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Organisational Behaviour and Human Resource Management

SEMESTER VI

BACHELOR OF SOCIAL WORK

BLOCK - 1

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ORGANISATIONAL BEHAVIOUR AND HUMAN RESOURCE MANAGEMENT

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COURSE INTRODUCTION

This is the fourth course of 6th semester, BSW Programme. This course introduces us to the subject of Organizational Behaviour and Human Resource Management. This course is designed as organisational behaviour and HRM. As such, it will provide us with an overview of the many dynamics of organizations and the functions of managing its human resources. We will discuss what organizational behaviour management is, and in doing so, we will discover the management functions such as planning, organizing, staffing and controlling, also we will discuss the organisation behaviour. Organizational behavior is the study of both group and individual performance and activity within an organization. This area of study in this course examines human behavior in a work environment and determines its impact on job structure, performance, communication, motivation, leadership, etc. The course has 15 units and is divided into two blocks; Block 1 and Block 2. Block 1 deals with the introductory concepts of OB and management, development of management, motivation, concept of manpower planning and organising, conflict, human resource development. Block 2 concentrates on human resources management, industrial relations, leadership, labour laws, Power, Politics, conflict negotiation and stress. The last unit discusses the characteristics of the labour force. Here we can understand why this course is an essential one for social workers in the workplace.

Each unit of these blocks includes some along-side boxes to help you know some of the difficult, unseen terms. Some “EXERCISES” have been included to help you apply your own thoughts. You may find some boxes marked with: “LET US KNOW”. These boxes will provide you with some additional interesting and relevant information. Again, you will get “CHECK YOUR PROGRESS” questions. These have been designed to self-check your progress of study. It will be helpful for you if you solve the problems put in these boxes immediately after you go through the sections of the units and then match your answers with “ANSWERS TO CHECK YOUR PROGRESS” given at the end of each unit. This will help you in making your learning more active and efficient. And, at the end of each section, you will get “CHECK YOUR PROGRESS” questions. These have been designed to self-check your learning.

INTRODUCTION TO BLOCK 1

This is the First block of the course 'Organisational Behaviour and HRM'. It introduces the social work learners to the purview of workplace dynamics, understanding organizational behaviour and climate, the factors affecting the performance of the workforce. The Block is divided into 8 units which are related to the concepts of Management and Organisational practices, dynamics and motivation. The block is divided into 8 units:

Unit 1 : Introduction to OB

Unit 2 : Organizational Management

Unit 3 : Personality and Perception

Unit 4 : Individuals and Groups in Organization

Unit 5 : Dynamics of Organization

Unit 6 : Group and Team

Unit 7 : Organizational Change

Unit 8 : Leadership

UNIT 1: INTRODUCTION TO ORGANISATIONAL BEHAVIOUR (OB)

UNIT STRUCTURE

1.1 Learning Objectives

1.2 Introduction

1.3 Historical Perspective to OB

1.4 Basic Approaches of OB

9.4.1 Importance of OB

9.4.2 Relationship between Management Process and OB

1.5 The Framework for Learning OB

1.6 Challenges in OB

1.7 Human Resources Management and OB

1.8 Globalization and OB

1.9 Let Us Sum Up

1.10 Further Reading

1.11 Answers To Check Your Progress

1.12 Model Questions

1.1 LEARNING OBJECTIVES

After going through this unit you will be able to:

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

1.2 INTRODUCTION TO ORGANIZATIONAL BEHAVIOUR (OB)

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

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

1.3 HISTORICAL PERSPECTIVES OF OB

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

Max Webber's Bureaucratic theory of Management

It was Max Webber who propounded the bureaucratic theory of organisation and management. The term 'bureaucracy' has been widely used with invidious connotations directed at government and business. Bureaucracy

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

Characteristics of Weber's Bureaucracy:

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

1. Administrative Class:

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

2. Hierarchy:

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

3. Division of Work:

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

4. Official Rules:

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

5. Impersonal Relationships:

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

6. Official Record:

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

Benefits of Bureaucracy:

The following are the advantages of Bureaucracy:

1. The rules and procedures are decided for every work it leads to, consistency in employee behaviour. Since employees are bound to follow the rules etc., the management process becomes easy.
2. The duties and responsibilities of each job are clearly defined there is no question of overlapping or conflicting job duties.
3. The selection process and promotion procedures are based on merit and expertise. It assists in putting right persons on right jobs. There is optimum utilisation of human resources.

Disadvantages of Bureaucracy:

The following are the disadvantages of Bureaucracy:

1. This system suffers from too much of red tape and paper work.
2. The employees do not develop belongingness to the organisation.
3. The excessive reliance on rules and regulations and adherence to these policies inhibit initiative and growth of the employees. They are treated like machines and not like individuals. There is neglect of human factor.

Frederick Winslow Taylor's Scientific Management

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

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

1. Each task must be scientifically designed so that it can replace the old, rule-of-thumb methods.
2. Workers must be scientifically selected and trained so that they can be more productive on their jobs.
3. Bring the scientifically designed jobs and workers together so that there will be a match between them.
4. There must be division of labour and cooperation between management and workers.

Key Concepts of Scientific Management

The key concepts of scientific management are:-

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

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

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

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

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

Henri Fayol's Administrative Theory

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

1. Planning
2. Organizing

3. Commanding
4. Coordination
5. Controlling

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

The Hawthorne Studies / Neo-Classical Theory

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

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

1. Illumination Experiments:

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

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

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

Thus, it was concluded that illumination did not have any effect on productivity but something else was interfering with the productivity. At that

time, it was concluded that human factor was important in determining productivity but which aspect was affecting, it was not sure. Therefore, another phase of experiments was undertaken.

2. Relay Assembly Test Room Experiments:

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

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

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

Following were the changes and resultant outcomes:

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

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

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

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

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

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

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

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

3. Mass Interviewing Programme:

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

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

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

4. Bank Wiring Observation Room Experiment:

These experiments were conducted to find out the impact of small groups on the individuals. In this experiment, a group of 14 male workers were

formed into a small work group. The men were engaged in the assembly of terminal banks for the use in telephone exchanges.

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

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

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

1. Social Unit:

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

2. Group Influence:

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

3. Group Behaviour:

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

4. Motivation:

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

5. Supervision:

The style of supervision affects worker's attitude to work and his productivity. A supervisor who is friendly with his workers and takes interest in their

social problems can get co-operation and better results from the subordinates.

6. Working Conditions:

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

7. Employee Morale:

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

8. Communication:

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

9. Balanced Approach:

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



CHECK YOUR PROGRESS

Q.1 Define Organisational Behaviour.

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Q.2 State two benefits of Bureaucracy.

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1.4 BASIC APPROACHES OF ORGANISATIONAL BEHAVIOUR

- **An Interdisciplinary Approach:** It is integrating many disciplines. It integrates social sciences and other disciplines that can contribute

to the Organizational Behaviour. It draws from these disciplines any ideas that will improve the relationships between people and organization.

- **Scientific Management Approach:** The fundamental concern of the scientific management school was to increase the efficiency of the worker basically through good job design and appropriate training of the workers. Taylor is the father of the scientific management movement and he developed many ides to increase organizational efficiency. Taylor showed that through proper job design, worker selection, employee training and incentives, productivity can be increased. The scientific management school advocated that efficiency can be attainted by finding the right methods to get the job done, through specialization on the job, by planning and scheduling, by using standard operating mechanisms, establishing standard times to do the job, by proper selection and training of personnel and through wage incentives.
- **A Human Resources (Supportive) Approach:** It is developmental approach concerned with the growth and development of people toward higher levels of competency creativity and fulfilment, because people are the central resource in any organizations and any society. It helps people grow in self-control and responsibility and then it tries to create a climate in which all employees may contribute to the limits of their improved abilities. It is assumed that expanded capabilities and opportunities for people will lead directly to improvements in operating effectiveness. Work satisfaction will be a direct result when employees make fuller use of their capabilities.
- **A Contingency Approach:** Traditional management relies on one basic principle– there is one best way of managing things and these things can be applied across the board in all the instances. The situational effect will be totally ignored in this traditional management. Situations are much more complex than first perceived and the different variables may require different behaviour which means that different environments required different behaviour for effectiveness.

Each situation must be analyzed carefully to determine the significant variables that exist in order to establish the kinds of practices that will be more effective. Contingency theorist argues that the external environment and several aspects of the internal environment govern the structure of the organization and the process of management. Effective management will vary in different situations depending on the individual and groups in the organization, the nature of jobs, technology, the type of environment facing the organization and its structure.

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

1.4.1 Importance of Organizational Behaviour

- It builds better relationship by achieving people's, organizational, and social objectives.
- It covers a wide array of human resource like behaviour, training and development, change management, leadership, teams etc.
- It brings coordination which is the essence of management.

- It improves goodwill of the organization.
- It helps to achieve objectives quickly.
- It makes optimum utilization of resources.
- It facilitates motivation.
- It leads to higher efficiency.
- It improves relations in the organization.
- It is multidisciplinary, in the sense that applies different techniques, methods, and theories to evaluate the performances.

1.4.2 Relationship between Management Process and Organizational Behaviour

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

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

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

organization accomplished. Thus, the term management process is much broader and it is essential in all organizations in order to achieve the organizational goals.

1.5 THE FRAMEWORK FOR LEARNING OB

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

1. Organization
2. Group
3. Individual

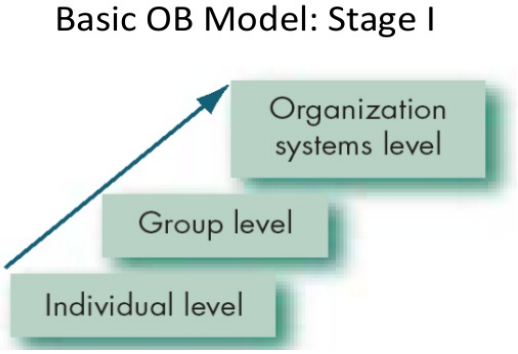


Figure 9.1: Basic OB Model

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

1.6 CHALLENGES IN OB

Following are the major challenges in OB:

- **Improving People Skills:** Technological changes, structural changes, environmental changes are accelerated at a faster rate in business field. Unless employees and executives are equipped to

possess the required skills to adapt those changes, the achievement of the targeted goals cannot be achieved in time. There two different categories of skills – managerial skills and technical skills. These skills can be enhanced by organizing a series of training and development programmes, career development programmes, induction and socialization etc.

- **Improving Quality and Productivity:** Quality is the extent to which the customers or users believe the product or service surpasses their needs and expectations.
- **Managing Workforce Diversity:** This refers to employing different categories of employees who are heterogeneous in terms of gender, race, ethnicity, relation, community, physically disadvantaged, homosexuals, elderly people etc. The primary reason to employ heterogeneous category of employees is to tap the talents and potentialities, harnessing the innovativeness, obtaining synergetic effect among the divorce workforce.
- **Empowering People:** The main issue is delegating more power and responsibility to the lower level cadre of employees and assigning more freedom to make choices about their schedules, operations, procedures and the method of solving their work-related problems. Encouraging the employees to participate in work related decision will sizably enhance their commitment at work. Empowerment is defined as putting employees in charge of what they do by eliciting some sort of ownership in them. Due to the implementation of empowerment concepts across all the levels, the relationship between managers and the employees is reshaped.
- **Stimulating Innovation and Change:** Today's successful organizations must foster innovation and be proficient in the art of change; otherwise they will become candidates for extinction in due course of time and vanished from their field of business. Victory will go to those organizations that maintain flexibility, continually improve their quality, and beat the competition to the market place with a constant stream of innovative products and services.

- **Emergence of E-Organization:** The application of Internet operations initially covered a small part of the business. But today, millions of firms are now selling anything over the Internet. They are using e-business applications to improve communications with internal and external stakeholders and to better perform traditional business functions.
- **Improving Ethical behaviour:** The complexity in business operations is forcing the workforce to face ethical dilemmas, where they are required to define right and wrong conduct in order to complete their assigned activities. Differentiating right things from wrong behaviour has become more blurred. Following unethical practices have become a common practice such as successful executives who use insider information for personal financial gain, employees in competitor business participating in massive cover-ups of defective products etc.

1.7 HUMAN RESOURCE MANAGEMENT (HRM) AND OB

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

The effective use of human resources can be used to shape the perceptions and behavior of the employees in an organization, resulting in a desired outcome in their organizational behavior. This link between organizational behavior and human resource management can be seen in the area of the workers' attitudes toward their jobs. Part of the responsibilities of the human resources department is managing the issues related to the welfare of the employees in an organization. When this responsibility is

pursued diligently, the employees will have a more positive attitude toward their jobs and will be more willing to go the extra mile in furthering their duties.

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

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

1.8 GLOBALIZATION AND OB

The importance of organizational behaviour (OB) has accentuated subsequent to globalization and the consequent changes in business practices. Globalization has many dimensions. The most general is the economic globalization. OB studies are now increasingly becoming complex due to the effect of globalization. Some of the important areas of concern are changing technology with a sharp increase in cross-border technology transfers, the mobility of organizations and people in the global world, the competition for markets and customers on a global scale, etc.

Globalization can be taken to mean the increasing trend to interaction beyond physical boundaries. The causes of globalization include

deregulation and privatization of public sectors in certain countries, technological convergence, and increased competition. Furthermore, globalization has taken many forms such as foreign investment and international partnerships.

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

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

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

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

CHECK YOUR PROGRESS

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

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Q.4 State two challenges in OB.

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1.9 LET US SUM UP

In this unit we have discussed the following:

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



1.10 FURTHER READING

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

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

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

1.11 ANSWERS TO CHECK YOUR PROGRESS

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

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

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

Ans to Q.No 3:

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

Ans to Q.No 4:

- Improving people skills
- Improving quality and productivity



1.12 MODEL QUESTIONS

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

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UNIT 2: ORGANISATIONAL MANAGEMENT

UNIT STRUCTURE

2.1 Learning Objectives

2.2 Introduction

2.3 Human Resource Interventions

2.4 Goal Setting

- 2.4.1 Characteristics of Goal Setting
- 2.4.2 Management by Objectives
- 2.4.3 Effects of Goal Setting and MBO

2.5 Performance Appraisal

- 10.5.1 The Performance Appraisal Process
- 10.5.2 Application Stages of Performance Appraisal
- 10.5.3 Effects of Performance Appraisal

2.6 Reward Systems

- 10.6.1 Design Features of Reward System

2.7 Career Planning and Development

- 10.7.1 Career Planning and Development Interventions

2.8 Managing Workforce Diversity

2.9 Employee Wellness

2.10 Let us sum up

2.11 Further Reading

2.12 Answers to check your progress

2.13 Model Questions

2.1 LEARNING OBJECTIVES

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

- learn the HRM interventions
- discuss the goal setting and goal-setting interventions
- describe the performance appraisal system and reward systems
- discuss the career planning and development
- describe the managing the workforce diversity.

