



**DEPARTMENT OF MANAGEMENT STUDIES**

**MB25C02**

**I YEAR / I SEMESTER**

**MANAGEMENT CONCEPTS AND ORGANIZATIONAL BEHAVIOR**



Anna University Chennai

**Regulation 2025**

# **JEPPIAAR ENGINEERING COLLEGE**

## **DEPARTMENT OF MANAGEMENT STUDIES**

### **VISION**

To build Jeppiaar Engineering College as an institution of academic excellence in technology and management education, leading to become a world class university.

### **MISSION**

- To excel in teaching and learning, research and innovation by promoting the principles of scientific analysis and creative thinking.
- To participate in the production, development and dissemination of knowledge and interact with national and international communities.
- To equip students with values, ethics and life skills needed to enrich their lives and enable them to contribute for the progress of society.
- To prepare students for higher studies and lifelong learning, enrich them with the practical skills necessary to excel as future professionals and entrepreneurs for the benefit of Nation's economy.

### **PROGRAMME EDUCATIONAL OBJECTIVES (PEOs):**

MBA programme curriculum is designed to prepare the post graduate students

- I. To have a thorough understanding of the core aspects of the business.
- II. To provide the learners with the management tools to identify, analyze and create business opportunities as well as solve business problems.
- III. To prepare them to have a holistic approach towards management functions.
- IV. To inspire and make them practice ethical standards in business

### **PROGRAMME OUTCOMES (POs)**

- Ability to apply the business acumen gained in practice.
- Ability to understand and solve managerial issues.
- Ability to communicate and negotiate effectively, to achieve organizational and individual goals.
- Ability to understand one's own ability to set achievable targets and complete them.
- Ability to fulfill social outreach
- Ability to take up challenging assignments

## COURSE OBJECTIVE:

This course aims to provides foundational understanding of management principles and organizational behavior. It equips them to analyze individual and group dynamics, and apply management theories to real-world business problems

## COURSE OUTCOME :

	<b>CO description</b>	<b>PO Mapping</b>	<b>PSO1</b>	<b>PSO2</b>
<b>CO1</b>	Demonstrate conceptual knowledge of management theories, planning, organizing, organization design and control, organizational behaviour, groups and leadership, and contemporary practices in organization behaviour.	PO5(1)	3	-
<b>CO2</b>	Interpret and relate to management theories, planning and organizing processes, perform organization design and execute control, organisational behavioural theories, groups, leadership, culture and contemporary practices in organization behaviour	PO1(1) PO5(3)	2	-
<b>CO3</b>	Apply theories and concepts of management to planning, organising, execution, design, control and individual and group behavior in organizations.	PO1(3) PO2(2)	3	-
<b>CO4</b>	Analyze management theories, planning, organizing, design, execution and control methodologies in organizational settings along with organizational behavioral practices.	PO1(3)	3	-
<b>CO5</b>	Evaluate the theories related to management and organizational behaviour to build model related to planning, organising, designs, execution, control and to group dynamics, team structures, and leadership styles for enhancing organizational performance.	PO1(3) PO2(2)	3	-
<b>CO6</b>	Develop contemporary practices, adapt and modify management theories, concept to all functions of management and to both individual and group behaviors to suit cross-cultural behaviour, diversity, and global workforce management.	PO3(2) PO4(3)	2	-

# SYLLABUS

Fundamentals of Management and Evolutionary Theories: Evolution of management Thought- Classical, Behavioral and Management Science Approaches Management- meaning, levels, management as an art or science, Managerial functions and Roles, Evolution of Management Theory- Classical era- Contribution of F.W.Taylor, Henri Fayol, NeoClassical-Mayo & Hawthorne Experiments. Modern era, system & contingency approach Managerial Skills..

Planning, Decision-Making and Organizing for Effectiveness: Planning - Steps in Planning Process - Scope and Limitations - Forecasting and types of Planning - Characteristics of a sound Plan - Management by OBJECTIVE (MBO) -

Policies and Strategies Scope and Formulation Decision Making-Types, Techniques and Processes. Organisation Structure and Design - Authority and Responsibility Relationships - Delegation of Authority and Decentralisation - Interdepartmental Coordination - - Impact of Technology on Organisational design - Mechanistic vs Adoptive Structures - Formal and Informal Organisation. Control: meaning, function, Process and types of Control.

Fundamentals of Control and Modern Approaches: Impact of Technology on Organisational design - Mechanistic vs Adoptive Structures - Formal and Informal Organisation. Control: meaning, function, Process and types of Control.

Individual Behavior in Organizations: Meaning of Organizational behavior, contributing disciplines, importance of organizational behavior, Perception and Learning - Personality and Individual Differences - Motivation theories and Job Performance - Values, Attitudes and Beliefs - Communication Types-Process - Barriers - Making Communication Effective.

Group Dynamics, Leadership and Organizational Culture: Groups and Teams: Definition, Difference between groups and teams, Stages of Group Development, Group Cohesiveness, Types of teams, Group Dynamics - Leadership - Styles - Approaches - Power and Politics - Organisational Structure - Organisational Climate and Culture, Conflict: concept, sources, Types, Stages of conflict, Management of conflict Organisational Change and Development.

Contemporary Perspectives in Organizational Behavior: Comparative Management Styles and approaches - Japanese Management Practices Organisational Creativity and Innovation - Organizational behavior across cultures- Conditions affecting cross cultural organizational operations, Managing International Workforce, Productivity and cultural contingencies, Cross cultural communication, Management of Diversity.

## **Weightage**

Continuous Assessment: 40%, End Semester Examinations: 60%.

## **Assessment Methodology**

Written Test I & II (60%) Assignment, Presentation, Case Study, Quiz, Simulation, Online Certification, Seminar, Mini project (40%)

## **References**

1. DuBrin, A. J. (2020). Essentials of management (11th ed.). Thomson South Western.
2. Certo, S. C., & Certo, T. L. (2021). Modern management: Concepts & skills (16th ed.). 12 Pearson Education.
3. Koontz, H., & Weihrich, H. (2020). Essentials of management: An international & leadership perspective (11th ed.). Tata McGraw Hill Education.
4. Robbins, S. P. (2023). Organizational behavior (19th ed.). PHI Learning/Pearson Education.
5. Luthans, F. (2015). Organizational behavior (14th ed.). McGraw Hill.
6. Nelson, D. L., Quick, J. C., & Khandelwal, P. (2018). ORGB - An innovative approach to learning & teaching (3rd ed.). Cengage Learning.
7. Pareek, U. (2020). Understanding organizational behavior (4th ed.). Oxford Higher Education.

# UNIT – I

## **DEFINITION**

According to Harold Koontz, “Management is an art of getting things done through and with the people in formally organized groups. It is an art of creating an environment in which people can perform and individuals can co-operate towards attainment of group goals”.

## **NATURE OF MANAGEMENT**

**Management is Goal-Oriented:** The success of any management activity is assessed by its achievement of the predetermined goals or objective. Management is a purposeful activity. It is a tool which helps use of human & physical resources to fulfill the pre-determined goals. For example, the goal of an enterprise is maximum consumer satisfaction by producing quality goods and at reasonable prices. This can be achieved by employing efficient persons and making better use of scarce resources.

**Management integrates Human, Physical and Financial Resources:** In an organization, human beings work with non-human resources like machines, materials, financial assets, buildings etc. Management integrates human efforts to those resources. It brings harmony among the human, physical and financial resources.

**Management is Continuous:** Management is an ongoing process. It involves continuous handling of problems and issues. It is concerned with identifying the problem and taking appropriate steps to solve it. For achieving this target various policies have to be framed but this is not the end. Marketing and Advertising is also to be done. For these policies have to be again framed. Hence this is an ongoing process.

**Management is all Pervasive:** Management is required in all types of organizations whether it is political, social, cultural or business because it helps and directs various efforts towards a definite purpose. Thus clubs, hospitals, political parties, colleges, hospitals, business firms all require management. Whenever more than one person is engaged in working for a common goal, management is necessary. Whether it is a small business firm which may be engaged in trading or a large firm like Tata Iron & Steel, management is required everywhere irrespective of size or type of activity.

**Management is a Group Activity:** Management is very much less concerned with individual's efforts. It is more concerned with groups. It involves the use of group effort to achieve predetermined goal of management of ABC & Co. is good refers to a group of persons managing the enterprise

**Organized Activities:** Management is a process of organized activities. Groups of people cannot be involved in the performance of activities without organized activities. Management comes into existence where a group of people are involved in achieving a common objective. The organized activities may take a variety of forms ranging from a tightly structured organization to a loosely-knit organization.

**Existence of Objectives:** The existence of objectives is a basic criterion of every human organization. The organizational objectives are the desired state of affairs which an organization attempts to realize. This realization of objectives is sought through the coordinated efforts of the people constituting an organization.

