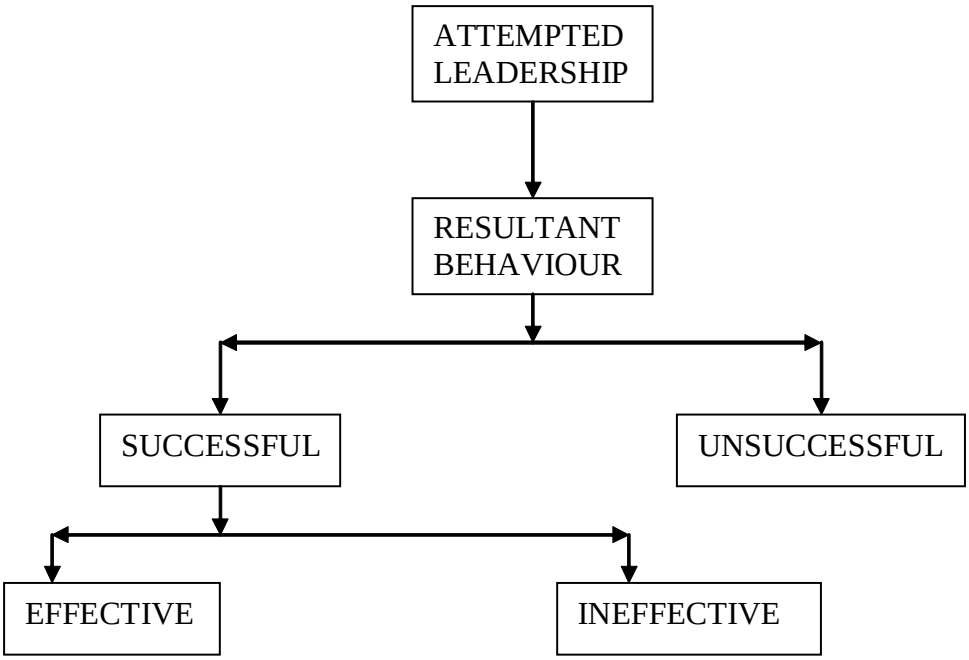
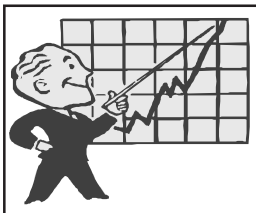


Figure 12.1 : Successful and effective leadership continium

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:

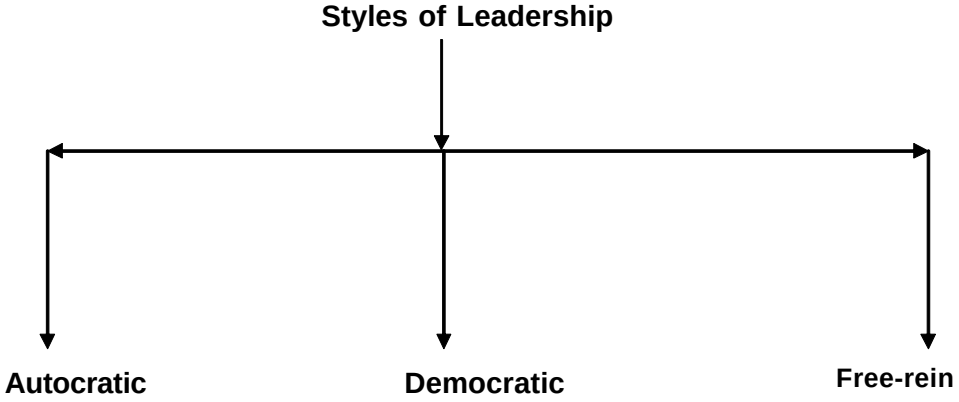


Figure 12.2 : Styles of Leadership

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.