2.2 INTRODUCTION

In the previous unit we discussed the team building interventions. In this unit, we are going to discuss the Human Resource Interventions. Human resource management interventions focus on individuals' performance in the organization. In this unit we will get the ideas about the goal setting and goal-setting interventions, the performance appraisal system and reward systems, discuss the career planning and development and describe the managing the workforce diversity.

2.3 HUMAN RESOURCE INTERVENTIONS

Human resource interventions are rooted in labour relations and in the applied practices of compensation and benefits, employee selection and placement, performance appraisal, career planning and development, and employee diversity and wellness. In recent years interest has grown in integrating human resources management with OD. Practitioners in this area typically focus on the people in organizations, believing that organizational effectiveness results from improved practices for integrating employees into organizations. Some human resources management interventions are goal setting, performance appraisal, reward systems, career planning and development, managing workforce diversity and employee stress and wellness.

2.4 GOAL SETTING

Goal setting involves managers and subordinates in jointly establishing and clarifying employee goals. In some cases, such as management by objective (MBO), it can help in employee counselling and support. The process of establishing challenging goals involves managing the level of participation and goal difficulty. Once goals have been fixed, the way they are measured is an important determinant of member performance.

Goal setting can affect performance in many ways. It influences what people think and do by focusing their behaviour in the direction of the goals, rather than elsewhere. Goals can energize behaviour motivating

people to put the effort required to achieve difficult goals. Goal-setting process and interventions to improve them are common and have been implemented in most organizations.

2.4.1 Characteristics of Goal Setting

Goal-setting interventions and practices works equally well in both individual and group settings. Two major processes of goal-setting that affect positive outcomes are: establishment of challenging goals and clarification of goal measurement.

(a) Establishing Challenging Goals: The goal set by an organization must fit its business strategy. The first element of goal-setting is establishing challenging but realistic goals to which there is a high degree of commitment. More difficult goals on one hand can lead to increased effort and performance but sometimes may be de- motivating and lead to unethical behaviour. One method to increase employees acceptance of difficult goals is to collect benchmarks of best practices. When employees see that other people, groups or organizations have achieved a specified level of performance, they are more motivated to achieve that level themselves. Making employees participate in goal-setting can increase employee involvement in achieving them.

(b) Clarifying Goal Measurement: The second part in the goal-setting process involves specifying and clarifying the goals. Workers perform higher when they are given objective goals which are measurable. Clarifying goal requirements also requires that employees and supervisors negotiate the resources necessary to achieve the goals like time, equipments, raw materials and access to information.

2.4.2 Management by Objectives

Management by Objectives is a common form of goal setting intervention used by organizations. This method tries to align

personal goals with business strategy by increasing communications and shared perceptions between the manager and subordinates. All organizations have goals and all managers also have goals and objectives. In many cases, the organizational goals are not stated clearly, and managers and subordinates have misunderstandings about what those goals are.MBO approach tries to resolve these differences in perceptions and goals. It is characterized by systematic and periodic manager-subordinate meetings designed to achieve organizational goals by joint planning of the work, periodic review of accomplishments and mutual problem solving that arise in the course of getting the job done. MBO process gives attention to individual's personal and career goals also.

There are five basic steps in implementing an MBO process:

1. **Work Group Involvement:** Here, the members of the primary work group define overall group and individual goals and establish action plans for achieving.
2. **Joint manager-subordinate goals setting:** In the next step, attention is given to the job duties and responsibilities of individuals. Roles are carefully examined with respect to their interdependence with roles of others outside the work group.
3. **Establishment of action plans for goals:** Here the subordinates develop action plans for achieving goals in a meeting with their immediate manager.
4. **Establishment of criteria of success:** At this step, the manager and subordinates decide the yardsticks or success criteria for the established goals so that the goals can be measured.
5. **Review:** The manager review the work progress either in the larger group or with the subordinate.

2.4.3 Effects of Goal Setting and MBO

Goal setting have been found to be an effective OD intervention. It has produced positive results in various ranges of

jobs and organizations. But top-management support is the most important factor in implementing an MBO program. Proper evaluation and revision of the MBO program results in greater use of and satisfaction with the program.

2.5 PERFORMANCE APPRAISAL

Performance appraisal is a feedback system that involves the direct evaluation of individual or work group performance by a supervisor, manager or peers. Most organizations have some kind of evaluation system that is used for performance feedback, pay administration and counselling and developing employees. Performance appraisal is an important human resource management intervention which represents an important link between goal-setting and reward systems.

2.5.1 The Performance Appraisal Process

Performance appraisals are conducted for different purposes like pay and promotion decisions and human resources planning and development. In traditional appraisal methods, supervisors and managers rated the performance of their subordinates. The modern methods expand the appraiser's role beyond managers to include multiple raters like peers, appraise and other's having direct exposure to manager's or employee's performance. This is known as 360-degree feedback. The newer methods also increase the role of the appraisee which involves them in all phases of the appraisal process. They are involved in gathering data on performance and identifying training needs which increases their acceptance and understanding of the feedback process.

2.5.2 Application Stages of Performance Appraisal

The process of designing and implementing a performance appraisal system has received increasing attention. OD practitioners have suggested the following six steps:

1. **Select the right people:** For designing a performance appraisal process, members representing a variety of functions need to be involved so that the essential strategic and organizational issues are addressed.
2. **Diagnose the current situation:** A clear picture of the present appraisal process and its strengths and weaknesses is needed to design a new one. Diagnosis involves assessing the contextual factors (business strategy, workplace technology and employee involvement), current appraisal practices and satisfaction with them, work design and the current goal-setting and reward system practices.
3. **Establish the system's purposes and objectives:** The ultimate purpose of an appraisal system is to help the organization achieve better performance. Potential purposes of an appraisal system may include serving as a basis for rewards and promotion, human resource planning, performance feedback and improvement.
4. **Design the performance appraisal system:** The criteria for designing an effective performance appraisal system includes timeliness, accuracy, acceptance, understanding, focus on critical control points and economic feasibility.
   - **(a) Timeliness:** This criterion recognizes the time value of information. Before performance evaluation, individuals need to get performance information so that problems can be solved.
   - **(b) Accurate:** Information contained in performance feedback has to be accurate else employees will not get the real picture and problems in their behaviour will not be solved.
   - **(c) Acceptance:** The performance feedback must be accepted by the people who use it and this can be done by increasing their participation in the goal-setting process.

(d) Understanding: Information contained in the appraisal system needs to be understood by the employees if it is to have problem-solving value. Employees can be trained to understand the operating, financial and human resources data that will be fed back to them.

(e) Critical Control Points: The appraisal information received by employees must be aligned with critical or important control points like business strategy, employee performance and reward system .For example if business strategy is to reduce cost but employees are measured and rewarded on the basis of quality then employees may ignore cost reduction factor in order to produce better quality products.

(f) Economic Feasibility: An appraisal system should be cost effective i.e. the costs involved in collecting and feeding back performance information should not exceed the benefits derived from using the information.

5. **Experiment with implementation:** A pilot test should be conducted with a new process of performance appraisal to find out any drawbacks in the design before implementing it throughout the organization.
6. **Evaluate and monitor the system:** Evaluation of the appraisal system is important to find out whether human resource department, managers and employees are satisfied with it.

2.5.3 Effects of Performance Appraisal

Performance appraisal process has been found to be effective in managing employee performance towards desired goals and objectives. Performance feedback has been found to be a very effective intervention by researchers which help in improving individual as well as group performance.

2.6 REWARD SYSTEMS

Organizational rewards are powerful incentives for improving employee and work group performance and can produce high levels of employee satisfaction. OD practitioners rely on both intrinsic rewards like enriched job and opportunities for decision making to motivate employee performance as well as extrinsic rewards like base pay, stock options, bonuses, profit sharing, promotion and other benefits. They are of the viewpoint that rewards should be in line with other organizational systems and practices like organization's structure, top managements human relations philosophy and work designs. The features of the reward system should contribute to employee fulfilment and organizational effectiveness.

2.6.1 Design Features of Reward System

The structural features of a reward system represent important design choices available to human resources and other senior managers. It is important to understand how features of reward system affect performance. The value expectancy model states that employees will put effort to achieve performance goals that they believe will lead to outcomes or rewards they value.

Based on value expectancy theory, the ability of rewards to motivate desired behaviours depends on these five factors:

1. **Availability:** For rewards to reinforce desired performance, they must not only be desirable but also available. Too little of a desired reward is no reward at all. For example, pay increases are desirable but unavailable and too little increase may result in negative results.
2. **Timeliness:** Giving rewards timely is important else its motivating potential gets reduced.
3. **Performance contingency:** Rewards should be closely linked with particular performances because the clearer the link between performance and rewards, the better is the ability of rewards to motivate desired behaviour. For example, if

goal is met, reward is given and if goal or target is missed, reward is reduced or not given.

4. **Durability:** Intrinsic rewards like autonomy tend to last longer than extrinsic rewards like increase in salary which is quickly spent.
5. **Visibility:** A reward system must be visible to organization members i.e. they must be able to see who is getting the rewards. Visible rewards, such as placement on a high – status project, promotion, increased authority, send signals to employees that rewards are available and related to performance.

Reward system interventions are used to bring out and maintain desired levels of performance. If rewards are available, durable, timely, visible and related to performance, they can support organizational goals, work designs and employee involvement.

Four types of reward systems can be used to reward individual, team or organization performance - skill based pay, pay for performance, gain sharing and promotions. Each system represents a flexible intervention that is effective in improving employee performance and satisfaction.

(a) Skill and Knowledge-Based Pay Systems: This reward system is individual and job based. Skill-based pay systems must first establish the skills needed for

Effective operations, identify the optimal skill profile and number of employees needed with each skill, price each skill, develop rules to sequence and acquire skills and develop methods to measure members skill requisition. This system has a number of benefits. They contribute to organizational effectiveness by providing a more flexible workforce and give employees a broader perspective on how the entire plant operates. This flexibility can result in leaner staffing and fewer problems with absenteeism, turnover and work disruptions.

The drawback of this system is that it is not related to performance and when employees attain all skills then they reach the top end of the pay scale with no higher levels to achieve.

(b) Performance-Based Pay Systems: In this system reward is linked to performance outcomes. These systems may be individual pay plans, group plans and organization plans. When all criteria are taken into account, the best performance-based pay systems tend to be group and organization bonus plans. These plans are relatively good at linking pay to performance. They promote cooperation and should be used where there is high task interdependence among workers like in assembly lines.

(c) Gain Sharing Systems: Gain sharing involves paying employees a bonus based on improvements in the operating results of an organization. These plans tie workers goals to organization's goals. Employees are financially benefitted if they work harder and cooperate with each other to make suggestions and to implement improvements. These plans generally are suitable for small organizations with favourable market conditions, stable market demands, production costs controllable by employees and employee management relations should be open and based on trust.

(d) Promotion Systems: In order to use promotions as an effective reward intervention, the secrecy surrounding most promotions should be reduced by openly posting about vacancies and encouraging people to nominate themselves. This open posting of job vacancies can increase employee motivation by showing that a valued reward is available and related to performance.

Thus, reward system can be an effective OD intervention leading to improved performance and organizational effectiveness. Two things should be considered while administering the reward

system- who should be involved in designing and administering the reward system and what sort of communication should be there regarding rewards. Rewards should be properly communicated to employees. Secrecy related to rewards like how much increase in pay will be received for better performance can reduce motivation.



CHECK YOUR PROGRESS

Q 1: What are the major characteristics of goal setting?

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Q 2: What are the effects of a performance appraisal intervention?

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Q 3: What are the factors which can determine whether a reward will be effective or not?

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2.7 CAREER PLANNING AND DEVELOPMENT

Career planning and development interventions are an important tool in developing and retaining an effective workforce. These interventions provide the resources, tools and processes needed to help organization members plan and achieve their career objectives .A career is the various work-related positions occupied by a person during the course of a lifetime. Career planning is concerned with individuals choosing jobs, occupations and organizations at each stage of their career and career development involved helping employees to achieve their career goals. These two interventions are generally used for managerial and professional employees.

2.7.1 Career Planning and Development Interventions

1. **Realistic Job Preview:** This intervention provides applicants during recruitment process with information regarding whether the job will be consistent with their needs and career plans. This method of providing employees with realistic job preview at the initial stage reduces the chance of employees later becoming demotivated and leaving the organization.
2. **Assessment Centres:** This intervention was designed initially to help organizations select and develop employees with high potential for managerial jobs. Recently, assessment centres have been extended to career development and to select people to fit new work designs or organizational growth. In assessment centres participants are given detailed interview, take several tests of mental ability and participate in individual and group exercises. These participants are assessed by a team of experienced managers and human resource experts who rate them on several items relevant to managerial success and forward the results to management for decisions on promotion.
3. **Job Rotation and Challenging Assignments:** These interventions aim to provide employees with the experience and visibility needed for career advancement. Job rotation helps members develop new skills, knowledge and competencies in new jobs.Challenging assignments help in preventing loss of motivation in older employees.
4. **Consultative Roles:** This role is given to senior employees to help others to develop their careers and solve organizational problems. Such roles are structured around specific projects or problems and involves offering advice and expertise to those responsible for resolving the issues, thus increasing the organization's problem solving abilities. These roles help in moving preretirement managers into

support-staff positions so that their experience and skills can also be utilised and other younger employees get the opportunity to occupy their positions.

5. **Developmental Training:** These interventions are the oldest strategies for organizational change. They provide new or existing organization members with the skills and knowledge needed to perform work. It is applicable to all career stages and helps employees to gain the skills and knowledge for successfully fulfilling current job responsibilities. Developmental training interventions help in increasing the skills and knowledge of employees for future purpose also.
6. **Performance Management:** This is an effective intervention which helps in the career planning and development of employees. Performance management system involves giving employees continuous feedback about their performance which is important for their careers.
7. **Work-Life Balance Interventions:** This OD intervention helps employees to better integrate and balance their work and home life. Now-a-days employees are more stressed due to restructuring, downsizing and increased global competition. Work-life balance programs focussing on job scheduling and flexibility, paid and unpaid leaves, employee wellness programs help members to create a balance between work and their personal life.
8. **Phased Retirement:** This intervention provides older employees with an effective way of withdrawing from the organization and establishing a productive leisure life by gradually reducing work hours and moving into full retirement. This phased retirement lessens the reality shock often experienced by those who retire all at once. It helps employees to withdraw emotionally from the organization and also provides opportunities to younger professionals.

2.8 MANAGING WORKFORCE DIVERSITY

Workforce diversity refers to the various differences between people in an organization. These are differences in terms of age, gender, race, culture and value orientations. Diversity results from the people who bring different perspectives to the workplace and have distinct needs, preferences, expectations and lifestyles. It is important for organizations to design human resource systems that address these differences in order to attain and retain a productive workforce.