**Decision-making:** Management process involves decision making at all levels.

Decision-making describes the process by which a course of action is selected as the way to deal with a specific problem. If there is only one alternative, the question of decision making does not arise. The quality of alternatives which a manager selects determines the organization's performance, and the future of the organization.

**Relationship among resources:** The essence of management is integration of various organizational resources. Resources include money, machine, materials, and people. Management is concerned with the proper utilization of human resources which, in turn, utilize other resources.

**Working with and through people:** Management involves working with people and getting organizational objectives achieved through them. Working through people is interpreted in terms of assigning activities to subordinates.

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

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

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

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

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

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

## **IMPORTANCE OF MANAGEMENT**

**1. It helps in Achieving Group Goals** – It arranges the factors of production, assembles and organizes the resources, integrates the resources in effective manner to achieve goals. It directs group efforts towards achievement of pre-determined goals. By defining objective of organization clearly there would be no

wastage of time, money and effort. Management converts disorganized resources of men, machines, money etc. into useful enterprise. These resources are coordinated, directed and controlled in such a manner that enterprise work towards attainment of goals.

**2. Optimum Utilization of Resources** – Management utilizes all the physical & human resources productively. This leads to efficacy in management. Management provides maximum utilization of scarce resources by selecting its

best possible alternate use in industry from out of various uses. It makes use of experts, professional and these services leads to use of their skills, knowledge, and proper utilization and avoids wastage. If employees and machines are producing its maximum there is no under employment of any resources.

**3 Reduces Costs** – It gets maximum results through minimum input by proper planning and by using minimum input & getting maximum output. Management uses physical, human and financial resources in

such a manner which results in best combination. This helps in cost reduction.

**4.Establishes Sound Organization** – No overlapping of efforts (smooth and coordinated functions). To establish sound organizational structure is one of the objective of management which is in tune with objective of organization and for fulfillment of this, it establishes effective authority & responsibility relationship i.e. who is accountable to whom, who can give instructions to whom, who are superiors & who are subordinates. Management fills up various positions with right persons, having right skills, training and qualification. All jobs should be cleared to everyone.

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

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

## **OBJECTIVES OF MANAGEMENT**

**1.Getting Maximum Results with Minimum Efforts** – The main objective of management is to secure maximum outputs with minimum efforts & resources.

Management is basically concerned with thinking & utilizing human, material & financial resources in such a manner that would result in best combination. This combination results in reduction of various costs.

**2. Increasing the Efficiency of factors of Production** – Through proper utilization of various factors of production, their efficiency can be increased to a great extent which can be obtained by reducing spoilage, wastages and breakage of all kinds, this in turn leads to saving of time, effort and money which is essential for the growth & prosperity of the enterprise.

**3. Maximum Prosperity for Employer & Employees** – Management ensures smooth and coordinated functioning of the enterprise. This in turn helps in providing maximum benefits to the employee in the shape of good working

condition, suitable wage system, incentive plans on the one hand and higher profits to the employer on the other hand.

**4. Human betterment & Social Justice** – Management serves as a tool for the upliftment as well as betterment of the society. Through increased productivity & employment, management ensures better standards of living for the society. It provides justice through its uniform policies.

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### **LEVELS OF MANAGEMENT.**

The three levels of management are as follows

#### **1. The Top Management**

It consists of board of directors, chief executive or managing director. The top management is the ultimate source of authority and it manages goals and policies for an enterprise. It devotes more time on planning and coordinating functions.

The role of the top management can be summarized as follows –

Top management lays down the objectives and broad policies of the enterprise.

It issues necessary instructions for preparation of department budgets, procedures, schedules etc.

It prepares strategic plans & policies for the enterprise.

It appoints the executive for middle level i.e. departmental managers.

It controls & coordinates the activities of all the departments.

It is also responsible for maintaining a contact with the outside world.

It provides guidance and direction.

The top management is also responsible towards the shareholders for the performance of the enterprise.

#### **2. Middle Level Management**

The branch managers and departmental managers constitute middle level. They are responsible to the top management for the functioning of their department. They devote more time to organizational and directional functions. In small organization, there is only one layer of middle level of management but in big enterprises, there may be senior and junior middle level management. Their role can be emphasized as –

- a. They execute the plans of the organization in accordance with the policies and directives of the top management.
- b. They make plans for the sub-units of the organization.
- c. They participate in employment & training of lower level management.
- d. They interpret and explain policies from top level management to lower level.
- e. They are responsible for coordinating the activities within the division or department.
- f. It also sends important reports and other important data to top level management.
- g. They evaluate performance of junior managers.

h. They are also responsible for inspiring lower level managers towards better performance.

### 3. Lower Level Management

Lower level is also known as supervisory / operative level of management. It consists of supervisors, foreman, section officers, superintendent etc. According to R.C. Davis, “Supervisory management refers to those executives whose work has to be largely with personal oversight and direction of operative employees”. In other words, they are concerned with direction and controlling function of management. Their activities include

- a. Assigning of jobs and tasks to various workers.
- b. They guide and instruct workers for day to day activities.
- c. They are responsible for the quality as well as quantity of production.
- d. They are also entrusted with the responsibility of maintaining good relation in the organization.
- e. They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.
- f. They help to solve the grievances of the workers.
- g. They supervise & guide the sub-ordinates.
- h. They are responsible for providing training to the workers.
- i. They arrange necessary materials, machines, tools etc for getting the things done.
- j. They prepare periodical reports about the performance of the workers.
- k. They ensure discipline in the enterprise.
- l. They motivate workers.
- m. They are the image builders of the enterprise because they are in direct contact with the workers.

## **FUNCTIONS OF MANAGEMENT**

Management has been described as a social process involving responsibility for economical and effective planning & regulation of operation of an enterprise in the fulfillment of given purposes. It is a dynamic process consisting of various elements and activities. These activities are different from operative functions like marketing, finance, purchase etc. Rather these activities are common to each and every manager irrespective of his level or status.

Different experts have classified functions of management. According to George & Jerry, “There are four fundamental functions of management i.e. planning, organizing, actuating and controlling”. According to Henry Fayol, “To manage is to forecast and plan, to organize, to command, & to control”. Whereas Luther Gullick has given a keyword ‘**POSDCORB**’ where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting. But the most widely accepted are functions of management given by KOONTZ and O’DONNEL i.e. **Planning, Organizing, Staffing, Directing and Controlling**. For theoretical purposes, it may be convenient to separate the function of management but practically these functions are overlapping in nature i.e. they are highly inseparable. Each function blends into the other & each affects the performance of others.

### 1. Planning

It is the basic function of management. It deals with chalking out a future course of action & deciding in advance the most appropriate course of actions for achievement of pre-determined goals. According to KOONTZ, “Planning is deciding in advance – what to do, when to do & how to do. It bridges the gap from where we are & where we want to be”. A plan is a future course of actions. It is an exercise in problem solving & decision making. Planning is determination of courses of action to achieve desired goals. Thus, planning is a systematic thinking about ways & means for accomplishment of pre-determined goals. Planning is necessary to ensure proper utilization of human & non-human resources. It is all pervasive, it is an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, wastages etc.

### 2. Organizing

It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organizational goals. According to Henry Fayol, “To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel’s”. To organize a business involves determining & providing human and non-human resources to the organizational structure. Organizing as a process involves:

- Identification of activities.
- Classification of grouping of activities.
- Assignment of duties.
- Delegation of authority and creation of responsibility.
- Coordinating authority and responsibility relationships.

### 3. Staffing

It is the function of manning the organization structure and keeping it manned. Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc. The main purpose of staffing is to put right man on right job i.e. square pegs in square holes and round pegs in round holes. According to Kootz & O’Donell, “Managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal & development of personnel to fill the roles designed in the structure”. Staffing involves:

- Manpower Planning (estimating man power in terms of searching, choose the person and giving the right place).
- Recruitment, selection & placement.
- Training & development.
- Remuneration.
- Performance appraisal.
- Promotions & transfer.

### 4. Directing

It is that part of managerial function which actuates the organizational methods to work efficiently for achievement of organizational purposes. It is considered life-spark of the enterprise which sets it in motion the action of people because planning, organizing and staffing are the mere preparations for doing the work. Direction is that inert-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating sub-ordinate for the achievement of organizational goals. Direction has following elements:

- Supervision
- Motivation
- Leadership
- Communication

**(i) Supervision-** implies overseeing the work of subordinates by their superiors. It is the act of watching & directing work & workers.

**(ii) Motivation-** means inspiring, stimulating or encouraging the sub-ordinates with zeal to work. Positive, negative, monetary, non-monetary incentives may be used for this purpose.