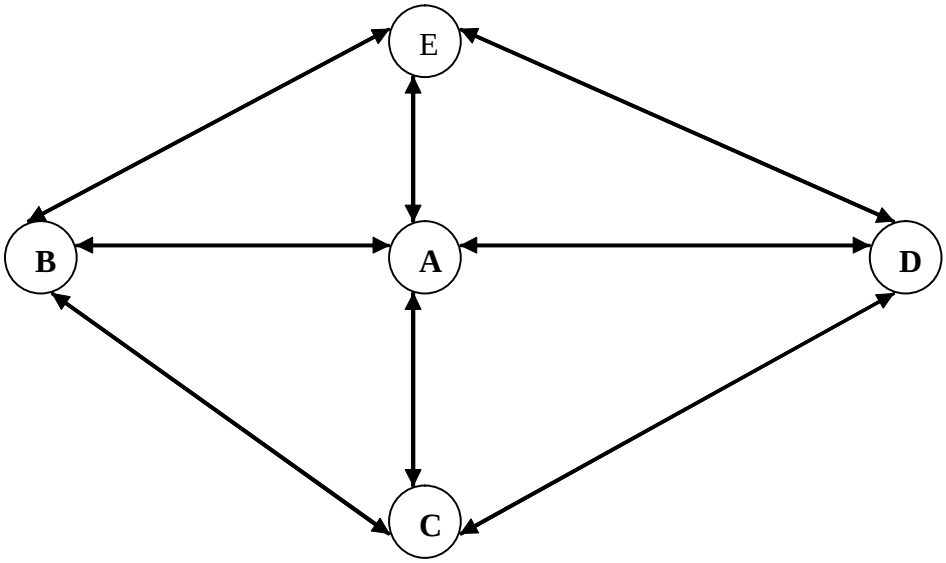


Figure B: Democratic Leadership style

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.

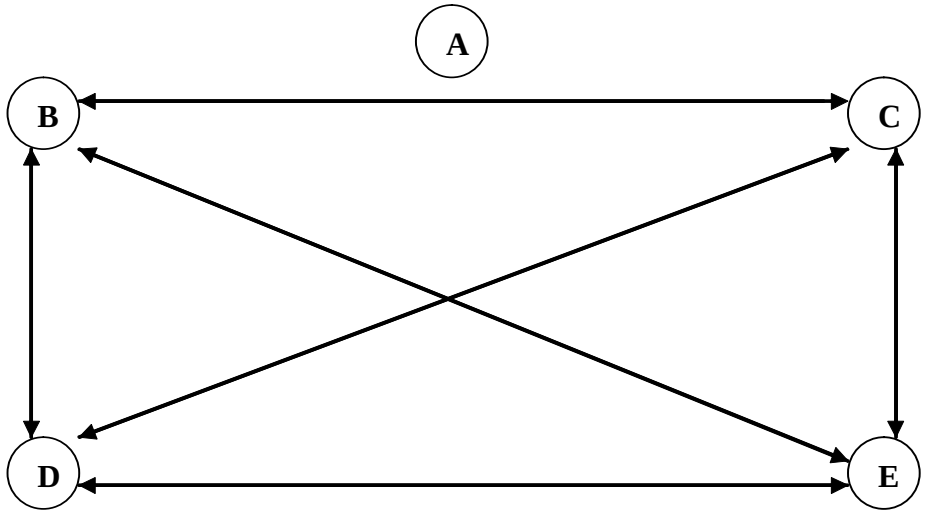


Figure C: Free-rein Leadership style

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 Readings

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

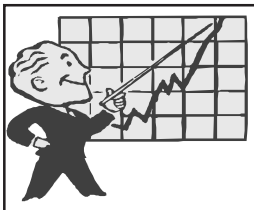
A Group is a collection of two or more individuals, interacting and interdependent, which have come together to achieve particular objectives. A group is, thus, an aggregation of people who interact with each other, are aware of one another, have a common objective, and perceive themselves to be a group.

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?

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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 :

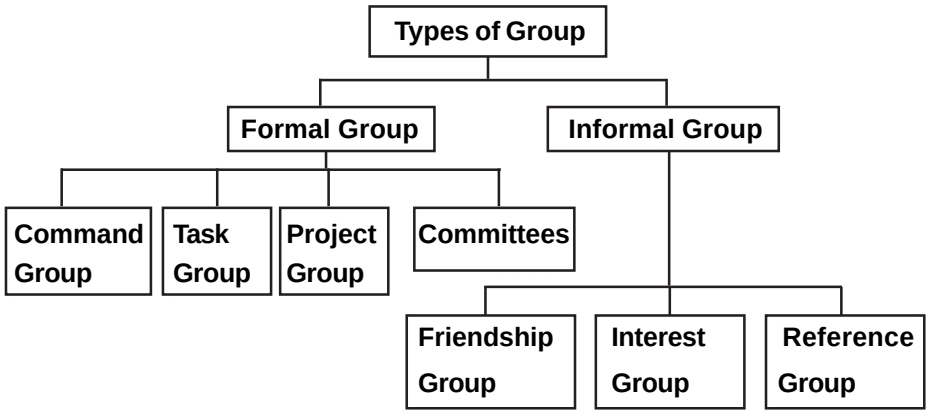


Figure 13.1: Types of Groups

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:

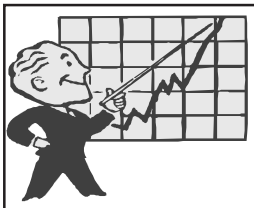
1) **Command Group :** A command group is composed of a supervisor (manager) and the subordinates who report directly to that supervisor. A command group is determined by the organizational chart. For example, in the Department of Business Administration of XYZ University, e.g., the Head of the department 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

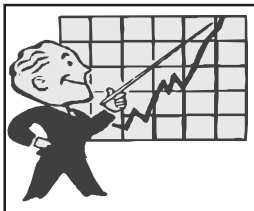
of multiple groups may be various departments such as sales, advertising, and market research in marketing division.

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 : What are 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.

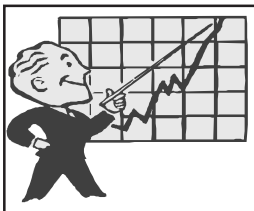
13.8.1 Types of Team

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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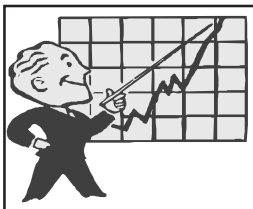
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13.9 TEAM BUILDING AND MANAGING EFFECTIVE TEAMS

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 –

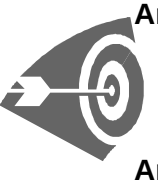
- A group may be defined as a collection of people who have a common purpose or objective who interact with each other to accomplish the group objectives, are aware of one another and perceive themselves to be a part of a group. There are mainly two ways of classifying groups into types: formal and informal 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 Readings

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:

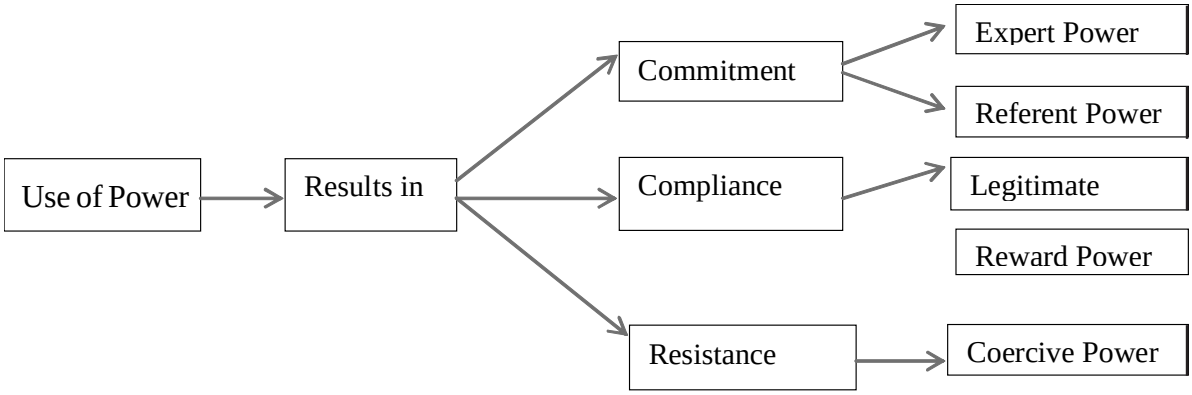
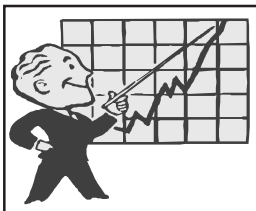


Figure 14.1: Outcome of the use of power

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:

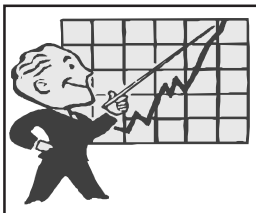
There are some organizational factors that influence the individuals to play politics in the organizations. These factors are as follows:-

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 READINGS

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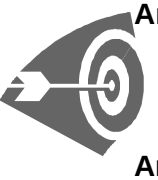
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14.14 ANSWERS TO CHECK YOUR PROGRESS



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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