Workforce Diversity Interventions

The various differences in workforce and the interventions that can be applied to address these differences are –

1. **Age:** OD Interventions like work design, career planning and development and wellness programs can be applied to address age diversity. For older employees work designs can increase knowledge of a job and younger workers will need more challenge and autonomy. Wellness programs can be used to address physical and mental health of all range of employees. Career planning and development programs can help to recognize the career needs of different age group of people. And reward system interventions can provide increased time off and perks for older workers and promotion, pay to attract and motivate the younger ones.
2. **Gender:** A few interventions to address gender issues are work design, reward systems and career development. For example, jobs can be modified to adjust the special demands of working mothers. Reward system interventions like fringe benefits can be modified to offer special leaves to mothers and fathers, child-care options, flexible working hours and health and wellness benefits. Career Development interventions help to maintain, develop and retain a competent workforce.
3. **Race and Ethnicity:** Race is an important issue in diversity interventions especially for organizations who are expanding globally

and want to increase diversity among top leaders and board members. Effective diversity management programs can remove racism and unclear selection and promotion criteria which can lead to discrimination.

4. **Disability:** The diverse workforce of an organization consists of disabled workers also. Employing disabled workers needs more health care, new physical workplace layouts, new attitude towards working with disabled and challenging jobs that use a variety of skills. OD interventions like work design, career planning and development and performance management can help in integrating the disabled person into the workforce.
5. **Culture and Values:** An organizations diverse workforce includes people from different cultures representing different languages, values, work ethics and norms of correct behaviour .So, the management practices will have to be designed with various cultural values in mind and support both career and family orientations. OD interventions like employee involvement, reward systems and career planning and development can be used to adjust to cultural diversity.

Thus, workforce diversity interventions can help in managing effectively a diverse workforce especially in large organizations. In order to be more effective it requires the support of senior management and adequate human resource policies to support these interventions.

2.9 EMPLOYEE WELLNESS

Employee wellness includes the health and work and job-related satisfactions of employees. An individual's health is a very important factor of well-being. Other factors like personality traits, stress coping skills also affect overall wellness or well-being. And this wellness is related to productivity, absenteeism and labour turnover also. In today's world employees are highly stressed which reduces their wellness .It is important for organizations to diagnose the causes of stress and apply correct interventions to cope with stress to improve wellness.

The causes of stress in organizations may be the physical environment in which a individual has to work like light, noise, temperature or pollution. Other causes may be role ambiguity, work overload, lack of control or responsibility, poor boss, subordinate or peer relationships, politics or poor HR policies.

The OD interventions for reducing negative stress and improving wellness are discussed below:

1. **Role Clarification:** It is a systematic process for revealing other's expectation and reaching an agreement about the activities of a particular role and it helps employees to better understand the demands of their work roles. Role analysis technique is an effective OD intervention which can be used for role clarification. In this technique, first the relevant people to define a role are called for a meeting. Secondly, the main role holder discusses his perceived job duties and other participants may agree or disagree with him. Third, after everyone agree on the role, the role holder writes down the activities of the role and distributes a copy to all participants.
2. **Supportive Relationships:** It involves building trust and positive relations among employees, including bosses, subordinates and peers. Supportive relationships are major part of many OD interventions like team building, intergroup relations, employee involvement, goal setting, career planning and development. These relationships help in reducing stress and improving employee wellness.
3. **Work Leaves:** Allowing employees to take paid leaves like vacation, holidays, maternity and paternity leaves and other types of leaves helps to improve wellness.
4. **Health Facilities:** Facilities like gyms, meditation programs, stress management programs, regular medical check-ups helps to keep employees in good health and improve their wellness.
5. **Employee Assistance Programs:** This intervention is a method for helping workers whose personal problems are affecting their

performance. These personal problems may be alcohol or drug abuse, problems with child or elder care, grief or financial problems.



CHECK YOUR PROGRESS

Q 4: What are the various career planning and development interventions?

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Q 5: What is workforce diversity?

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Q 6: What is employee wellness and why is it important?

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2.10 LET US SUM UP

- In this unit, the human resource interventions have been discussed which are -Goal Setting, Performance Appraisal, Reward Systems, Career Planning and Development, Managing Workforce Diversity and Employee Wellness.
- The principles contributing to success of goal setting are establishing challenging goals and clarifying methods of measuring goals. A common goal setting intervention is management by objective which involves joint goal setting by superior and subordinate
- Performance appraisal systems provide feedback and information to employees which can be used to improve performance and results. Reward system interventions help to bring out desired performance. The reward should be something which employee value.
- Career Planning and development interventions provide the resources, tools and processes needed to help organization

members plan and achieve their career objectives which helps in motivating and retaining employees.

- Workforce diversity interventions help to adjust human resource practices to an increasingly diverse workforce consisting of people of different age groups, gender, disability, culture and values.
- Employee wellness interventions aim to improve the health and satisfaction of employees by reducing negative stress at workplace to increase productivity and reduce absenteeism.



2.11 FURTHER READING

1) Singh, K., (2010). Organisation Change and Development, Excel Books, New Delhi.

2) French, W., Bell H.C. and Vohra V. (2013). Organisation Development, Pearson Education, India

3) Ramnarayan, S and Rao,T.V. (2008). Organization Development: Interventions and Strategies, Response Books, India

2.12 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: The main characteristics of goal-setting interventions are that the goal should be challenging but realistic and employees must be committed towards the goal. And the goal should be objective and measurable.

Ans to Q No 2: Performance appraisal interventions have been found to be effective in managing employee performance towards desired goals and objectives. Performance feedback has been found to be a very effective intervention by researchers which help in improving individual as well as group performance as employees come to

know about their performance and weak areas which need improvement.

Ans to Q No 3: The factors which can determine whether a reward will be effective or not are availability of the reward desired by individuals, timeliness of the reward ,how much the reward is linked to performance, the durability of the reward and its visibility to the employees.

Ans to Q No 4: The various career planning and development interventions are realistic job preview, assessment centres, job rotation and challenging assignments, consultative roles, developmental training, performance management, work-life balance interventions and phased retirement.

Ans to Q No 5: Workforce diversity refers to the various differences between people in an organization. These are differences in terms of age, gender, race, culture and value orientations. Diversity results from the people who bring different perspectives to the workplace and have distinct needs, preferences, expectations and lifestyles.

Ans to Q No 6: Employee wellness includes the health and work and job-related satisfactions of employees. An individual's health is a very important factor of well-being. Other factors like personality traits, stress coping skills also affect overall wellness or well-being. And this wellness is important because it is related to productivity, absenteeism and labour turnover also.



2.13 MODEL QUESTIONS

Q 1: Define goal-setting. Discuss the application stages of goal-setting and the effects of goal setting interventions.

Q 2: Discuss a goal-setting intervention commonly used by organizations.

Q 3: Explain in detail the performance appraisal process and its effect on performance.

Q 4: Discuss the various types of reward systems and its effectiveness as an OD tool to improve employee performance and productivity.

Q 5: Explain the design features of reward systems.

Q 6: Explain in detail the various career planning and development interventions.

Q 7: What are the different factors which lead to diversity in workplace and explain the interventions which can help in managing this diversity?

Q 8: What are the major employee wellness interventions? Discuss the role of these interventions in organisational effectiveness.

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UNIT 3 : INDIVIDUALS AND GROUPS IN ORGANISATION

UNIT STRUCTURE

13.1 Learning Objectives

13.2 Introduction

13.3 Concept of Group and Group Dynamics

13.4 Types of Groups

- 13.4.1 Formal Group
- 13.4.2 Informal Group

13.5 Concept of Group Behaviour

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

13.6 Stages of Group Development

13.7 Group Decision-Making

13.8 Team

- 13.8.1 Types of Team

13.9 Team Building and Managing Effective Team

13.10 Let Us Sum Up

13.11 Further Reading

13.12 Answers to Check Your Progress

13.13 Model Questions

13.1 LEARNING OBJECTIVES

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

- discuss the concept of Group and Group dynamics
- outline the types of Group
- explain Group Behaviour
- discuss group decision making, its advantages and disadvantages
- learn Inter Group Behaviour

- identify the difference between Group and Team
- outline the types of Team
- describe Team Building and managing effective Team.

13.2 INTRODUCTION

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

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

13.3 CONCEPT OF GROUP AND GROUP DYNAMICS

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

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

1) **Two or More People :** A single individual cannot form a group. For group formation, at least two persons are needed.
2) **Collective Identity :** Each group member knows one another. Each member of the group perceives that he/she is a part of group.
3) **Interaction :** There is an interaction among the members of the group. Each member shares his ideas with each other through

different communication methods such as face-to-face communication, in writing, over the telephone, and across a computer network etc.

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

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



CHECK YOUR PROGRESS

Q.1 : Define Group.

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Q.2 : What are the characteristics of Group?

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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 :

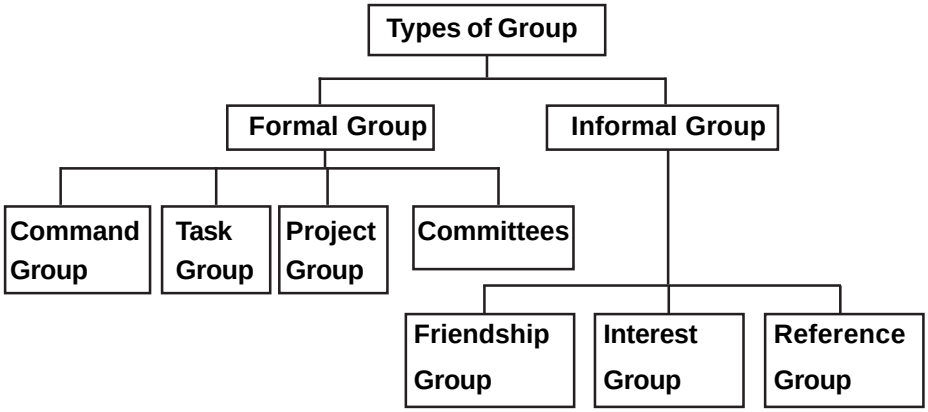


Figure 13.1: Types of Groups

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 : Descuss 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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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 4: MOTIVATION

UNIT STRUCTURE

4.1 Learning Objectives

4.2 Introduction

4.3 Meaning of Motivation

4.4 Importance of Motivation

4.5 Early Theories in Motivation

- 4.5.1 Maslow's Need Hierarchy Theory
- 4.5.2 Mc Gregor's Theory X and Theory Y
- 4.5.3 Herzberg's Two Factor Theory

4.6 Modern Theories of Motivation

- 4.6.1 Alderfer's ERG Theory
- 4.6.2 Vroom's Expectancy Theory
- 4.6.3 McClelland's Theory of Needs
- 4.6.4 Goal Setting Theory of Motivation
- 4.6.5 Reinforcement Theory of Motivation

4.7 Techniques for Motivation

- 4.7.1 Financial Incentives
- 4.7.2 Non-financial Incentives

4.8 Let Us Sum Up

4.9 Further Reading

4.10 Answers To Check Your Progress

4.11 Model Questions

4.1 LEARNING OBJECTIVES

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

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

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

4.2 INTRODUCTION

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

4.3 MEANING OF MOTIVATION

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

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

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

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

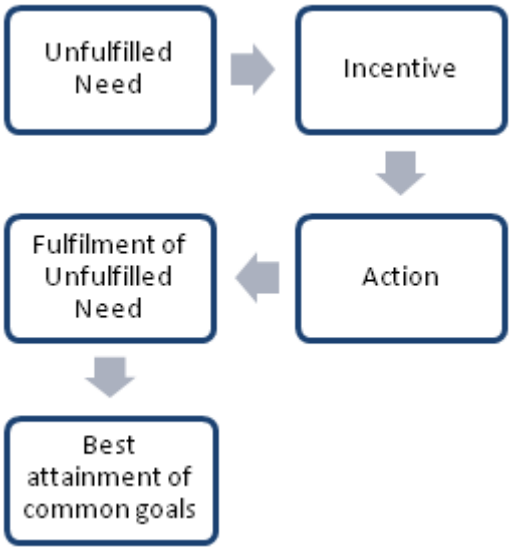


Figure 8.1- Process of Motivation



LET US KNOW

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

Performance = Ability x Motivation

Motivation = Valence x Expectancy



ACTIVITY

1. Make a list of some unfulfilled needs of employees in an organisation
2. Find out few things blocking the persons in achieving their goals and also name some of them beyond the control.



CHECK YOUR PROGRESS - 1

Q.1. How does motivation affect behaviour ?

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

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4.4 IMPORTANCE OF MOTIVATION

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

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

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

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

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

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

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

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

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

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

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

4.5 CLASSICAL THEORIES OF MOTIVATION

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

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

4.5.1 Maslow's Need Hierarchy Theory

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

1) **Physiological needs :-** These are the primary needs of human beings and relate to the survival of the body. These needs are more or less universal. These are called the needs of lowest

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

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

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

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

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

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

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

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

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

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

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

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

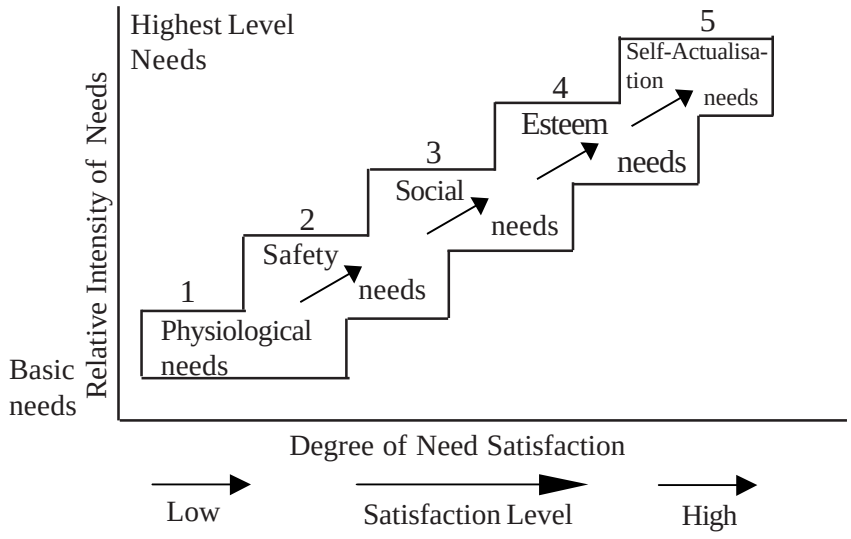


Figure 8.2 : Maslow's need hierarchy theory of Motivation



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

4.5.2 MC GREGOR'S Theory X and Theory Y

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

Theory X :

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

Assumption of Theory X :

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

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

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

iv) Most people are indifferent to organisational goals.

v) Most people must be closely controlled and often threatened to achieve organisaliona goals.