**(iii) Leadership-** may be defined as a process by which manager guides and influences the work of subordinates in desired direction.

**(iv) Communications-** is the process of passing information, experience, opinion etc from one person to another. It is a bridge of understanding.

### 5. Controlling

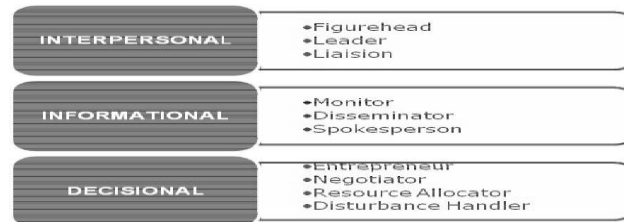
It implies measurement of accomplishment against the standards and correction of deviation if any to ensure achievement of organizational goals. The purpose of controlling is to ensure that everything occurs in conformities with the standards. An efficient system of control helps to predict deviations before they actually occur. According to Theo Haimann, “Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and acting if

necessary, to correct any deviation”. According to Koontz & O’Donell “Controlling is the measurement & correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished”. Therefore controlling has following steps:

- (i) Establishment of standard performance.
- (ii) Measurement of actual performance.
- (iii) Comparison of actual performance with the standards and finding out deviation if any.
- (iv) Corrective action.

## **ROLES OF MANAGER**

Henry Mintzberg identified ten different roles, separated into three categories. The categories he defined are as follows



### **a) Interpersonal Roles**

The ones that, like the name suggests, involve people and other ceremonial duties. It can be further classified as follows

- Leader – Responsible for staffing, training, and associated duties.
- Figurehead – The symbolic head of the organization.
- Liaison – Maintains the communication between all contacts and informers that compose the organizational network.

### **b) Informational Roles**

Related to collecting, receiving, and disseminating information.

- Monitor – Personally seek and receive information, to be able to understand the organization.
- Disseminator – Transmits all important information received from outsiders to the members of the organization.
- Spokesperson – On the contrary to the above role, here the manager transmits the organization’s plans, policies and actions to outsiders.

### **c) Decisional Roles**

Roles that revolve around making choices.

- Entrepreneur – Seeks opportunities. Basically they search for change, respond to it, and exploit it.
- Negotiator – Represents the organization at major negotiations.
- Resource Allocator – Makes or approves all significant decisions related to the allocation of resources.
- Disturbance Handler – Responsible for corrective action when the organization faces disturbances.

## MANAGEMENT AS A SCIENCE AND AS AN ART AND AS A BOTH

### Management as a Science

Science is a systematic body of knowledge pertaining to a specific field of study that contains general facts which explains a phenomenon. It establishes cause and effect relationship between two or more variables and underlines the principles governing their relationship. These principles are developed through scientific method of observation and verification through testing. Science is characterized by following main features:

1. **Universally acceptance principles** – Scientific principles represents basic truth about a particular field of enquiry. These principles may be applied in all situations, at all time & at all places. E.g. – law of gravitation which can be applied in all countries irrespective of the time. Management also contains some fundamental principles which can be applied universally like the Principle of Unity of Command i.e. one man, one boss. This principle is applicable to all type of organization – business or non business.
2. **Experimentation & Observation** – Scientific principles are derived through scientific investigation & researching i.e. they are based on logic. E.g. the principle that earth goes round the sun has been scientifically proved. Management principles are also based on scientific enquiry & observation and not only on the opinion of Henry Fayol. They have been developed through experiments & practical experiences of large no. of managers. E.g. it is observed that fair remuneration to personal helps in creating a satisfied work force.
3. **Cause & Effect Relationship** – Principles of science lay down cause and effect relationship between various variables. E.g. when metals are heated, they are expanded. The cause is heating & result is expansion. The same is true for management; therefore it also establishes cause and effect relationship. E.g. lack of parity (balance) between authority & responsibility will lead to ineffectiveness. If you know the cause i.e. lack of balance, the effect can be ascertained easily i.e. in effectiveness. Similarly if workers are given bonuses, fair wages they will work hard but when not treated in fair and just manner, reduces productivity of organization.
4. **Test of Validity & Predictability** – Validity of scientific principles can be tested at any time or any number of times i.e. they stand the test of time. Each time these tests will give same result. Moreover future events can be predicted with reasonable accuracy by using scientific principles. E.g. H<sub>2</sub> & O<sub>2</sub> will always give H<sub>2</sub>O. Principles of management can also be tested for validity. E.g. principle of unity of command can be tested by comparing two persons – one having single boss and one having 2 bosses. The performance of 1st person will be better than 2nd.

It cannot be denied that management has a systematic body of knowledge but it is not as exact as that of other physical sciences like biology, physics, and chemistry etc. The main reason for the inexactness of science of management is that it deals with human beings and it is very difficult to predict their behavior accurately. Since it is a social process, therefore it falls in the area of social sciences. It is a flexible science & that is why its theories and principles may produce different results at different times and therefore it is a behavior science. Ernest Dale has called it as a Soft Science.

### Management as an Art

Art implies application of knowledge & skill to trying about desired results. An art may be defined as personalized application of general theoretical principles for achieving best possible results. Art has the following characters –

**Practical Knowledge:** Every art requires practical knowledge therefore learning of theory is not sufficient. It is very important to know practical application of theoretical principles. E.g. to become a good painter, the person may not only be knowing different colour and brushes but different designs, dimensions, situations etc to use them appropriately. A manager can never be successful just by

obtaining degree or diploma in management; he must have also known how to apply various principles in real situations by functioning in capacity of manager.

**Personal Skill:** Although theoretical base may be same for every artist, but each one has his own style and approach towards his job. That is why the level of success and quality of performance differs from one person to another. E.g. there are several qualified painters but M.F. Hussain is recognized for his style. Similarly management as an art is also personalized. Every manager has his own way of managing things based on his knowledge, experience and personality, that is why some managers are known as good managers (like Aditya Birla, Rahul Bajaj) whereas others as bad.

**Creativity:** Every artist has an element of creativity in line. That is why he aims at producing something that has never existed before which requires combination of intelligence & imagination. Management is also creative in nature like any other art. It combines human and non-human resources in useful way so as to achieve desired results. It tries to produce sweet music by combining chords in an efficient manner.

**Perfection through practice:** Practice makes a man perfect. Every artist becomes more and more proficient through constant practice. Similarly managers learn through an art of trial and error initially but application of management principles over the years makes them perfect in the job of managing.

**Goal-Oriented:** Every art is result oriented as it seeks to achieve concrete results. In the same manner, management is also directed towards accomplishment of pre-determined goals. Managers use various resources like men, money, material, machinery & methods to promote growth of an organization.

Thus, we can say that management is an art therefore it requires application of certain principles rather it is an art of highest order because it deals with moulding the attitude and behavior of people at work towards desired goals.

### **Management as both Science and Art**

Management is both an art and a science. The above mentioned points clearly reveal that management combines features of both science as well as art. It is considered as a science because it has an organized body of knowledge which contains certain universal truth. It is called an art because managing requires certain skills which are personal possessions of managers. Science provides the knowledge & art deals with the application of knowledge and skills. A manager to be successful in his profession must acquire the knowledge of science & the art of applying it. Therefore management is a judicious blend of science as well as an art because it proves the principles and the way these principles are applied is a matter of art. Science teaches to 'know' and art teaches to 'do'. E.g. a person cannot become a good singer unless he has knowledge about various ragas & he also applies his personal skill in the art of singing. Same way it is not sufficient for manager to first know the principles but he must also apply them in solving various managerial problems that is why, science and art are not mutually exclusive but they are complementary to each other (like tea and biscuit, bread and butter etc.). The old saying that —Manager are Born has been rejected in favor of —Managers are Made. It has been aptly remarked that management is the oldest of art and youngest of science.

To conclude, we can say that science is the root and art is the fruit.