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

Assumption of Theory Y:

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

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

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

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

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

Evaluation of Theory X and Theory Y :-

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

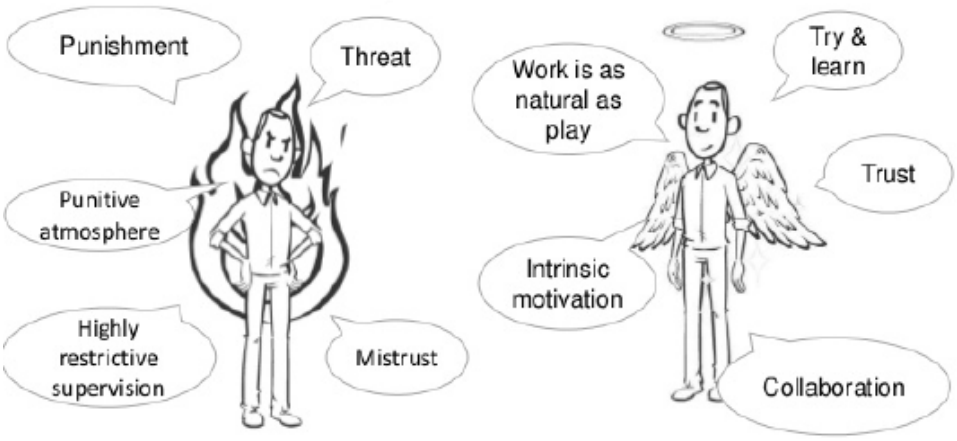


Figure 8.4: Theory X and Theory Y

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

4.5.3. HERZBERG's Two Factor Theory :

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

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

Hygiene or Maintenance factors: Hygiene factors are mostly related to environment outside the job. Though, the availability of

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

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

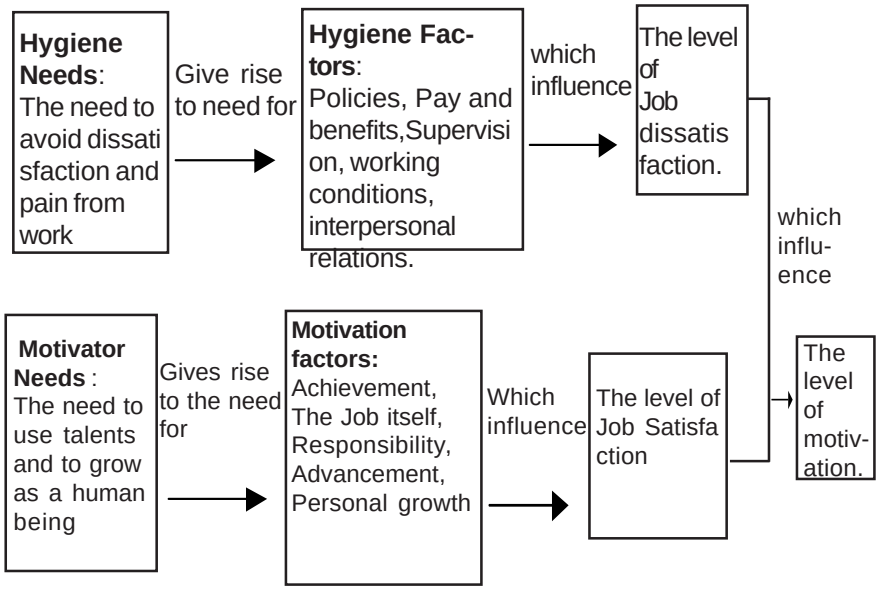


Figure 8.5: Herezberg's Theory of Motivation

4.6 MODERN THEORIES OF MOTIVATION

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

4.6.1 Alderfer's ERG Theory

Clayton Alderfer condensed the Maslow's five needs categories into three sets. According to Alderfer there is a doubt

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

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

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

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

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

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

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

iii) According to Alderfer, we try to satisfy our most concrete needs and we tend to move on to more abstract needs. Likewise, Maslow, Alderfer also argued that as one need is satisfied we proceed to the next higher need, Further he argued that alongwith satisfaction progression, we can experience frustration. So if we are unable to satisfy needs to a given level of abstractness, then we drop back and focus on more concrete needs. Hence, if we

are unable to satisfy our growth needs, we again focus on relatedness needs, Thus we can go in cycles, focusing on one need, then another and then back again

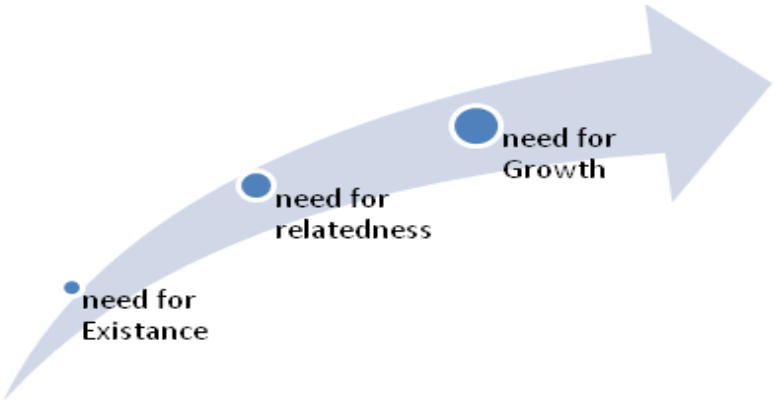


Figure 8.6: ERG theory

4.6.2 Vroom's Expectancy Theory

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

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

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

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

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

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

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

Motivation = V x Ex I.

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

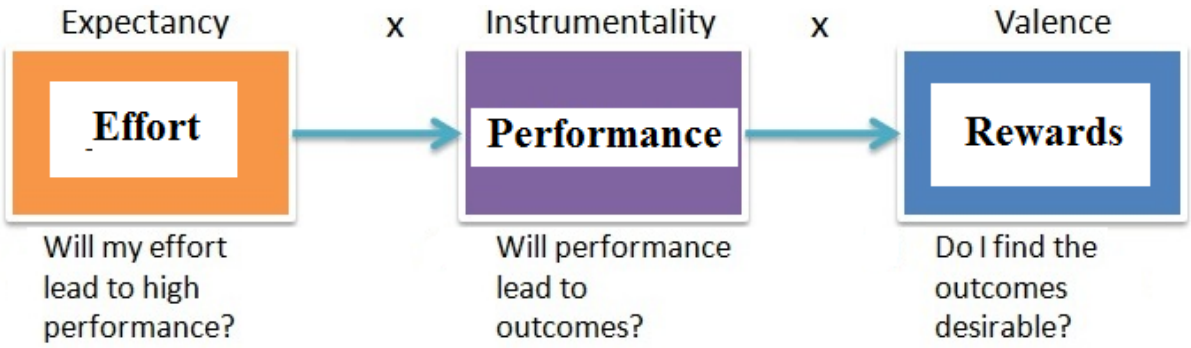


Figure 8.7: Vroom's Expectancy Theory



LET US KNOW

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

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



ACTIVITY 8.1

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

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



CHECK YOUR PROGRESS

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

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Q4: What is Vroom's Expectancy Theory.

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4.6.3 McClelland's Theory of Needs

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

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

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

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

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

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

4.6.4 Goal Setting Theory of Motivation

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

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

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

behaviour and contributes to higher performance than absence of feedback.

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

4.6.5 Reinforcement Theory of Motivation

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

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



Figure 8.8: Reinforcement theory of Motivation

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

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

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

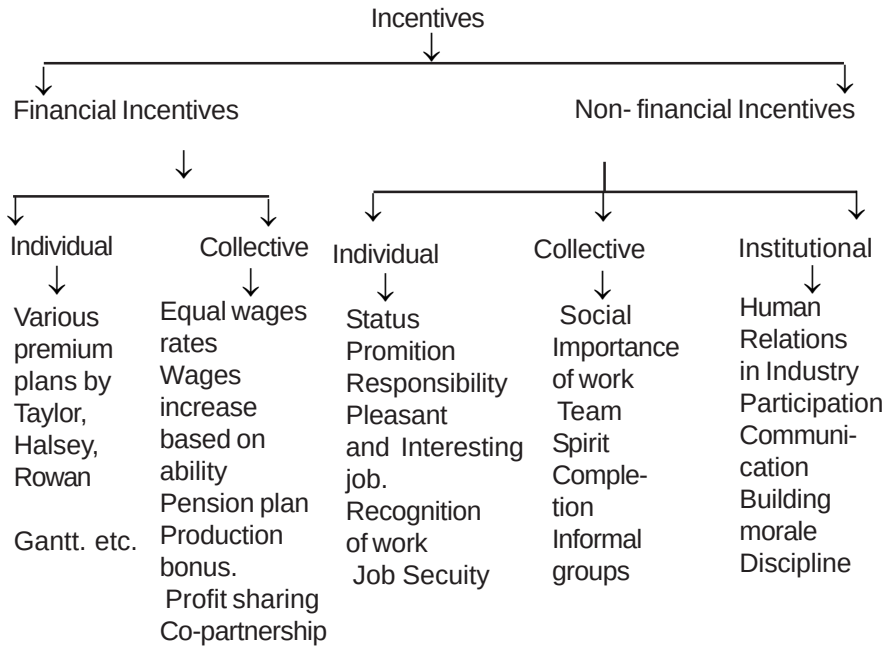
4. **Extinction:** It implies absence of reinforcements. In other words, extinction implies lowering the probability of undesired behaviour by removing reward for that kind of behaviour. For instance - if an employee no longer receives praise and admiration for his good work, he may feel that his behaviour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

4.7 TECHNIQUES OF MOTIVATION

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

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

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



4.7.1 FINANCIAL INCENTIVES

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

4.7.2 NON-FINANCIAL INCENTIVES

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

Distinctions between financial and non- financial incentives-

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

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

Table 8.1: Distinction between Financial and non-financial incentives



ACTIVITY

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

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

CHECK YOUR PROGRESS

Q5: What is McClelland's Theory of Needs?

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Q6: Write any four features of Goal Setting Theory.

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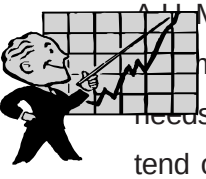
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4.8 LET US SUM UP

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





4.9 FURTHER READING

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



4.10 ANSWERS TO CHECK YOUR PROGRESS

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

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

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

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

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

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

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

i) Willingness to work towards goal
ii) Unambiguous, measurable and clear goals
iii) More challenging goal, greather is the reward
iv) Goals must be realistic and challenging.



4.11 MODEL QUESTIONS

Q.1. What is motivation ?

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

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

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

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UNIT 5: DYNAMICS OF ORGANISATION

UNIT STRUCTURE

5.1 Learning Objectives

5.2 Introduction

5.3 Concept of Power

5.4 Sources of Power

- 5.4.1 French and Raven's Social Power Theory
- 5.4.2 Mintzberg's Genesis of Power Theory
- 5.4.3 Consequences of Power

5.5 Concept of Organizational Politics

5.6 Organization as a Political System

- 5.6.1 Factors contributing to Political Behaviour in Organisations
- 5.6.2 Managing Political Behaviour in Organisations

5.7 Concept of Conflict

5.8 Types of Conflict and their Management

- 5.8.1 Positive Attitude towards Conflict
- 5.8.2 Negative Attitude towards Conflict

5.9 Resolving Conflict through Negotiation

5.10 Work Stress and its Causes

- 5.10.1 Causes of Work Stress
- 5.10.2 Causes of Stress Outside Work

5.11 Strategies for Managing Stress

5.12 Let Us Sum Up

5.13 Further Reading

5.14 Answers to Check Your Progress

5.15 Model questions

5.1 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.

5.2 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.

5.3 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".

5.4 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:

5.4.1 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.

5.4.2 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.

5.4.3 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:

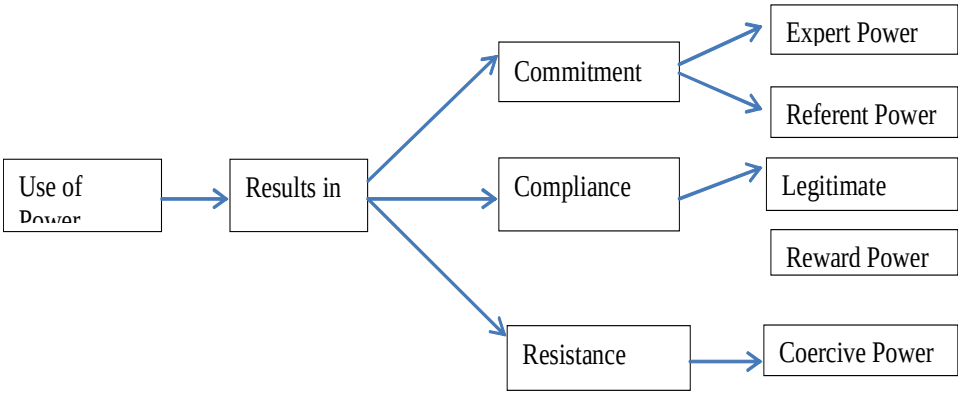


Figure 14.1: Outcome of the use of power

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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5.5 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.

5.6 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.

5.6.1 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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.....

5.6.2 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?*

5.7 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.

5.8 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.

5.8.1 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.

5.8.2 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

5.9 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.

5.10 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.

5.10.1 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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5.10.2 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.

5.11 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.



5.12 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.



5.13 FURTHER READING

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5.14 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.



5.15 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 6: ORGANISATIONAL CONFLICT/ DISPUTE

UNIT STRUCTURE

6.1 Learning Objectives

6.2 Introduction

6.3 Nature and Scope Of Industrial Dispute

6.4 Causes and Consequences Of Industrial Dispute

6.5 Prevention and Settlement Of Industrial Dispute In India

6.6 Machinery for Settlement of Industrial Disputes

6.7 Nature and Cause Of Grievance

6.8 Grievance Redressal Procedure

- 6.8.1 Need for a Grievance Handling Procedure
- 6.8.2 Essential Pre-requisites of a Grievance Handling Procedure
- 6.8.3 Basic Elements of a Grievance Handling Procedure

6.9 Let Us Sum Up

6.10 Further Reading

6.11 Answers To Check Your Progress

6.12 Model Questions

6.1 LEARNING OBJECTIVES

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

- define and discuss the nature and scope of Industrial Dispute.
- identify the causes of industrial disputes
- discuss the various methods of prevention and settlement of industrial disputes in India and the bodies which are responsible for carrying out such procedures
- outline the difference between a dispute and a grievance
- discuss the causes of grievance and their redressal procedures.

6.2 INTRODUCTION

In the previous units we discussed about the various aspects of Industrial Relations. In this unit we are going to have a discussion on nature and scope of Industrial Dispute, causes of industrial disputes etc. Not only are conflicts indispensable parts of any organizational functioning but are also quite necessary, if only to bring in newer ideas and cross-verify decisions taken. If kept under control within desirable limits, conflicts may rather be helpful for organisations than a pain. However, when minor conflicts take the shape of disputes, proper mechanisms becomes necessary to manage them.

Thus, this unit deals with the concept of industrial disputes, settlement machineries and procedures and related topics.

6.3 NATURE AND SCOPE OF INDUSTRIAL DISPUTE

An Industrial Dispute may be defined as a conflict or difference of opinion between management and workers on the terms of employment. When an industrial dispute occurs, both the parties, that is the management and the workmen, try to pressurize each other. The management may resort to lockouts while the workers may resort to strikes,picketing or gheraos.

Definition of Industrial Disputes

According to Section **2(k) of the Industrial Disputes Act,1947, "**Any disputes or differences between employers and employees, or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour, of any person".

Nature of Industrial Dispute

1. There must be difference of opinion or a dispute:

i. Between employers (such as wage-welfare where labour is scarce).

ii. between employers and workmen(such as demarcation disputes).

iii. between workmen and workmen.

2. The subject matter is connected with the employment or non-employment or the terms of employment or with the conditions of labour of any person,or it must pertain to any industrial matter.
3. The relationship between the employer and the workman must be in existence and should be the result of a contract and the workman actually employed.

Scope of Industrial Dispute

1. Industrial disputes are considered to overcome the disagreement made between employer and employee in industrial relation.
2. It Act as an connectivity between firm and the protesters for unappropriate consequences.
3. Industrial dispute perform the high degree of trust to be made in order to make propensity for communication made for conflict.
4. To handle the desired situation through lockout, strikes, picketing, bans etc; which are highly applicable to maintain the situation.



CHECK YOUR PROGRESS

Q 1: Define Industrial Disputes as per the Industrial Disputes Act of 1947.

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6.4 CAUSES AND CONSEQUENCES OF INDUSTRIAL DISPUTE

Causes of Industrial Dispute

The following are the causes of Industrial Disputes:

1. Industrial Factors: The industrial factors that cause industrial disputes are as follows:

i. Nature of employment: The employment methods or policies followed by the organizations in employing an individual may sometimes be the reasons for the conflict/dispute.

ii. **Work and its nature:** The type of work, unpleasant working conditions, non-availability of machinery to do the work, working hours etc., may lead to industrial strike.

2. **Management attitude towards employees:** The management practices which are not in accordance with legal requirements and which are unfair to employees are the sources of disputes such as:
   i. Discriminatory labour policies.
   ii. Ineffective leadership/supervision.

3. **Government machinery:** Through government acts as a balance between the management and workers in setting the disputes, sometimes it also tends to become the causes of industrial disputes.

4. **Political interference:**
   i. Politics influencing the trade union movement.
   ii. Political instability.
   iii. Strained central-state relations.
   iv. Existence of multiple labour laws.

5. **Economic cause:** Economic reasons, such as the below mentioned, may also result in an industrial dispute:
   i. Low wages.
   ii. Dearness allowances (DA) and bonus.
   iii. Increasing industrial profits.

Thus, the causes of Industrial disputes may be summed up as follows:

1. Low income: Many times, the income of a worker is not enough to keep everyone in the family content and to pay all the bills. Thus, if the earning member loses his/her job, the entire family suffers in poverty. Low wages cause discontent in employees. Moreover, with every prices rise, it is also expected that the income of industrial labourers increase, which may not always happen very promptly.
2. Most industries have unhygienic and unsafe working conditions. This puts pressure on workers' health.
3. Employees find it extremely difficult to get leave with pay.

4. Employees are becoming more and more conscious about self-respect. Tempers flare when they are insulted or instigated by their superiors.
5. Sometimes, employees are unfairly relieved from their jobs. Nevertheless, their colleagues unite and fight for the rehiring of their relieved colleagues.
6. Sometimes, trade unions are not recognized by industries resulting in strained relations and stress.
7. Replacement of workers by machinery is often found to be a cause of discontent. Workers are get laid off and replaced by machines that do the same work.
8. Political involvement in trade unions causes divisions and unnecessary tensions at times.
9. Disputes may also arise due to dishonest mid-level management. This management preventlabourers from contacting senior management, and act as middle-men. Lack of communication causes distrust.

Consequences of Industrial Disputes:

1. Unrest and unnecessary tensions engulf the hearts and minds of all the people involved - labourers and senior management.
2. There is economic loss due to conflicts because conflicts may result in strikes and lock-outs. This causes low or no production resulting in industrial loss.
3. Industrial losses may cause economic depression because many industries are interlinked. A problem in one industry may drastically affect another industry.
4. The lives of low-level labourers become worse when they are out of work. They may be the only working members of the family, and their joblessness may lead everyone in the family to poverty.
5. When industrial conflicts get out of hand, they become a threat to peace and security. Workers may resort to violence and indulge in sabotage.



CHECK YOUR PROGRESS

Q 2: State a few of the causes of industrial disputes.

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Q 3: Mention a consequence of industrial disputes

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4.5 PREVENTION OF INDUSTRIAL DISPUTE IN INDIA

The consequences of an Industrial dispute prove to be harmful to not only the owners of industries and the workers, but also to the economy and the nation as a whole resulting in loss of productivity, profits, market share and even closure of the plant. Hence, Industrial disputes need to be averted by all means.

Prevention of Industrial disputes is a pro-active approach in which an organisation undertakes various actions through which the occurrence of Industrial disputes is prevented.

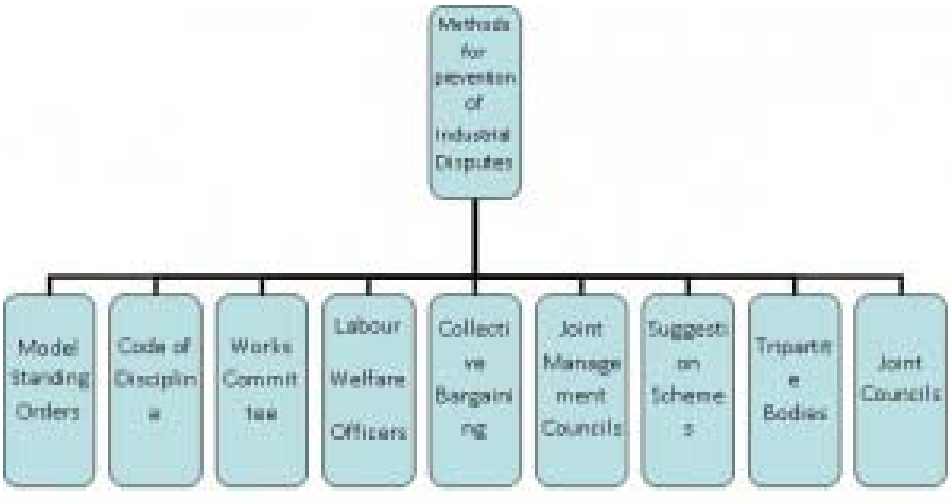


Fig 4.1: Methods of Dispute Prevention

1. **Model Standing Orders:** Under Industrial Dispute Act, 1947, every

factory employing 100 workers or more is required to frame standing orders in consultation with the workers. These orders must be certified and displayed properly by the employer for the information of the workers.

Standing orders define and regulate terms and conditions of employment and bring about uniformity in them. They also specify the duties and responsibilities of both employers and employees thereby regulating standards of their behaviour.

2. **Code of Industrial discipline:** The code of Industrial discipline defines duties and responsibilities of employers and workers. The objectives of the code are:
   - To secure settlement of disputes by negotiation, conciliation and voluntary arbitration.
   - To eliminate all forms of coercion, intimidation and violence.
   - To maintain discipline in the industry.
   - To avoid work stoppage.
   - To promote constructive co-operation between the parties concerned at all levels.
3. **Works Committee:** Every industrial undertaking employing 100 or more workers is under an obligation to set up a works committee consisting equal number of representatives of employer and employees. According to Indian Labour Conference work committees are concerned with:-
   - Administration of welfare & fine funds.
   - Educational and recreational activities.
   - Safety and accident prevention
   - Occupational diseases and protective equipment.
   - Conditions of work such as ventilation, lightening, temperature & sanitation including latrines and urinals.
   - Amenities such as drinking water canteen, dining rooms, medical & health services.

However, the following items are excluded from the preview of the work committees.

- Wages and allowances
- Profit sharing and bonus
- Programs of planning and development
- Retirement benefits
- PF and gratuity
- Housing and transport schemes
- Incentive schemes
- Retirement and layoff

4. Joint Management Councils: It consists of equal numbers of workers and employers representation (minimum 6 & maximum 12). Representation of workers to the JMCs should be based on the nomination by the representation.

The decisions of the JMC should be unanimous and should be implemented without any delay. JMC should look after 3 main areas:-

1. information sharing
2. consultative
3. administrative

The primary objectives of the JMC may be stated thus:

- Satisfy the psychological needs of workers
- Improve the welfare measures
- Increase workers efficiency
- Improve the relation and association between workers, managers and promoters.

5. Suggestion Schemes: As the name suggests, these are schemes wherein the parties to a dispute offer their suggestions for solution based on which mutually agreeable decisions are encouraged.

4. Joint Councils: Joint Councils are set up for the whole unit and deals with matters relating optimum production and efficiency and the fixation of productivity norms for man and machine for every industrial unit

employing 500 and more workers. The features of these councils include:

- Members of the council must be actually engaged in the unit.
- The chief executive of the unit will be the chairman of the council and vice chairman will be nominated by worker members.
- Term of the council will be two years.
- JC shall meet at once in a quarter.
- Decision of the council will be based on consensus and not on voting.

The Joint Councils have the following functions to deliver:

- Optimum use of raw materials and quality of finished products
- Optimum production, efficiency and function of productivity norms of man and machine as a whole.
- Preparation of schedules of working hours and of holidays.
- Adequate facilitates for training.
- Rewards for valuable and creative suggestions received from workers.

7. **Collective Bargaining:** Collective Bargaining involves discussion and negotiation between two groups as to the terms and conditions of employment. It is a process in which the representatives of the employer and of the employees meet and attempt to negotiate a contract governing the employer-employee-union relationships.
8. **Labour welfare officer:** The factories Act, 1948 provides for the appointment of a labour welfare officer in every factory employing 500 or more workers. The officer looks after all facilities in the factory provided for the health, safety and welfare of workers. He maintains liaison with both the employer and the workers, thereby serving as a communication link and contributing towards healthy industrial relations through proper administration of standing orders, grievance procedure etc.
9. **Tripartite bodies:** Several tripartite bodies have been constituted at central, national and state levels. At the central level, The India Labour Conference, Standing Labour Committees, Wage Boards and

Industries Committees operate whereas at the state level, State Labour Advisory Boards have been set up. The recommendations given by these bodies are however advisory in nature and not statutory.

6.6 MACHINERY FOR SETTLEMENT OF INDUSTRIAL DISPUTES

The following are the ways by which the settlement of industrial dispute can be made:

1. **Conciliation: C**onciliation is a type of state intervention in settling the Industrial Disputes. The Industrial Disputes Act empowers the Central & State governments to appoint conciliation officers and a Board of Conciliation as and when the situation demands.

Conciliation refers to the process by which representatives of employees and employers are brought together before a third party with a view to discuss, reconcile their differences and arrive at an agreement through mutual consent. The third party acts as a facilitator in this process. The appropriate government may, by notification in the official gazette, appoint such number of persons as it thinks fit to be the conciliation officer. The duties of a conciliation officer are:

a. To hold conciliation proceedings with a view to arrive at amicable settlement between the parties concerned.
b. To investigate the dispute in order to bring about the settlement between the parties concerned.
c. To send a report and memorandum of settlement to the appropriate government.
d. To send a report to the government stating forth the steps taken by him in case no settlement has been reached at.

The conciliation officer however has no power to force a settlement. He can only persuade and assist the parties to reach an agreement. The Industrial Disputes Act prohibits strikes and lockouts during that time when the conciliation proceedings are in progress.

2. **Arbitration:** It is a process in which a neutral third party listens to the disputing parties, gathers information about the dispute, and then takes a decision which is binding on both the parties. Certain advantages of this process are**:**

- It is established by the parties themselves and therefore both parties have good faith in the arbitration process.
- The process in informal and flexible in nature.
- It is based on mutual consent of the parties and therefore helps in building healthy Industrial Relations.

However, the process is not devoid of flaws. Some of the disadvantages include:

- Delay often occurs in settlement of disputes.
- Arbitration is an expensive procedure and the expenses are to be shared by the labour and the management.
- Judgement can become arbitrary when the arbitrator is incompetent or biased.

Arbitration may take the following two forms:

- **Voluntary Arbitration:** In voluntary arbitration the arbitrator is appointed by both the parties through mutual consent and the arbitrator acts only when the dispute is referred to him.
- **Compulsory Arbitration:** Implies that the parties are required to refer the dispute to the arbitrator whether they like him or not. Usually, when the parties fail to arrive at a settlement voluntarily, or when there is some other strong reason, the appropriate government can force the parties to refer the dispute to an arbitrator.

3. **Adjudication:** Adjudication means intervention of a legal authority appointed by the government to make a settlement which is binding on both the parties. In other words adjudication means a mandatory settlement of an Industrial dispute by a labour court or a tribunal. For the purpose of adjudication, the Industrial Disputes Act provides a 3-tier machinery:

- **Labour court**
- **Industrial Tribunal**
- **National Tribunal**

a) Labour Court: The appropriate government may, by notification in the official gazette constitute one or more labour courts for adjudication of Industrial disputes relating to any matters specified in the second schedule of Industrial Disputes Act. They are:

- Dismissal or discharge or grant of relief to workmen wrongfully dismissed.
- Illegality or otherwise of a strike or lockout.
- Withdrawal of any customary concession or privileges.

Where an Industrial dispute has been referred to a labour court for adjudication, it shall hold its proceedings expeditiously and shall, within the period specified in the order referring such a dispute, submit its report to the appropriate government.

b) Industrial Tribunal: The appropriate government may, by notification in the official gazette, constitute one or more Industrial Tribunals for the adjudication of Industrial disputes relating to the following matters:

- Wages
- Compensatory and other allowances
- Hours of work and rest intervals
- Leave with wages and holidays
- Bonus, profit-sharing, PF etc.
- Rules of discipline
- Retrenchment of workmen
- Working shifts other than in accordance with standing orders

It is the duty of the Industrial Tribunal to hold its proceedings expeditiously and to submit its report to the appropriate government within the specified time.

c) National Tribunal: The central government may, by notification in the official gazette, constitute one or more National Tribunals for the adjudication of Industrial Disputes in:

- Matters of National importance

- Matters which are of a nature such that industries in more than one state are likely to be interested in, or are affected by the outcome of the dispute.

It is the duty of the National Tribunal to hold its proceedings expeditiously and to submit its report to the central government within the stipulated time.



CHECK YOUR PROGRESS

Q 4: Enlist a few methods of settlement of industrial disputes.

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6.7 NATURE AND CAUSE OF GRIEVANCE

A grievance is a problem and submitted by an employee or several employees of different types. It may be concerning a situation or likely to affect the terms and conditions of employment of one worker or several workers.

If a problem is related to and endorsed by all or majority of employees or if trade union submits a problem as a general claim it falls outside the scope of grievance procedure and generally comes under the purview of collective bargaining.