### **ADMINISTRATION. VS MANAGEMENT**

According to Theo Haimann, —Administration means overall determination of policies, setting of major objectives, the identification of general purposes and laying down of broad programmes and projects. It refers to the activities of higher level. It lays down basic principles of the enterprise. According to Newman, —Administration means guidance, leadership & control of the efforts of the groups towards some common goals. Whereas, management involves conceiving, initiating and bringing together the various elements; coordinating, actuating, integrating the diverse organizational components while sustaining the viability of the organization towards some pre-determined goals. In other words, it is an art of getting things done through & with the people in formally organized groups

The difference between Management and Administration can be summarized under 2 categories: -

1. Functions
2. Usage / Applicability

**On the Basis of Functions: -**

<b>Basis</b>	<b>Management</b>	<b>Administration</b>
<b>Meaning</b>	Management is an art of getting things done through others by directing their efforts towards achievement of pre-determined goals.	It is concerned with formulation of broad objectives, plans & policies.
<b>Nature</b>	Management is an executing function.	Administration is a decision-making function.
<b>Process</b>	Management decides who should do it & how should he do it.	Administration decides what is to be done & when it is to be done.
<b>Function</b>	Management is a doing function because managers get work done under their supervision.	Administration is a thinking function because plans & policies are determined under it.
<b>Skills</b>	Technical and Human skills	Conceptual and Human skills
<b>Level</b>	Middle & lower level function	Top level function

**On the Basis of Usage: -**

<b>Basis</b>	<b>Management</b>	<b>Administration</b>
<b>Applicability</b>	It is applicable to business concerns i.e. profit-making organization.	It is applicable to non-business concerns i.e. clubs, schools, hospitals etc.
<b>Influence</b>	The management decisions are influenced by the values, opinions, beliefs & decisions of the managers.	The administration is influenced by public opinion, govt. policies, religious organizations, customs etc.
<b>Status</b>	Management constitutes the employees of the organization who are paid remuneration (in the form of salaries & wages).	Administration represents owners of the enterprise who earn return on their capital invested & profits in the form of dividend.

## **EVOLUTION OF MANAGEMENT THOUGHT**

The practice of management is as old as human civilization. The ancient civilizations of Egypt (the great pyramids), Greece (leadership and war tactics of Alexander the great) and Rome displayed the marvelous results of good management practices.

The origin of management as a discipline was developed in the late 19<sup>th</sup> century. Over time, management thinkers have sought ways to organize and classify the voluminous information about management that has been collected and disseminated. These attempts at classification have resulted in the identification of management approaches. The approaches of management are theoretical frameworks for the study of management. Each of the approaches of management are based on somewhat different assumptions about human beings and the organizations for which they work.

The different approaches of management are

- a) Classical approach,
- b) Behavioral approach,
- c) Quantitative approach,
- d) Systems approach,
- e) Contingency approach.

The formal study of management is largely a twentieth-century phenomenon, and to some degree the relatively large number of management approaches reflects a lack of consensus among management scholars about basic questions of theory and practice.

### **a) THE CLASSICAL APPROACH:**

The classical approach is the oldest formal approach of management thought. Its roots pre-date the twentieth century. The classical approach of thought generally concerns ways to manage work and organizations more efficiently. Three areas of study that can be grouped under the classical approach are scientific management, administrative management, and bureaucratic management.

#### **(i) Scientific Management.**

Frederick Winslow Taylor is known as the father of scientific management. Scientific management (also called Taylorism or the Taylor system) is a theory of management that analyzes and synthesizes workflows, with the objective of improving labor productivity. In other words, Traditional rules of thumb are replaced by precise procedures developed after careful study of an individual at work.

#### **(ii) Administrative Management.**

Administrative management focuses on the management process and principles of management. In contrast to scientific management, which deals largely with jobs and work at the individual level of analysis, administrative management provides a more general theory of management. Henri Fayol is the major contributor to this approach of management thought.

#### **(iii) Bureaucratic Management.**

Bureaucratic management focuses on the ideal form of organization. Max Weber was the major contributor to bureaucratic management. Based on observation, Weber concluded that many early organizations were inefficiently managed, with decisions based on personal relationships and loyalty. He proposed that a form of organization, called a bureaucracy, characterized by division of labor, hierarchy, formalized rules, impersonality, and the selection and promotion of employees based on ability, would lead to more efficient management. Weber also contended that managers' authority in an organization should be based not on tradition or charisma but on the position held by managers in the organizational hierarchy.

### **b) THE BEHAVIORAL APPROACH:**

The behavioral approach of management thought developed, in part, because of perceived weaknesses in the assumptions of the classical approach. The classical approach emphasized efficiency, process, and principles. Some felt that this emphasis disregarded important aspects of organizational life, particularly as it related to human behavior. Thus, the behavioral approach focused on trying to understand the factors that affect human behavior at work.

**(i) Human Relations.**

The Hawthorne Experiments began in 1924 and continued through the early 1930s. A variety of researchers participated in the studies, including Elton Mayo. One of the major conclusions of the Hawthorne studies was that workers' attitudes are associated with productivity. Another was that the workplace is a social system and informal group influence could exert a powerful effect on individual behavior. A third was that the style of supervision is an important factor in increasing workers' job satisfaction.

**(ii) Behavioral Science.**

Behavioral science and the study of organizational behavior emerged in the 1950s and 1960s. The behavioral science approach was a natural progression of the human relations movement. It focused on applying conceptual and analytical tools to the problem of understanding and predicting behavior in the workplace.

The behavioral science approach has contributed to the study of management through its focus on personality, attitudes, values, motivation, group behavior, leadership, communication, and conflict, among other issues.

**c) THE QUANTITATIVE APPROACH:**

The quantitative approach focuses on improving decision making via the application of quantitative techniques. Its roots can be traced back to scientific management.

**(i) Management Science (Operations Research)**

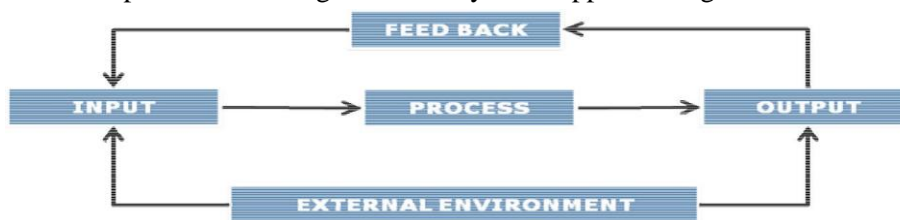
Management science (also called operations research) uses mathematical and statistical approaches to solve management problems. It developed during World War II as strategists tried to apply scientific knowledge and methods to the complex problems of war. Industry began to apply management science after the war. The advent of the computer made many management science tools and concepts more practical for industry

**(ii) Production And Operations Management.**

This approach focuses on the operation and control of the production process that transforms resources into finished goods and services. It has its roots in scientific management but became an identifiable area of management study after World War II. It uses many of the tools of management science. Operations management emphasizes productivity and quality of both manufacturing and service organizations. W. Edwards Deming exerted a tremendous influence in shaping modern ideas about improving productivity and quality. Major areas of study within operations management include capacity planning, facilities location, facilities layout, materials requirement planning, scheduling, purchasing and inventory control, quality control, computer integrated manufacturing, just-in-time inventory systems, and flexible manufacturing systems.

**d) SYSTEMS APPROACH:**

The simplified block diagram of the systems approach is given below.



The systems approach focuses on understanding the organization as an open system that transforms inputs into outputs. The systems approach began to have a strong impact on management thought in the 1960s as a way of thinking about managing techniques that would allow managers to relate different specialties and parts of the company to one another, as well as to external environmental factors. The systems approach focuses on the organization as a whole, its interaction with the environment, and its need to achieve equilibrium

#### **e) CONTINGENCY APPROACH:**

The contingency approach focuses on applying management principles and processes as dictated by the unique characteristics of each situation. It emphasizes that there is no one best way to manage and that it depends on various situational factors, such as the external environment, technology, organizational characteristics, characteristics of the manager, and characteristics of the subordinates. Contingency theorists often implicitly or explicitly criticize the classical approach for its emphasis on the universality of management principles; however, most classical writers recognized the need to consider aspects of the situation when applying management principles.

#### **f) Quality School of Management**

The Quality School of Management (also known as Total Quality Management, TQM) is a fairly recent and comprehensive model for leading and operating an organization. The prime focus is on continually improving performance by focusing on customers while addressing the needs of all stakeholders. In other words, this concept focuses on managing the entire organization to deliver high quality to customers.

The quality school of management considers the following in its theory:

- **Quality of the Company's Output:** Focus on providing goods and services that satisfy the customer requirements, which is presumed to be a key to organizational survival and growth.
- **Organizational Structure:** Every organization is made up of complex systems of customers and suppliers and every individual will need to function as both a supplier and a customer.
- **Group Dynamics:** Organization should foster an environment of working in groups. Management should recognize and nurture harmony and efficiency in these groups, which are the catalysts for planning and problem solving.
- **Continuous Improvement:** Constantly review the company's policies and processes. This will lead to specialization and ultimately better outcomes.
- **Transparency and Trust:** Connect with employees at all levels and create a culture of trust and stability.

### **CONTRIBUTION OF FAYOL AND TAYLOR**

F.W. Taylor and Henry Fayol are generally regarded as the founders of scientific management and administrative management and both provided the bases for science and art of management.