Thus, a grievance:

(a) Has a narrower perspective;

(b) Is concerned with the interpretation of a contract or award as concerned to an individual or a few employees of different types. As such policy issues do not fall within the scope of grievance machinery.

The causes of employee grievances may include the following:

(i) Demands for individual wage adjustments;

(ii) Complaints about the incentive system;

(iii) Complaints about the job classifications;

(iv) Complaints against a particular foreman;

(v) Complaints concerning disciplinary measures and procedures;

(vi) Objections to the general methods of supervision;

(vii) Loose calculation and interpretation of seniority rules, and unsatisfactory interpretation of agreements;

(viii) Promotions;

(ix) Disciplinary discharge or lay-off;

(x) Transfer for another department or another shift;

(xi) Inadequacy of safety and health services/devices;

(xii) Non-availability of materials in time;

(xiii) Violation of contracts relating to collective bargaining;

(xiv) Improper job assignment; and

(xv) Undesirable or unsatisfactory conditions of work.

A grievance may be characterized as follows:

a. **Factual:** The employer-employee relationship depends upon the job contract in any organisation. This contract indicates the norms defining the limits within which the employee expects the organisation to fulfill his aspirations, needs or expectations. When these legitimate needs of expectations or aspirations are not fulfilled, the employee will be dissatisfied with the job. Such dissatisfaction is called factual grievance.

b. **Imaginary:**When the job contract is not clear-cut and does not indicate the norms defining the limits within which the employee expects the organisation fulfill his needs or aspirations, the employee develops such needs which the organisation is not obliged to meet. Under such situations, grievances are not based on facts but that does not stop the employee from feeling aggrieved. Normally, the organisation does not feel any kind of responsibility for such grievances and their redressal, because they are based not only on wrong perceptions of the employee but also on wrong information. However, such grievances can have far-reaching consequences on the organisationas the employees are likely to develop an altogether negative attitude towards the organisation which decreases their effectiveness and involvement in work.

c. Disguised: Although in most cases, organisations consider the basic requirements of their employees – sometimes psychological needs of the employees such as need for recognition, affection, power, achievement etc., tend to go unattended and ignored. These conditions may take the shape of a disguised grievance; ultimately having a severe bearing on the health of employer-employee relationship.

6.8 GRIEVANCE REDRESSAL PROCEDURE

6.8.1 Need for a Grievance Handling Procedure

Grievance procedure is necessary for any organisation due to the following reasons:

a. Most grievances seriously disturb the employees. This may affect their morale, productivity and their willingness to cooperate with the organisation. If an explosive situation develops, this can be promptly attended to if a grievance handling procedure is already in existence.

b. It serves as a check on the arbitrary actions of the management because supervisors know that employees are likely to see to it that their protest does reach the higher management.

c. The management has complete authority to operate the business as it sees fit subject, of course, to its legal and moral obligations and the contracts it has entered into with its workers or their representative trade union. But if the trade union or the employees do not like the way the management functions, they can submit their grievance in accordance with the procedure laid down for that purpose.

d. It serves as an outlet for employee gripes, discontent and frustrations. It acts like a pressure valve on a steam boiler. The employees are entitled to legislative, executive and judicial protection and they get this protection from the grievance

redreessal procedure, which also acts as a means of upward communication.

e. It is not possible that all the complaints of the employees would be settled by first- time supervisors, for these supervisors may not have had a proper training for the purpose, and they may lack authority. Moreover, there may be personality conflicts and other causes as well.

6.8.2 Essential Pre-requisites of a Grievance Handling Procedure

The grievance procedure, to be sound and effective should possess certain pre-requisites:

1. **Conformity with Statutory Provisions:** Due consideration must be given to the prevailing legislation while designing the grievance handling procedure.
2. **Unambiguity:** Every aspect of the grievance handling procedure should be clear and unambiguous. All employees should know whom to approach first when they have a grievance, whether the complaint should be written or oral, the maximum time in which the redressal is assured, etc.
3. **Simplicity:** The grievance handling procedure should be simple and short. If the procedure is complicated it may discourage employees and they may fail to make use of it in a proper manner.
4. **Promptness:** The grievance of the employee should be promptly handled and necessary action must be taken immediately. This is good for both the employee and management, because if the wrong doer is punished late, it may affect the morale of other employees as well.

5. **Training:** The supervisors and the union representatives should be properly trained in all aspects of grievance handling before hand or else it will complicate the problem.
6. **Follow up:** The Personnel Department should keep track of the effectiveness and the functioning of grievance handling procedure and make necessary changes to improve it from time to time.

6.8.3 Basic Elements of a Grievance Handling Procedure

The basic elements of a grievance redressal procedure are:

1. The existence of a sound channel through which a grievance may pass for redressal if the previous stage or channel has been found to be inadequate, unsatisfactory or unacceptable. This stage may comprise three, four or five sub-stages.
2. The procedure should be simple, definite and prompt, for any complexity or vagueness or delay may lead to an aggravation of the dissatisfaction of the aggrieved employee.
3. The steps in handling a grievance should be clearly defined.

These should comprise:

(a) Receiving and defining the nature of the grievance:
(b) Getting at the relevant facts, about the grievance;
(c) Analysing the facts, after taking into consideration the economic, social, psychological and legal issues involved in them;
(d) Taking an appropriate decision after a careful consideration of all the facts; and
(e) Communicating the decisions, to the aggrieved employee.
(iv) Whatever the decision, it should be followed up in order that the reaction to the decision may be known and in order to determine whether the issue has been closed or not.



6.9 LET US SUM UP

In this unit we have discussed the following:

- According to Section2(k) of the Industrial Disputes Act,1947, **"**Any disputes or differences between employers and employees, or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour, of any person".
- The consequences of an Industrial dispute will be harmful to the owners of industries, workers, economy and the nation as a whole, which results in loss of productivity, profits, market share and even closure of the plant. Hence, Industrial disputes need to be averted by all means.
- Prevention of Industrial disputes is a pro-active approach in which an organisation undertakes various actions through which the occurrence of Industrial disputes is prevented. Like the old saying goes, "prevention is better than cure".
- A grievance is a problem and submitted by an employee or several employees of different types. It may be concerning a situation or likely to affect the terms and conditions of employment of one worker or several workers.
- If a problem is related to and endorsed by all or majority of employees or if trade union submits a problem as a general claim it falls outside the scope of grievance procedure and generally comes under the purview of collective bargaining.



6.10 FURTHER READING

1) Padhi P K(2012), *Labour and Industrial Laws*, 2/E 2nd Edition, PHI Learning Pvt. Ltd., New Delhi,

2) Kumar H L (2016), Labour Problems and Remedies, 13th Edition, Universal Law Publishing, India,

3) Purcell J, Good Industrial Relations : Theory and Practice, Palgrave Macmillan, UK 1981

4) R. Sivarethinamohna (2010), Industrial Relations and Labour Welfare: Text and Cases, Prentice Hall India Learning Pvt Ltd, India,

6.11 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: According to Section2(k) of the Industrial Disputes Act,1947, **"**Any disputes or differences between employers and employees, or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour, of any person".

Ans to Q No 2: Some of the causes of industrial disputes are – industrial factors, management attitudes towards employees, government machineries, political factors and economic factors.

Ans to Q No 3: One of the consequences of industrial disputes/conflicts may be industrial losses which may cause economic depression because many industries are interlinked. A problem in one industry may drastically affect another industry.

Ans to Q No 4: Some of the methods of dispute settlement include – Model Standing Orders, Works Committees, Joint Management Councils, and Collective Bargaining, among others.



6.12 MODEL QUESTIONS

Q 1: Explain the basic nature and scope of industrial disputes.

Q 2: Project the cause and effect relationship evident in industrial disputes.

Q 3: Elaborately discuss the various methods for prevention and settlement of industrial dispute in India.

Q 4: Characterise grievances and state the causes of the same.

Q 5: Highlight the procedure for Grievance Redressal popularly used in India.

Q 6: Discuss what makes for effectiveness in Grievance Redressal.

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UNIT 7: ORGANISATIONAL CHANGE

UNIT STRUCTURE

7.1 Learning Objectives

7.2 Introduction

7.3 Organisational Change

7.4 Forces of change – External and Internal

7.5 Strategies for change

7.6 Theories of Planned Change

- 7.6.1 Lewin's Change Model
- 7.6.2 Action Research Model
- 7.6.3 The Positive Model

7.7 Action Research as a Process

7.8 Resistance to Change

7.9 Methods to overcome or minimise resistance to change

7.10 Let Us Sum Up

7.11 Further Reading

7.12 Answers to Check Your Progress

7.13 Model Questions

7.1 LEARNING OBJECTIVES

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

- learn the concept of organisational change and it's importance
- discuss the external and internal forces of change
- discuss the strategies for change
- the theories of planned change like Lewin's change model, Action Research Model and the positive model
- discuss the action research as a process
- describe the reasons for resistance to change and how to overcome this resistance.

7.2 INTRODUCTION

In the previous unit we have discussed the concept of organisational development. In this unit we are going to learn about the various aspects of organisational change and its importance. Change is one of the most important aspects of effective management. Organisational change refers to any alteration that occurs in total work environment. Organisational change refers to the alteration of structural relationships and roles of people in the organization. In this unit we will get some idea on the external and internal forces of change, various strategies for change. There are many theories of change like Lewin's change model, Action Research Model and the positive model that will be discussed in this unit. At the end of the unit we will get a fair idea about the action research as a process and the reasons for resistance to change and how to overcome this resistance

7.3 ORGANISATIONAL CHANGE

Change is inevitable for any organisation. Anything new from the old state of things is change. It refers to any alteration that occurs in the overall work environment of the organisation. In this world nothing is permanent except change. It's a continuous process that never ends. Every individual, groups and organisations have to constantly cope with change in order to survive. Organisations must be proactive in bringing about change. Technology, market forces, socio-economic factors etc. keep changing very fast and managers must be able to help their organisations to adapt to these changes. Change is one of the most important aspects of effective management. The successful companies are those whose managers are able to properly anticipate or respond to various forces of change, implement proper strategies for change and overcome resistance to change.

Organisations that do not bring about timely change may perish in the long run. Change will not disappear. Technological and other changes will constantly occur and managers and organisations will have to effectively and efficiently manage this change. Organisations have to change to meet financial crisis, to remove performance gaps in employees,

to maintain their competitive edge, to meet the changing demands in their internal and external environment etc. So, it has become a very important question for organisations on how to manage change in such a fast moving environment where technology, products, markets etc keep changing so frequently.

To manage change effectively, organisations will have to design effective change programs consisting of mainly the following steps:

- creating a readiness for change among the employees and overcoming resistance to change
- gaining commitment of employees towards the new desired future state
- identifying the influential people in the organisation who can help in making the change effort successful
- plan what actions are needed to be taken and divide the responsibilities
- the management must ensure that the momentum for change is maintained by providing adequate resources and support required for the change effort and constantly following up to check that the change program is carried out till completion.

7.4 FORCES OF CHANGE : EXTERNAL AND INTERNAL

An organisation is a system that interacts with the environment and is mainly dependent on it.A change in its external environment makes it necessary for an organisation to incorporate changes in its internal systems and processes. Any factor in the environment that interferes with an organisation's ability to attract the necessary human, financial and material resources, or to produce and market its products and services becomes a force of change. An organisation is affected by two forces of change – external forces and internal forces. It has to change as per the changes in its external and internal forces.

EXTERNAL FORCES OF CHANGE: Some of the external forces of change are given below:

- **Technological Forces:** Technology is a major external force, which calls for change.Technolgical advancement, particularly in communication and computer technology has revolutionised the workplace and helped to create a whole new range of products and services. Recent advances in information technology have helped managers in organisations to arrive at better decisions.
- **Economic Forces:** The uncertainty about future trends in the economy is a major cause of change. For example, fluctuating interest rates, recessions, inflation etc have a marked influence on organisations.
- **Government Forces:** Change in government policies also has a direct impact on organisations.
- **Competition:** To counter competition**,** organisations have to constantly be innovative and creative and come up with new features and products and new strategies to survive and grow. For example, Japanese automakers Toyota and Nissan have set up their manufacturing and assembling operations in south-East Asia where the labour cost is cheaper compared to Japan.
- **Change in Customer Needs and Preferences:** Organisations are constantly forced to bring about changes in their products and services due to change in customer needs and preferences.

INTERNAL FORCES OF CHANGE: Some of the internal forces of change are given below:

- **Technological Change:** Changes that impact the actual process of transforming input into output is referred to as technological change. Examples are changes in equipment, work process, information-processing systems, degree of automation etc
- **Structural Change:** Organisations make structural changes in the form of downsizing, decentralisation, job-redesign etc. to reduce costs and increase profitability.
- **Employee related changes:** This change is related to human resources planning and with improving employee competence and performance. Redefining organisational strategy and goals; structural

change like expansion, change in technology etc. have implications for human resource management. For example, introduction of new technology may result in training of the employees, recruitment of employees skilled in new technology, moving an employee to another place if that employee cannot be trained etc.

7.5 STRATEGIES FOR CHANGE

The different strategies to bring about effective change in an organisation mostly the human system are –

1. **Normative-Re-educative Strategy:** The major emphasis of this strategy is that behaviour is influenced largely by social and cultural norms of the group, organisation or the society to which an individual belongs. Successful change can be brought about by changing the norms as it is believed that individuals have pronounced commitments to these norms.
2. **Rational–Empirical Strategy:** This strategy assumes that individuals are basically rational people and change can be brought about by convincing them that it is for their best interest. It involves the use of data and rational persuasion to establish the relation between willingness to change and information available with positive results.
3. **Power-Coercive Strategy:** This strategy involves the use of power which is invested in manager's position, or power springing from the use of resources, to coerce individuals into accepting change.
4. **Action-oriented Strategy:** This strategy basically focuses on use of action information in bringing change in the organisation. It involves development of specific steps necessary to achieve a goal or objective which is also called as action plan.

7.6 THEORIES OF PLANNED CHANGE

The problem with many organisations is that they are unable to effectively manage change. Change is now a way of life; organisations and more importantly their managers, must recognise the need to adopt strategic

approaches when faced with a changing situation. Some of the theories or approaches of change are given below:

1. Lewin's Change Model
2. Action Research Model
3. The Positive Model

Let us now discuss model in the following sub sections:

7.6.1 Lewin's Change Model

Kurt Lewin had given two ideas about change. He developed the Force Field Analysis model to help people understand how the change process works. As per this model at any given point of time, there are two forces in an organisation – one set of forces called the driving force which pushes the organisation towards change and another set of forces called restraining or pull forces which try to maintain the status quo i.e. the present situation. These restraining forces are called "resistance to change" because they are generally in the form of employee behaviour that block the change process. When both these set of forces are equal, current behaviours are maintained. To change this current state, the driving forces needs to be identified and increased and the restraining forces needs to be minimised. For example, the level of performance of a work group might be stable because the group norms maintaining that level are equal to the supervisor's pressures to increase productivity. So, the group's performance and productivity can be increased by changing the group norms to support higher levels of performance or by increasing the superior's pressure to produce more or increase productivity.