#### **Taylor's Scientific Management**

Frederick Winslow Taylor well-known as the founder of scientific management was the first to recognize and emphasize the need for adopting a scientific approach to the task of managing an enterprise. He tried to diagnose the causes of low efficiency in industry and came to the conclusion that much of waste and inefficiency is due to the lack of order and system in the methods of management. He found that the management was usually ignorant of the amount of work that could be done by a worker in a day as also the best method of doing the job. As a result, it remained largely at the mercy of the workers who deliberately shirked work. He therefore, suggested that those responsible for management should adopt a scientific approach in their work, and make use of "scientific method" for achieving higher efficiency. The scientific method consists essentially of

- (a) Observation
- (b) Measurement
- (c) Experimentation and
- (d) Inference.

He advocated a thorough planning of the job by the management and emphasized the necessity of perfect understanding and co-operation between the management and the workers both for the enlargement of profits and the use of scientific investigation and knowledge in industrial work. He summed up his approach in these

words:

- Science, not rule of thumb
- Harmony, not discord
- Co-operation, not individualism
- Maximum output, in place of restricted output
- The development of each man to his greatest efficiency and prosperity.

**Elements of Scientific Management:** The techniques which Taylor regarded as its essential elements or features may be classified as under:

1. Scientific Task and Rate-setting, work improvement, etc.
2. Planning the Task.
3. Vocational Selection and Training
4. Standardization (of working conditions, material equipment etc.)
5. Specialization
6. Mental Revolution.

1. **Scientific Task and Rate-Setting (work study):** Work study may be defined as the systematic, objective and critical examination of all the factors governing the operational efficiency of any specified activity in order to effect improvement.

Work study includes.

(a) **Methods Study:** The management should try to ensure that the plant is laid out in the best manner and is equipped with the best tools and machinery. The possibilities of eliminating or combining certain operations may be studied.

(b) **Motion Study:** It is a study of the movement, of an operator (or even of a machine) in performing an operation with the purpose of eliminating useless motions.

(c) **Time Study (work measurement):** The basic purpose of time study is to determine the proper time for performing the operation. Such study may be conducted after the motion study. Both time study and motion study help in determining the best method of doing a job and the standard time allowed for it.

(d) **Fatigue Study:** If, a standard task is set without providing for measures to eliminate fatigue, it may either be beyond the workers or the workers may over strain themselves to attain it. It is necessary, therefore, to regulate the working hours and provide for rest pauses at scientifically determined intervals.

(e) **Rate-setting:** Taylor recommended the differential piece wage system, under which workers performing the standard task within prescribed time are paid a much higher rate per unit than inefficient workers who are not able to come up to the standard set.

2. **Planning the Task:** Having set the task which an average worker must strive to perform to get wages at the higher piece-rate, necessary steps have to be taken to plan the production thoroughly so that there is no bottlenecks and the work goes on systematically.

3. **Selection and Training:** Scientific Management requires a radical change in the methods and procedures of selecting workers. It is therefore necessary to entrust the task of selection to a central personnel department. The procedure of selection will also have to be systematised. Proper attention has also to be devoted to the training of the workers in the correct methods of work.

4. **Standardization:** Standardization may be introduced in respect of the following.

(a) **Tools and equipment:** By standardization is meant the process of bringing about uniformity. The management must select and store standard tools and implements which will be nearly the best or the best of their kind.

(b) **Speed:** There is usually an optimum speed for every machine. If it is exceeded, it is likely to result in damage to machinery.

(c) **Conditions of Work:** To attain standard performance, the maintenance of standard conditions of

ventilation, heating, cooling, humidity, floor space, safety etc., is very essential.

(d) **Materials:** The efficiency of a worker depends on the quality of materials and the method of handling materials.

5. **Specialization:** Scientific management will not be complete without the introduction of specialization. Under this plan, the two functions of 'planning' and 'doing' are separated in the organization of the plant. The 'functional foremen' are specialists who join their heads to give thought to the planning of the performance of operations in the workshop. Taylor suggested

eight functional foremen under his scheme of functional foremanship.

(a) **The Route Clerk:** To lay down the sequence of operations and instruct the workers concerned about it.

(b) **The Instruction Card Clerk:** To prepare detailed instructions regarding different aspects of work.

(c) **The Time and Cost Clerk:** To send all information relating to their pay to the workers and to secure proper returns of work from them.

(d) **The Shop Disciplinarian:** To deal with cases of breach of discipline and absenteeism.

(e) **The Gang Boss:** To assemble and set up tools and machines and to teach the workers to make all their personal motions in the quickest and best way.

(f) **The Speed Boss:** To ensure that machines are run at their best speeds and proper tools are used by the workers.

(g) **The Repair Boss:** To ensure that each worker keeps his machine in good order and maintains cleanliness around him and his machines.

(h) **The Inspector:** To show to the worker how to do the work.

6. **Mental Revolution:** At present, industry is divided into two groups – management and labour. The major problem between these two groups is the division of surplus. The management wants the maximum possible share of the surplus as profit; the workers want, as large share in the form of wages. Taylor has in mind the enormous gain that arises from higher productivity. Such gains can be shared both by the management and workers in the form of increased profits and increased wages.

### **Henry Fayol's 14 Principles of Management:**

The principles of management are given below:

1. **Division of work:** Division of work or specialization alone can give maximum productivity and efficiency. Both technical and managerial activities can be performed in the best manner only through division of labour and specialization.

2. **Authority and Responsibility:** The right to give order is called authority. The obligation to accomplish is called responsibility. Authority and Responsibility are the two sides of the management coin. They exist together. They are complementary and mutually interdependent.

3. **Discipline:** The objectives, rules and regulations, the policies and procedures must be honoured by each member of an organization. There must be clear and fair agreement on the rules and objectives, on the policies and procedures. There must be penalties (punishment) for non-obedience or indiscipline. No organization can work smoothly without discipline - preferably voluntary discipline.

4. **Unity of Command:** In order to avoid any possible confusion and conflict, each member of an organization must receive orders and instructions only from one superior (boss).

5. **Unity of Direction:** All members of an organization must work together to accomplish common objectives.

6. **Emphasis on Subordination of Personal Interest to General or Common Interest:** This is also called principle of co-operation. Each shall work for all and all for each. General or common interest must be supreme in any joint enterprise.

7. **Remuneration:** Fair pay with non-financial rewards can act as the best incentive or motivator for good performance. Exploitation of employees in any manner must be eliminated. Sound scheme of remuneration

includes adequate financial and nonfinancial incentives.

8. **Centralization:** There must be a good balance between centralization and decentralization of authority and power. Extreme centralization and decentralization must be avoided.

9. **Scalar Chain:** The unity of command brings about a chain or hierarchy of command linking all members of the organization from the top to the bottom. Scalar denotes steps.

10. **Order:** Fayol suggested that there is a place for everything. Order or system alone can create a sound organization and efficient management.

11. **Equity:** An organization consists of a group of people involved in joint effort. Hence, equity (i.e., justice) must be there. Without equity, we cannot have sustained and adequate joint collaboration.

12. **Stability of Tenure:** A person needs time to adjust himself with the new work and demonstrate efficiency in due course. Hence, employees and managers must have job security. Security of income and employment is a pre-requisite of sound organization and management.

13. **Esprit of Co-operation:** Esprit de corps is the foundation of a sound organization. Union is strength. But unity demands co-operation. Pride, loyalty and sense of belonging are responsible for good performance.

14. **Initiative:** Creative thinking and capacity to take initiative can give us sound managerial planning and execution of predetermined plans. -

### **Max Weber**

Max Weber contributed the theory of bureaucracy to the management thought. He used the word; bureaucracy to the specific kind of administrative organization whose characteristics are given below; Max Weber's main contribution to management is his theory of authority structure and his description of organizations based on the nature of authority relations within them. It was Weber's contention that there are three types of legitimate authority which run as follows:

Rational legal authority- Obedience is owed to a legally established position or rank within the hierarchy of a business, military unit, government, and so on.

Traditional authority- People obey a person because he belongs to certain class or occupies a position traditionally recognized as possessing authority, such as a royal family.

Charismatic authority- Obedience is based on the followers' belief that a person has some special power or appeal.

### **Characteristics of Bureaucracy**

A bureaucratic organization shows the following characteristics:

**Division of work-** There is a high degree of division of work at both the operative and administrative levels.

**Hierarchy of positions-** There is a hierarchy of authority in the organization. Each lower position is under the control of a higher one. Thus, there is unity of command.