Kurt Lewin had suggested that in order to bring about planned change an organisation should approach change as a multistage process (Lewin, 1951).His model of planned change is made up of three steps- unfreezing, moving/changing and refreezing.

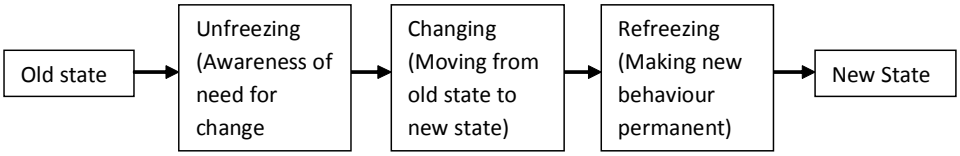


Fig 2.1: Lewin's Model of Planned Change

Unfreezing: It is the process by which people become aware of the need for change. When people are satisfied with present situation or practices and procedures, they may not want to change. So, it's important to make the employees understand why change is needed and what the disadvantages of not changing. When people become dissatisfied with their current situation then only they will be willing to change.

Changing: In this process movement takes place from old state to new state. Here, change is implemented. People start learning new behaviour, processes and ways of thinking. It is a step marked by fear and uncertainity which can be removed through education and support.

Refreezing: It involves making the new behaviour permanent by integrating it into the person's personality and attitude. The changes made in the organisational processes, structure, goals or people are refrozen as new state of things so that people don't revert to their old ways of thinking and doing things. Rewards, acknowledgement of efforts etc. can help in reinforcing new behaviour and making it a permanent part of the organisation.

Lewin's change model is a powerful tool for understanding change situations in an organisation.

7.6.2 Action Research Model

The Action Research model focuses on planned change as a cyclical process involving collaboration between organization members and OD practitioners. It places heavy emphasis on data gathering and diagnosis prior to action planning and implementation, as well as careful evaluation of results after action is taken.

Action research model is a data based problem solving model that replicates the steps involved in the scientific method of inquiry. It is increasingly used in OD efforts to bring about planned change in organisations. This approach has also increased the degree of member involvement in the change process. Here, both the consultant and organisational members are “colearners” in diagnosing the problems, designing changes and implementing them. Rather than each participant bringing unique information and expertise to the situation, they combine their resources to learn how to change the organisation.

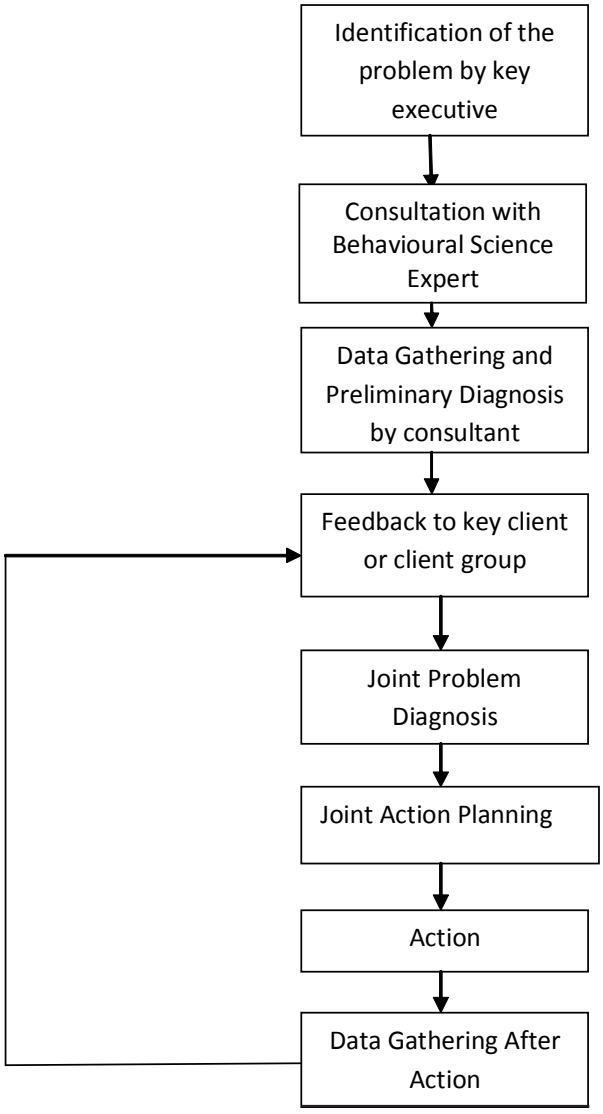


Fig 2.2: Action Research Model

The various cyclical phases or steps of the Action Research model are shown in Fig 2.2.There are eight main steps.

1. **Problem Identification:** This stage usually begins when an executive in the organisation or someone with power and influence senses that the organisation has one or more problems that might be solved with the help of an OD practitioner.
2. **Consultation with a behavioural science expert:** During the initial contact, the OD consultant and the client carefully assess each other. The consultant has his or her own normative, developmental theory and must be conscious of those assumptions and values. Sharing them with the client or the key executive from the beginning establishes an open and collaborative atmosphere.
3. **Data gathering and preliminary diagnosis:** In this step, the OD consultant usually together with organisation members gathers information and analyses it to determine the underlying causes of organizational problems. The four basic methods of gathering data are interviews, process observation, questionnaires and organisational performance data. The most effective diagnosis begins with observation, proceeds to a semi-structured interview and concludes with a questionnaire to measure precisely the problems identified by the earlier steps.
4. **Feedback to the key client or client group:** As action research is a collaborative activity, the diagnostic data are fed back to the client, usually in a group or work-team meeting. This data or feedback helps the group to determine the strengths and weaknesses of the organisation or the unit under study. The consultant provides the client with all useful and relevant data. Obviously, the consultant will protect confidential sources of information and may withhold

data if he thinks the information may make the client overly defensive.

5. **Joint diagnosis of the problem:** At this phase, the organisational members discuss with the OD consultant whether they want to work on identified problems. A close interrelationship exists between the consultant and organisation members during data gathering, feedback and diagnosis because the consultant summarizes the basic data from the client members and presents the data to them for validation and further diagnosis.
6. **Joint action planning:** Next, the OD consultant and the client members jointly agree on further actions to be taken. This is the beginning of the moving process (described in Lewin's change model), as the organisation decides how best to reach their future desired state. At this stage, the specific action to be taken depends on the culture , technology, and environment of the organization; the diagnosis of the problem; and the time factor and expense of the intervention.
7. **Action:** This stage involves the actual change from one organizational state to another. It may include installing new methods and procedures, recognizing structures and work designs, and reinforcing new behaviours. Such actions generally cannot be implemented immediately but require a transition period as the organization moves from the present state to a desired future state.
8. **Data gathering after action:** As action research is a cyclical process, data is also gathered after the action has been taken to measure and determine the effects of the action and to feed the results back to the organisation. This in turn, may lead to rediagnosis and new action.

The action research model will continue to be the dominant methodological basis for planned change in organisations.

7.6.3 The Positive Model

The positive model focuses on what the organization is doing right. It helps members understand their organisation when it is working at its best and builds off those capabilities to achieve even better results. It is different from Lewin's model and the action research process. These models mainly focus on organization's problems and how they can be solved to make it function better. The positive model is a positive approach to change. It has been applied to planned change mainly through a process called appreciative enquiry in which members of the organisations are asked to share their positive experiences in the organisation, what they value most about themselves, their tasks, and the organisation as a whole, what are the realistic possibilities of making their organisation an even better one? It promotes broad member involvement in creating a shared vision about the organisation's positive potential which rce in bringing about change.

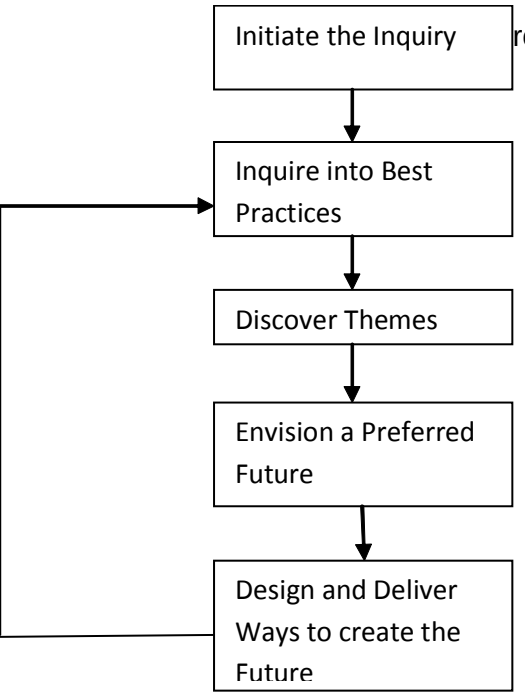


Fig 2.3: The Positive Model

The positive model mainly involves five phases as shown in fig 2.3.

1. **Initiate the inquiry:** This phase determines the subject of change. It emphasizes involvement of employees to identify the organizational issue they have the most energy to address. For example, employees can choose to look for successful male-female collaboration (as opposed to sexual discrimination), instances of customer satisfaction(as opposed to customer dissatisfaction), particularly effective work teams etc.If the focus of inquiry is real and important for organization members, the change process will take on these positive attributes.
2. **Inquire into best practices:** This phase involves gathering information about the "best of what is" in the organisation. If the topic is organisational innovation then members conduct interviews where they tell each other stories of new ideas that were developed and implemented in the organisation and in which they were personally involved. These stories are pulled together to create a pool of information describing the organisation as an innovative system.
3. **Discover the themes:** In this third phase, members examine the stories, both large and small, to identify a set of themes representing the common dimensions of people's experiences. For example, the stories of innovation may contain some themes about how managers gave the freedom to explore a new idea, the support organisation members received from their co-workers, or how the exposure to customers sparked creative thinking. The themes represent the basis for moving from "what is" to "what could be."
4. **Envision a preferred future**: Here, members examine the identified themes, challenge the status quo, and describe a compelling future. Based on the organization's successful past, members collectively visualize the organization's future and develop possible propositions which can bridge the

organisation's current best practices presenting a truly exciting, provocative and possible picture of the future. Based on these possibilities , members identify the stakeholders and important organization processes that must be aligned to support the envisioned future.

5. **Design and deliver ways to create the future:** The final phase involves the design and means of delivery of ways to create the future. It describes the activities and creates the plans necessary to bring about the vision. It proceeds to action and assessment phases similar to those of action research described previously. Members make changes, assess the results, make necessary adjustments etc and move the organisation towards the vision .The process is continued by renewing the conversations about what is best about the organisation.

7.7 ACTION RESEARCH AS A PROCESS

Action research is described as a process, that is, as an ongoing series of events and actions. It can be defined as a process of systematically collecting research data about an ongoing system relative to some objective, goal or need of the system; feeding this data back to the system; taking actions by changing selected variables within the system based on both the data and the hypotheses; and evaluating the results of action by collecting more data. This definition describes action research as a process which consists of activities or events like first identifying the problems of an organisation by a key executive who then consults behavioural science expert and OD consultant; consultant collects data and feeds it back to the system; joint diagnosis of problem occurs; action planning takes place; again data is gathered to examine the results of the actions taken and so on. Many authors have realised the importance of viewing action research as a process by which practitioners attempt to study their problems scientifically in order to guide, correct and evaluate their decisions.

CHECK YOUR PROGRESS

Q 1: What is organisational change?

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Q 2: What is the main concept behind Lewin's change model?

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Q 3: Define Action Research.

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Q 4: What is the main focus of the Positive Model?

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7.8 RESISTANCE TO CHANGE

Change can be successfully implemented in any organisation only when there is lesser resistance to the change. Resistance to change is not desirable as it can hamper or slow down the change process. So, it is very important for organisations to identify the resisting forces and overcoming this resistance. Employees may try to resist change by applying tactics like strikes, slowdowns and complaints which are explicit or through other implicit forms like errors, absenteeism, decreased loyalty etc Individuals at all levels of an organisation may resist change because of different reasons. Some of the reasons why people an organisations resist change are discussed below:

1. **Lack of proper communication:** Different people will see different meanings in a proposed change. So, if the reasons for change and its benefits are not clearly communicated to employees at all levels, they may not clearly understand and resist the change.
2. **Fear of job security:** One of the major reasons why individuals resist change is that they fear for the security of their job. For example, suppose new technology has been introduced into the company. Individuals who are not expert in the new technology may fear losing their job.

3. **Rapidity and extent of change:** Resistance to change also depends on factors like how rapid or fast a change is introduced. If a change is introduced very abruptly then people may not understand its reasons properly and resist it. Another factor is how big or small a change is. If the change is of a minor nature and involves routine operations, resistance may be minimal. But if the change is a major one and involves large number of employees, there may be greater resistance to the change.
4. **Group norms:** Groups within an organisation develop their own norms to promote desirable behaviours. Most members conform to these norms and any change that disrupts group norms, tasks or role relationship may be resisted by the group though the change may be beneficial for the organisation.
5. **Loss of power:** Downsizing of a department or posting of an executive to a different department where there is a reduction of power base will be resisted by the affected department and individuals.
6. **Habit:** Many people resist change because they are so comfortable with their current situation and habits that they do not want to change their behaviour to a new one.
7. **Technology:** Technological changes are important for the growth of any organisation. If these changes lead to downsizing or displacement of employees, then they will resist such technological change.
8. **Organisational Culture:** Organisation culture, that is, established values, norms and expectations, act to promote predictable ways of thinking and behaving. Organisation members will resist changes that force them to abandon established assumptions and approved way of doing things.

2.9 METHODS TO OVERCOME OR MINIMISE RESISTANCE TO CHANGE

Resistance to change is not desirable by any organisation. It is important to overcome or minimise resistance through various methods. Some of the methods of overcoming or minimising resistance to change are discussed below:

1. **Education and communication:** It is very important to educate the people about why change is necessary and its benefits for management as well as workers. There is a general impression that only the organisation and management benefits because of change at the cost of the workers. This wrong impression must be removed by proper two-way communication else the negative attitude will continue and change cannot be properly implemented.
2. **Participation and Involvement:** Participation and involvement are the most powerful tools which management can use to gain acceptance of change. This is because people never destroy what they have themselves created. If employees are involved and allowed to participate in the change process from the beginning itself, then they will feel motivated, better understand the change process and eagerly help in making the change successful.
3. **Facilitation and Support:** Another method to overcome resistance to change is to encourage, support, train, counsel and provide the required resources to help those who are affected by change to adapt to new requirements. People may fear change and managers should try to understand their fear and anxiety and try to remove their fears.
4. **Persuasion, Rewards and Bargaining:** Another tactic of reducing resistance to change is to persuade them through rewards or incentives. Rewards can be monetary or non-monetary. Monetary rewards may be like a better pension scheme, a sickness protection insurance scheme etc. Non-monetary rewards may be a more impressive job title, certificates of recognition etc. Bargaining can be also used to minimise resistance to change. In bargaining both management and those affected by change try to reach to a compromise where they agree to each other's demands in exchange for something.
5. **Coercion and Threats:** Sometimes managers use coercion and threats of negative consequences to force acceptance of the proposed change. For example, managers may threaten the employees with disciplinary actions if they do not comply with change. But this method may not always work and generally should not be used by managers as the first method of minimising resistance to change.