**Rules and regulations-** The rules, regulations and procedures are clearly laid down by the top administration.

**Impersonal conduct-** There is impersonality of relationships among the organizational members. The decisions are entirely guided by rules and

regulations and are totally impersonal. There is no room for emotions and sentiments in this type of structure

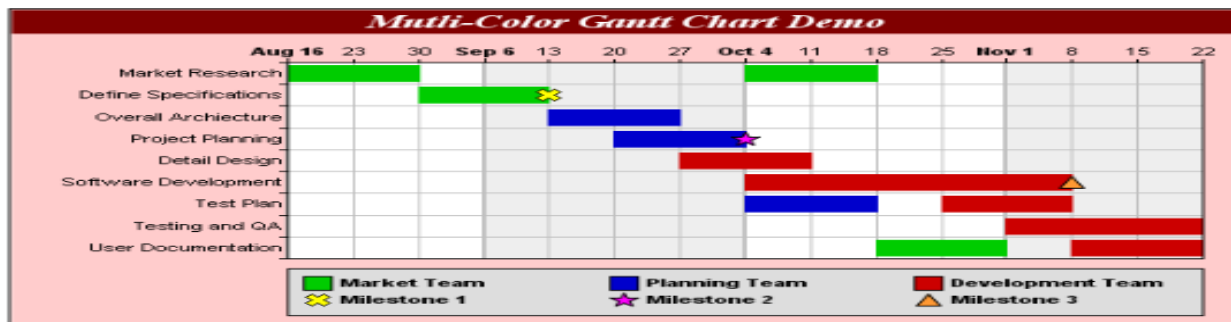
**Staffing-** The personnel are employed by a contractual relationship between the employee and employer. The employees get salary every month which is based on the job they handle and also the length of service.

**Technical competence-** The bureaucrats are neither elected nor inherited, but they are appointed through selection. Promotions in bureaucracies are also based on technical qualifications and performance

**Official records:** The decisions and activities of the organization are formally recorded and preserved safely for future reference. This is made possible by extensive filing system. The official records are considered as the encyclopedia of various activities performed by the organization. The filing system makes the organization independent of individuals. The official records serve as the memory of the organization.

### **Henry Gantt**

Henry Gantt, an associate of Taylor, developed the Gantt Chart, a bar graph that measures planned and completed work along with each stage of production. This visual display chart has been a widely used control and planning tool since its development in 1910. Following is a sample of Gantt Chart.



### Frank Gilbreth

Frank Gilbreth and his wife, Lillian Moller Gilbreth further improvised on Taylor's time studies, devising "motion studies" by photographing the individual movements of each worker. They carefully analyzed the motions and eliminated unnecessary ones. These motion studies were preceded by timing each task, so the studies were called "time and motion studies."

Applying time and motion studies to bricklaying, the Gilbreths devised a way for workers to lay bricks that eliminated wasted motion and raised their productivity from 1,000 bricks per day to 2,700 bricks per day.

### Elton Mayo and Hawthorne Studies

Elton Mayo and Hugo Munsterberg are considered pioneers of this school. The most important contribution to this school of thought was made by Elton Mayo and his associates through Hawthorne plant of the Western Electric Company between 1927 and 1932.

Following are the findings of Mayo and his colleagues from Hawthorne studies:

- Human/social element operated in the workplace and productivity increases were as much an outgrowth of group dynamics as of managerial demands and physical factors.
- Social factors might be as powerful a determinant of worker-productivity as were financial motives.
- Management with an understanding of human behavior, particularly group behavior serves an enterprise through interpersonal skills such as motivating, counseling, leading and communicating – known as Hawthorne effect.
- Employees or workers are social beings, so it is very important to fit them into a social system, resulting in a complete socio-technical system in an organization.

### Chester Barnard and Social Systems Theory

One of the most important contributions to this school has been made by Chester I. Barnard. His classic treatise entitled "The Functions of the Executive", published in 1938, is considered by some management scholars as one of the most influential books published in the entire field of management. Like Fayol, Barnard based his theories and approach to management on the basis of his first-hand experience as a top-level executive.

Fundamentals of System Approach:

- All organizations are a co-operative system.
- As co-operative systems, organizations are a combination of complex physical, biological, personal and social components, which are in a specific systematic relationship by reason of the co-operation of two or more persons for at least one definite end.
- An employee's role and his co-operation are a strategic factor in achieving organizational objectives.

## UNIT – II

### PLANNING DEFINITION

According to Koontz O'Donnell - "Planning is an intellectual process, the conscious determination of courses of action, the basing of decisions on purpose, acts and considered estimates".

### NATURE AND PURPOSE OF PLANNING

#### Nature of Planning

1. **Planning is goal-oriented:** Every plan must contribute in some positive way towards the accomplishment of group objectives. Planning has no meaning without being related to goals.
2. **Primacy of Planning:** Planning is the first of the managerial functions. It precedes all other management functions.
3. **Pervasiveness of Planning:** Planning is found at all levels of management. Top management looks after strategic planning. Middle management is in charge of administrative planning. Lower management has to concentrate on operational planning.
4. **Efficiency, Economy and Accuracy:** Efficiency of plan is measured by its contribution to the objectives as economically as possible. Planning also focuses on accurate forecasts.
5. **Co-ordination:** Planning co-ordinates the what, who, how, where and why of planning. Without co-ordination of all activities, we cannot have united efforts.
6. **Limiting Factors:** A planner must recognize the limiting factors (money, manpower etc) and formulate plans in the light of these critical factors.
7. **Flexibility:** The process of planning should be adaptable to changing environmental conditions.
8. **Planning is an intellectual process:** The quality of planning will vary according to the quality of the mind of the manager.

#### PURPOSE OF PLANNING

As a managerial function planning is important due to the following reasons:-

1. **To manage by objectives:** All the activities of an organization are designed to achieve certain specified objectives. However, planning makes the objectives more concrete by focusing attention on them.
2. **To offset uncertainty and change:** Future is always full of uncertainties and changes. Planning foresees the future and makes the necessary provisions for it.
3. **To secure economy in operation:** Planning involves, the selection of most profitable course of action that would lead to the best result at the minimum costs.
4. **To help in co-ordination:** Co-ordination is, indeed, the essence of management, the planning is the base of it. Without planning it is not possible to co-ordinate the different activities of an organization.
5. **To make control effective:** The controlling function of management relates to the comparison of the planned performance with the actual performance. In the absence of plans, a management will have no standards for controlling other's performance.

6. **To increase organizational effectiveness:** Mere efficiency in the organization is not important; it should also lead to productivity and effectiveness. Planning enables the manager to measure the organizational effectiveness in the context of the stated objectives and take further actions in this direction.

### **FEATURES OF PLANNING**

- It is primary function of management.
- It is an intellectual process
- Focuses on determining the objectives
- Involves choice and decision making
- It is a continuous process
- It is a pervasive function`

### **CLASSIFICATION OF PLANNING**

On the basis of content

- Strategic Planning
  - It is the process of deciding on Long-term objectives of the organization.
  - It encompasses all the functional areas of business
- Tactical Planning
  - It involves conversion of detailed and specific plans into detailed and specific action plans.
  - It is the blue print for current action and it supports the strategic plans.

On the basis of time period

- Long term planning
  - Time frame beyond five years.
  - It specifies what the organization wants to become in long run.
  - It involves great deal of uncertainty.
- Intermediate term planning
  - Time frame between two and five years.
  - It is designed to implement long term plans.
- Short term planning
  - Time frame of one year or less.
  - It provide basis for day to day operations.

### **PLANNING PROCESS**

The various steps involved in planning are given below

#### **a) Perception of Opportunities:**

Although preceding actual planning and therefore not strictly a part of the planning process, awareness of an opportunity is the real starting point for planning. It includes a preliminary look at possible future opportunities and the ability to see them clearly and completely, knowledge of where we stand in the light of our strengths and weaknesses, an understanding of why we wish to solve uncertainties, and a vision of what we expect to gain. Setting realistic objectives depends on this awareness. Planning requires realistic diagnosis of the

opportunity situation.

**b) Establishing Objectives:**

The first step in planning itself is to establish objectives for the entire enterprise and then for each subordinate unit. Objectives specifying the results expected indicate the end points of what is to be done, where the primary emphasis is to be placed, and what is to be accomplished by the network of strategies, policies, procedures, rules, budgets and programs. Enterprise objectives should give direction to the nature of all major plans which, by reflecting these objectives, define the objectives of major departments. Major department objectives, in turn, control the objectives of subordinate departments, and so on down the line. The objectives of lesser departments will be better framed, however, if subdivision managers understand the overall enterprise objectives and the implied derivative goals and if they are given an opportunity to contribute their ideas to them and to the setting of their own goals.

**c) Considering the Planning Premises:**

Another logical step in planning is to establish, obtain agreement to utilize and disseminate critical planning premises. These are forecast data of a factual nature, applicable basic policies, and existing company plans. Premises, then, are planning assumptions - in other words, the expected environment of plans in operation. This step leads to one of the major principles of planning. The more individuals charged with planning understand and agree to utilize consistent planning premises, the more coordinated enterprise planning will be. Planning premises include far more than the usual basic forecasts of population, prices, costs, production, markets, and similar matters. Because the future environment of plans is so complex, it would not be profitable or realistic to make assumptions about every detail of the future environment of a plan. Since agreement to utilize a given set of premises is important to coordinate planning, it becomes a major responsibility of managers, starting with those at the top, to make sure that subordinate managers understand the premises upon which they are expected to plan. It is not unusual for chief executives in well-managed companies to force top managers with differing views, through group deliberation, to arrive at a set of major premises that all can accept.

**d) Identification of alternatives:**

Once the organizational objectives have been clearly stated and the planning premises have been developed, the manager should list as many available alternatives as possible for reaching those objectives. The focus of this step is to search for and examine alternative courses of action, especially those not immediately apparent. There is seldom a plan for which reasonable alternatives do not exist, and quite often an alternative that is not obvious proves to be the best. The more common problem is not finding alternatives, but reducing the number of alternatives so that the most promising may be analyzed. Even with mathematical techniques and the computer, there is a limit to the number of alternatives that may be examined. It is therefore usually necessary for the planner to reduce by preliminary examination the number of alternatives to those promising the most fruitful possibilities or by mathematically eliminating, through the process of approximation, the least promising ones.

**e) Evaluation of alternatives**

Having sought out alternative courses and examined their strong and weak points, the following step is to evaluate them by weighing the various factors in the light of premises and goals. One course may appear to be the most profitable but require a large cash outlay and a slow payback; another may be less profitable but involve less risk; still another may better suit the company in long-range objectives.

If the only objective were to examine profits in a certain business immediately, if the future were not uncertain, if cash position and capital availability were not worrisome, and if most factors could be reduced to definite data, this evaluation should be relatively easy. But typical planning is replete with uncertainties, problems of capital shortages, and intangible factors, and so evaluation is usually very difficult, even with relatively simple problems. A company may wish to enter a new product line primarily for purposes of prestige; the forecast of expected results may show a clear financial loss, but the question is still open as to whether the loss is worth the gain.

**f) Choice of alternative plans**

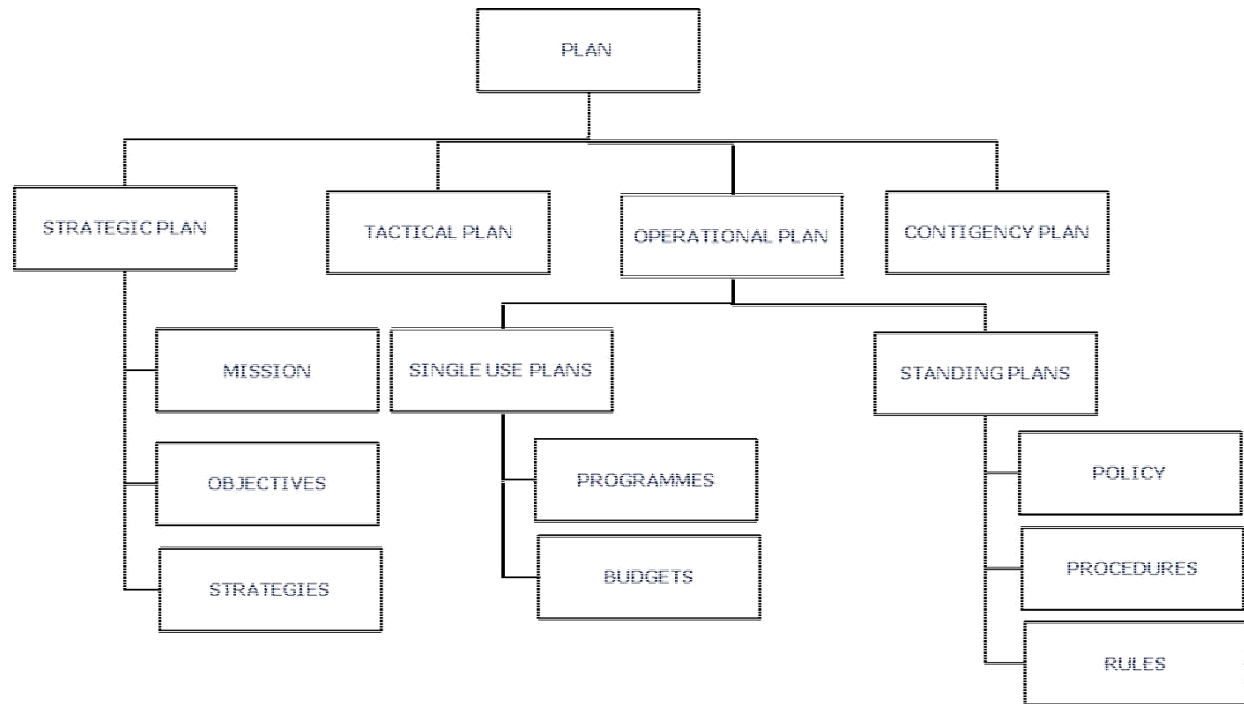
An evaluation of alternatives must include an evaluation of the premises on which the alternatives are based. A manager usually finds that some premises are unreasonable and can therefore be excluded from further consideration. This elimination process helps the manager determine which alternative would best accomplish organizational objectives.

**g) Formulating of Supporting Plans**

After decisions are made and plans are set, the final step to give them meaning is to numberize them by converting them to budgets. The overall budgets of an enterprise represent the sum total of income and expenses with resultant profit or surplus and budgets of major balance-sheet items such as cash and capital expenditures. Each department or program of a business or other enterprise can have its own budgets, usually of expenses and capital expenditures, which tie into the overall budget. If this process is done well, budgets become a means of adding together the various plans and also important standards against which planning progress can be measured.

**h) Establishing sequence of activities**

Once plans that furnish the organization with both long-range and short-range direction have been developed, they must be implemented. Obviously, the organization can not directly benefit from planning process until this step is performed.



## TYPES OF PLANS / COMPONENTS OF PLANNING

In the process of planning, several plans are prepared which are known as components of planning.

Plans can be broadly classified as

- a) Strategic plans
- b) Tactical plans
- c) Operational plans

Operational plans lead to the achievement of tactical plans, which in turn lead to the attainment of strategic plans. In addition to these three types of plans, managers should also develop a contingency plan in case their original plans fail.

### **a) Strategic plans:**

A strategic plan is an outline of steps designed with the goals of the entire organization as a whole in mind, rather than with the goals of specific divisions or departments. It is further classified as

#### **i) Mission:**

. The mission is a statement that reflects the basic purpose and focus of the organization which normally remain unchanged. The mission of the company is the answer of the question : why does the organization exists?

Properly crafted mission statements serve as filters to separate what is important from what is not, clearly state which markets will be served and how, and communicate a sense of intended direction to the entire organization.

Mission of Ford: –we are a global, diverse family with a proud inheritance, providing exceptional products and services.

**ii) Objectives or goals:**

Both goal and objective can be defined as statements that reflect the end towards which the organization is aiming to achieve. However, there are significant differences between the two. A goal is an abstract and general umbrella statement, under which specific objectives can be clustered. Objectives are statements that describe—in precise, measurable, and obtainable terms which reflect the desired organization's outcomes.

**iii) Strategies:**

Strategy is the determination of the basic long term objectives of an organization and the adoption of action and collection of action and allocation of resources necessary to achieve these goals.

Strategic planning begins with an organization's mission. Strategic plans look ahead over the next two, three, five, or even more years to move the organization from where it currently is to where it wants to be. Requiring multilevel involvement, these plans demand harmony among all levels of management within the organization. Top-level management develops the directional objectives for the entire organization, while lower levels of management develop compatible objectives and plans to achieve them. Top management's strategic plan for the entire organization becomes the framework and sets dimensions for the lower level planning.

**b) Tactical plans:**

A tactical plan is concerned with what the lower level units within each division must do, how they must do it, and who is in charge at each level. Tactics are the means needed to activate a strategy and make it work. Tactical plans are concerned with shorter time frames and narrower scopes than are strategic plans. These plans usually span one year or less because they are considered short-term goals. Long-term goals, on the other hand, can take several years or more to accomplish. Normally, it is the middle manager's responsibility to take the broad strategic plan and identify specific tactical actions.

**c) Operational plans**

The specific results expected from departments, work groups, and individuals are the operational goals. These goals are precise and measurable. –Process 150 sales applications each week or –Publish 20 books this quarter are examples of operational goals. An operational plan is one that a manager uses to accomplish his or her job responsibilities. Supervisors, team leaders, and facilitators develop operational plans to support tactical plans (see the next section). Operational plans can be a single-use plan or a standing plan.

**i) Single-use plans** apply to activities that do not recur or repeat. A one-time occurrence, such as a special sales program, is a single-use plan because it deals with the who, what, where, how, and how much of an activity.