6. Security and Guarantees: Another method of making people accept change is to minimise feelings of insecurity and fears of becoming useless for the job. The employees should be assured of a guaranteed and continued income even if they are sent to a different job or place within the company and they should be trained continuously so that there is no fear in their mind about their inability to perform adequately in a new situation.

Managers can minimise resistance to change by applying the methods described. It is very important to first identify the causes for resistance and then apply the proper technique as per the demand of the situation to overcome this resistance.



CHECK YOUR PROGRESS

Q 5: Why do people in organisations resist change?

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Q 6: Explain how we can overcome or minimise resistance to change.

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7.10 LET US SUM UP

Change is a continuous process and it is important for any organisation. Every individual, groups and organisations have to constantly cope with change in order to survive. It's important for managers to design effective change manage programs. Change in an organisation is guided by two forces- external force and internal force. A change in the external environment forces an organisation to bring about internal changes within the organisation. For implementing effective change programs organisations will have to respond to change through better designed strategies.

It's important for managers to have an understanding of the various approaches of planned change. Three important approaches are-

a) Kurt Lewin's Change Model states that it's important to understand the driving and restraining forces of change within an organisation in order to help it to move from its current situation to a future new state. It suggests that change process consists of three steps - unfreezing, moving and refreezing.

b) Another model is the Action Research model which focuses on planned change as a cyclical process involving collaboration between organization members and OD practitioners. It places heavy emphasis on data gathering and diagnosis prior to action planning and implementation, as well as careful evaluation of results after action is taken.

c) The third model of planned change is the Positive Model which focuses on what is right or good about the organisation .It promotes broad member involvement in creating a shared vision about the organisation's positive potential which acts as the guiding force in bringing about change.

People within an organisation may resist change because of fear of the unknown and other reasons. Resistance to change may be detrimental for the change process. Its important for organisations to identify the reasons for resistance and use effective methods to overcome or minimise the resistance. The methods may be like involvement and participation of employees, educating and training the people, bargaining and so on.



7.11 FURTHER READING

1) Kondalkar, V.G. (2013). Organization Effectiveness and Change Management, PHI Learning Pvt Ltd, New Delhi.

2) Singh, K., (2010). Organisation Change and Development, Excel Books, New Delhi.

3) French, W.,Bell H.C. and Vohra V. (2013). Organisation Development, Pearson Education, India.

4) Harvey,R.T., and Broyles, A.E., (2010): Resistance to Change: A Guide to Harnessing Its Positive Power, R & L Publications, New York.

5) Burke, W.W. (2002). Organizational Change: Theory and Practice, Sage Publishers, London.

7.12 ANSWERS TO CHECK YOUR PROGRESS

Ans to Q No 1: Anything new from the old state of things is change. Organisational change refers to any alteration that occurs in the overall work environment of the organisation. This change may be in the form of new technology, process, structure etc

Ans to Q No 2: The main concept behind Lewin's change model is that at any given point of time, there are two forces in an organisation – one set of forces called the driving force which pushes the organisation towards change and another set of forces called restraining or pull forces which try to maintain the status quo i.e. the present situation. To bring effective change the driving forces needs to be changed and he had suggested that to change an organisation needs to undergo three stages – unfreezing, moving and refreezing.

Ans to Q No 3: Action research model is a data based problem solving model that replicates the steps involved in the scientific method of inquiry. In Action Research, the OD consultant, behavioural science experts and organisational members are together involved in diagnosing the problems, discussion, action planning, designing changes and implementing them and again data is collected to analyse the effects of the action.

Ans to Q No 4: The positive model focuses on what the organization is doing right. It helps members understand their organisation when it is working at its best and builds off those capabilities to achieve even better results. The positive model is a positive approach to change. It has been applied to planned change mainly through a process called appreciative enquiry in which members of the organisations are asked to share their positive experiences in the organisation, what they value most about themselves, their tasks, and the organisation

as a whole, what are the realistic possibilities of making their organisation an even better one

Ans to Q No 5: People in organisation resist because of reasons like fear of the unknown new situation, fear of losing their job, fear of being transferred to a position where their power and status will go down, not clearly understanding the benefits of change, group norms which prevent them from accepting the change and organisational culture which do not encourage new ways of thinking and behaving.

Ans to Q No 6: Resistance to change can be minimised through measures like active involvement and participation of employees from the very beginning of the change process, educating and training people about the benefits of change, persuasion, rewards and bargaining, coercion, securities and guarantees and helping and supporting them to overcome their fears and concerns regarding change.



2.13 MODEL QUESTIONS

Q 1: What is organisational Change? Why is change important for any organisation?

Q 2: Explain the external and internal forces of change.

Q 3: Discuss a few strategies for change.

Q 4: Discuss Lewin's change model with suitable examples in organisational context.

Q 5: Why is action research described as a cyclical process of systematic scientific inquiry? Discuss the steps in this process to bring about effective changes in organisations.

Q 6: Explain the positive model of change. How is it different from Lewin's change model and action research model?

Q 7: Why do people resist change in organisations? How can this resistance be minimised ?

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UNIT 8: LEADERSHIP IN ORGANISATION

UNIT STRUCTURE

8.1 Learning Objectives

8.2 Introduction

8.3 Meaning and Features of Leadership

8.4 Importance of Leadership

8.5 Qualities of a Good Leader

8.6 Leadership Styles

- 8.6.1 Autocratic Leadership Style
- 8.6.2 Democratic Leadership Style
- 8.6.3 Free-Rein Leadership Style

8.7 Likert's Management System

8.8 Let Us Sum Up

8.9 Further Reading

8.10 Answer To Check Your Progress

8.11 Model Questions

8.1 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.

8.2 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.

8.3 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.

8.4 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) ……

8.5 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

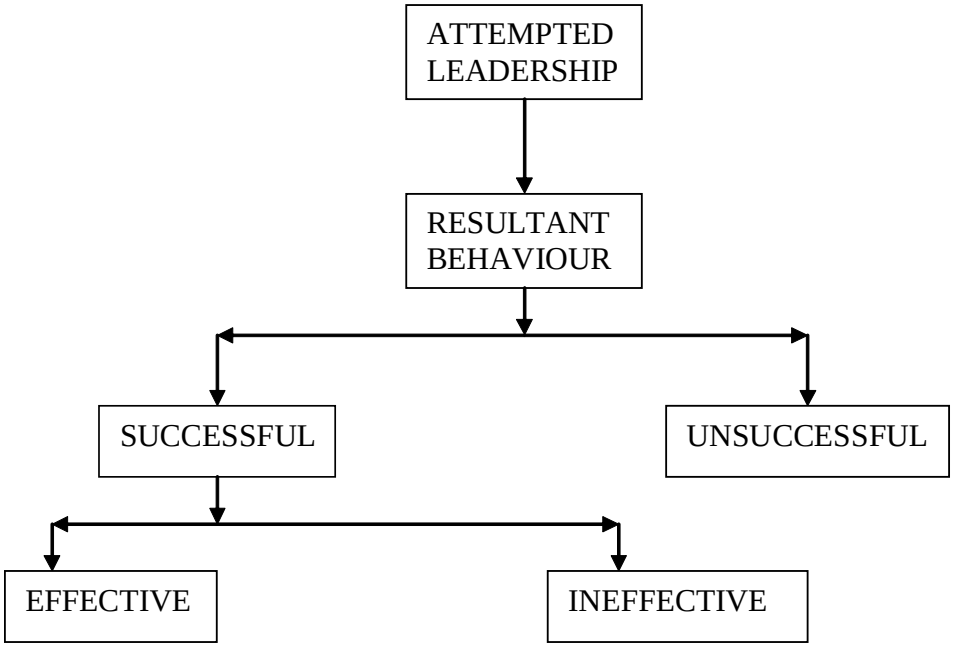


Figure 12.1 : Successful and effective leadership continium

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) ……

8.6 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.



Delegation of Power: Authorizing the subordinates to make decisions.

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

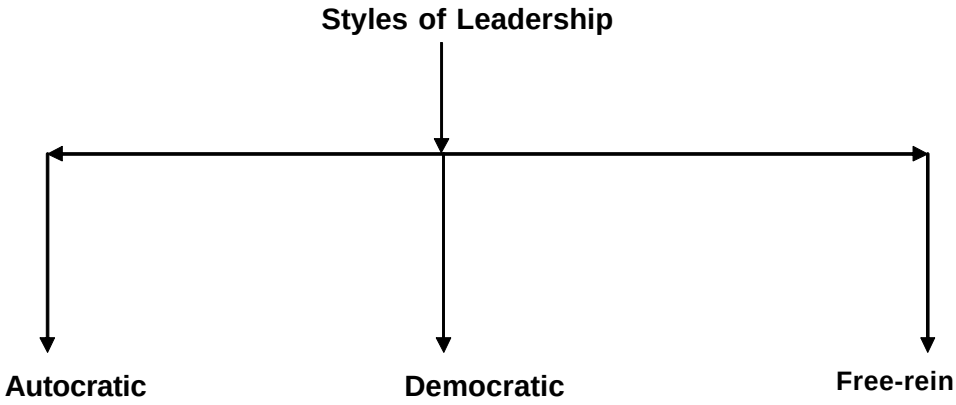


Figure 12.2 : Styles of Leadership

8.6.1 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.

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 emp[illegible], then you should use the democratic leadership style.

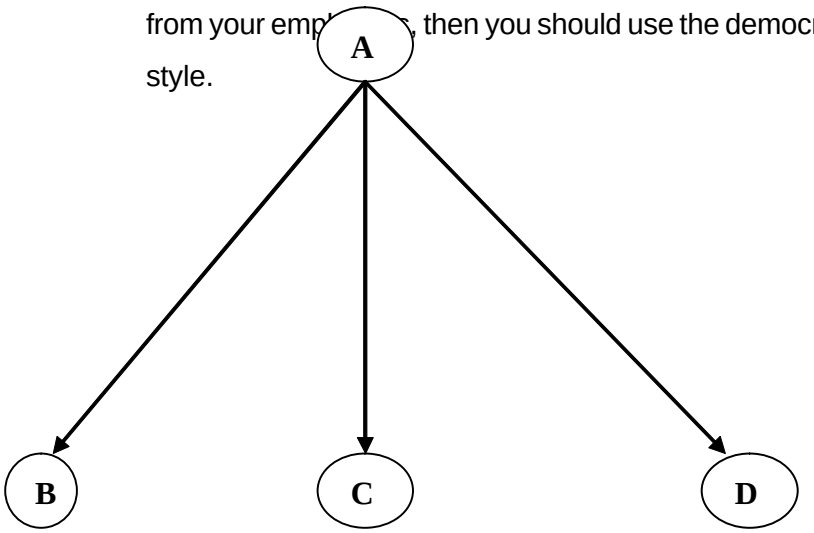


Figure (A): Autocratic Leadership style

In the Figure (A)

A = Leader ; B,C,D = Subordinate

8.6.2 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.

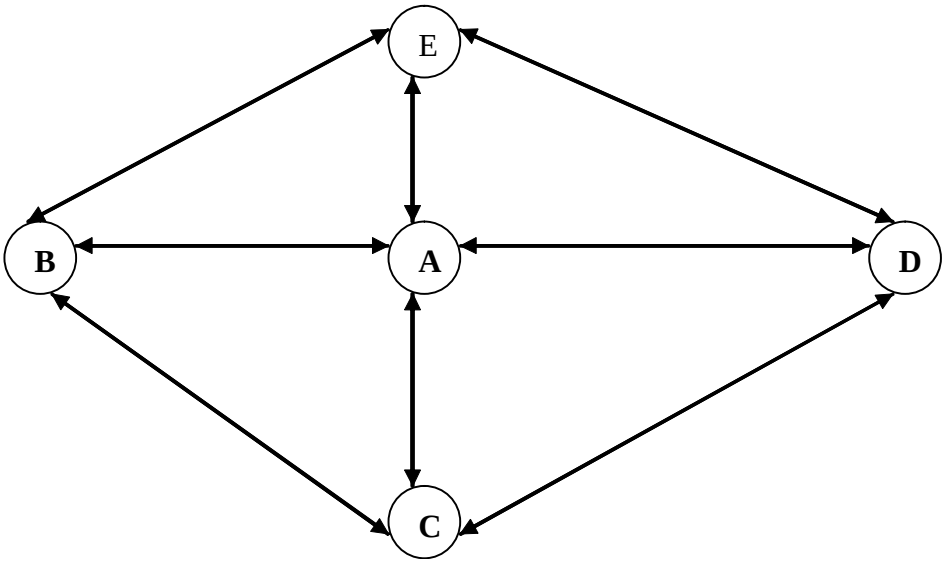


Figure B: Democratic Leadership style

In the Figure (B)

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

8.6.3 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.

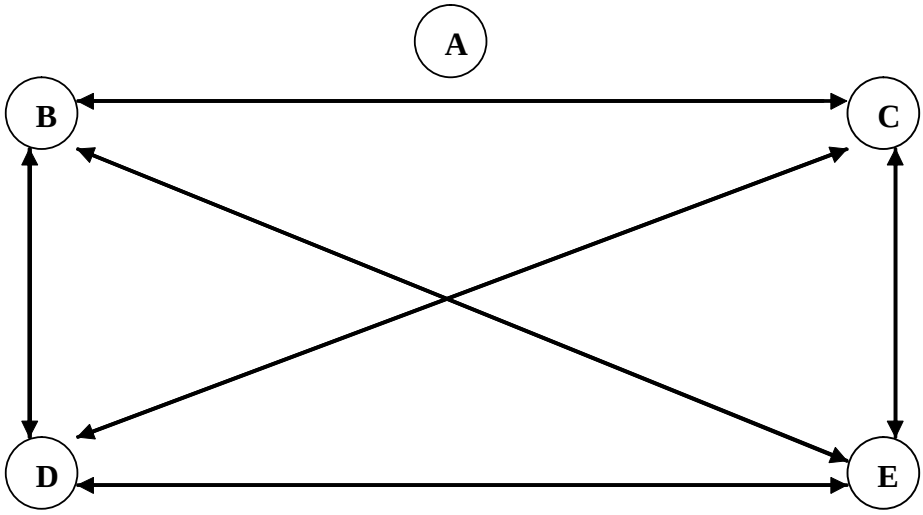


Figure C: Free-rein Leadership style

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

8.7 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.

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.

……

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……



8.8 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



8.9 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.

8.10 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



8.11 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.

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