- **Programme:** Programme consists of an ordered list of events to be followed to execute a project.
- **Budget:** A budget predicts sources and amounts of income and how much they are used for a specific project.

**ii) Standing plans** are usually made once and retain their value over a period of years while

undergoing periodic revisions and updates. The following are examples of ongoing plans:

- **Policy:** A policy provides a broad guideline for managers to follow when dealing with important areas of decision making. Policies are general statements that explain how a manager should attempt to handle routine management responsibilities. Typical human resources policies, for example, address such matters as employee hiring, terminations, performance appraisals, pay increases, and discipline.
- **Procedure:** A procedure is a set of step-by-step directions that explains how activities or tasks are to be carried out. Most organizations have procedures for purchasing supplies and equipment, for example. This procedure usually begins with a supervisor completing a purchasing requisition. The requisition is then sent to the next level of management for approval. The approved requisition is forwarded to the purchasing department. Depending on the amount of the request, the purchasing department may place an order, or they may need to secure quotations and/or bids for several vendors before placing the order. By defining the steps to be taken and the order in which they are to be done, procedures provide a standardized way of responding to a repetitive problem.
- **Rule:** A rule is an explicit statement that tells an employee what he or she can and cannot do. Rules are -do'll and -don't'll statements put into place to promote the safety of employees and the uniform treatment and behavior of employees. For example, rules about tardiness and absenteeism permit supervisors to make discipline decisions rapidly and with a high degree of fairness.

#### **d) Contingency plans**

Intelligent and successful management depends upon a constant pursuit of adaptation, flexibility, and mastery of changing conditions. Strong management requires a -keeping all options open' approach at all times - that's where contingency planning comes in. Contingency planning involves identifying alternative courses of action that can be implemented if and when the original plan proves inadequate because of changing circumstances. Keep in mind that events beyond a manager's control may cause even the most carefully prepared alternative futurescenarios to go awry. Unexpected problems and events frequently occur. When they do, managers may need to change their plans. Anticipating change during the planning process is best in case things don't go as expected. Management can then develop alternatives to the existing plan and ready them for use when and if circumstances make these alternatives appropriate.

### **OBJECTIVES**

Objectives may be defined as the goals which an organisation tries to achieve. Objectives are described as the end- points of planning. According to Koontz and O'Donnell, "an objective is a term commonly used to indicate the end point of a management programme." Objectives constitute the purpose of the enterprise and without them no intelligent planning can take place. Objectives are, therefore, the ends towards which the activities of the enterprise are aimed. They are present not only the end-point of planning but also the end towards which organizing, directing and controlling are aimed. Objectives provide direction to various activities. They also serve as the benchmark of measuring the efficiency and effectiveness of the enterprise. Objectives make every human activity purposeful. Planning has no meaning if it is not related to certain objectives.

### **Features of Objectives**

- The objectives must be predetermined.
- A clearly defined objective provides the clear direction for managerial effort.
- Objectives must be realistic.
- Objectives must be measurable.
- Objectives must have social sanction.
- All objectives are interconnected and mutually supportive.
- Objectives may be short-range, medium-range and long-range.
- Objectives may be constructed into a hierarchy.

### **Advantages of Objectives**

- Clear definition of objectives encourages unified planning.
- Objectives provide motivation to people in the organization.
- When the work is goal-oriented, unproductive tasks can be avoided.
- Objectives provide standards which aid in the control of human efforts in an organization.
- Objectives serve to identify the organization and to link it to the groups upon which its existence depends.
- Objectives act as a sound basis for developing administrative controls.
- Objectives contribute to the management process: they influence the purpose of the organization, policies, personnel, leadership as well as managerial control.

### **Process of Setting Objectives**

Objectives are the keystone of management planning. It is the most important task of management. Objectives are required to be set in every area which directly and vitally effects the survival and prosperity of the business. In the setting of objectives, the following points should be borne in mind.

- Objectives are required to be set by management in every area which directly and vitally affects the survival and prosperity of the business.
- The objectives to be set in various areas have to be identified.
- While setting the objectives, the past performance must be reviewed, since past performance indicates what the organization will be able to accomplish in future.
- The objectives should be set in realistic terms i.e., the objectives to be set should be reasonable and capable of attainment.
- Objectives must be consistent with one and other.
- Objectives must be set in clear-cut terms.
- For the successful accomplishment of the objectives, there should be effective communication.

### **MANAGEMENT BY OBJECTIVES (MBO)**

MBO was first popularized by Peter Drucker in 1954 in his book 'The practice of Management'. It is a process of agreeing within an organization so that management and employees buy into the objectives and understand what they are. It has a precise and written



#### 4) Appraising performance based on objective achievement

##### **1) Setting objectives:**

For Management by Objectives (MBO) to be effective, individual managers must understand the specific objectives of their job and how those objectives fit in with the overall company objectives set by the board of directors. The managers of the various units or sub-units, or sections of an organization should know not only the objectives of their unit but should also actively participate in setting these objectives and make responsibility for them. Management by Objective (MBO) systems, objectives are written down for each level of the organization, and individuals are given specific aims and targets. Managers need to identify and set objectives both for themselves, their units, and their organizations.

##### **2) Developing action plans**

Actions plans specify the actions needed to address each of the top organizational issues and to reach each of the associated goals, who will complete each action and according to what timeline. An overall, top-level action plan that depicts how each strategic goal will be reached is developed by the top level management. The format of the action plan depends on the objective of the organization.

##### **3) Reviewing Progress:**

Performance is measured in terms of results. Job performance is the net effect of an employee's effort as modified by abilities, role perceptions and results produced. Effort refers to the amount of energy an employee uses in performing a job. Abilities are personal characteristics used in performing a job and usually do not fluctuate widely over short periods of time. Role perception refers to the direction in which employees believe they should channel their efforts on their jobs, and they are defined by the activities and behaviors they believe are necessary.

##### **4) Performance appraisal:**

Performance appraisals communicate to employees how they are performing their jobs, and they establish a plan for improvement. Performance appraisals are extremely important to both employee and employer, as they are often used to provide predictive information related to possible promotion. Appraisals can also provide input for determining both individual and organizational training and development needs. Performance appraisals encourage performance improvement. Feedback on behavior, attitude, skill or knowledge clarifies for employees the job expectations their managers hold for them. In order to be effective, performance appraisals must be supported by documentation and management commitment.

#### **Advantages**

- Motivation - Involving employees in the whole process of goal setting and increasing employee empowerment. This increases employee job satisfaction and commitment.
- Better communication and Coordination - Frequent reviews and interactions between superiors and subordinates helps to maintain harmonious relationships within the organization and also to solve many problems.
- Clarity of goals
- Subordinates have a higher commitment to objectives they set themselves than those imposed on them by another person.

- Managers can ensure that objectives of the subordinates are linked to the organization's objectives.

### **Limitations**

There are several limitations to the assumptive base underlying the impact of managing by objectives, including:

- It over-emphasizes the setting of goals over the working of a plan as a driver of outcomes.
- It underemphasizes the importance of the environment or context in which the goals are set. That context includes everything from the availability and quality of resources, to relative buy-in by leadership and stake-holders.
- Companies evaluated their employees by comparing them with the "ideal" employee. Trait appraisal only looks at what employees should be, not at what they should do.

When this approach is not properly set, agreed and managed by organizations, self-centered employees might be prone to distort results, falsely representing achievement of targets that were set in a short-term, narrow fashion. In this case, managing by objectives would be counterproductive.

### **STRATEGIES**

The term 'Strategy' has been adapted from war and is being increasingly used in business to reflect broad overall objectives and policies of an enterprise. Literally speaking, the term 'Strategy' stands for the war-art of the military general, compelling the enemy to fight as per out chosen terms and conditions. According to Koontz and O' Donnell, "Strategies must often denote a general programme of action and deployment of emphasis and resources to attain comprehensive objectives". Strategies are plans made in the light of the plans of the competitors because a modern business institution operates in a competitive environment. They are a useful framework for guiding enterprise thinking and action. A perfect strategy can be built only on perfect knowledge of the plans of others in the industry. This may be done by the management of a firm putting itself in the place of a rival firm and trying to estimate their plans.

#### **Characteristics of Strategy**

- It is the right combination of different factors.
- It relates the business organization to the environment.
- It is an action to meet a particular challenge, to solve particular problems or to attain desired objectives.
- Strategy is a means to an end and not an end in itself.
- It is formulated at the top management level.
- It involves assumption of certain calculated risks.

#### **Strategic Planning Process / Strategic Formulation Process**

1. **Input to the Organization:** Various Inputs (People, Capital, Management and Technical skills, others) including goals input of claimants (Employees, Consumers, Suppliers,

- Stockholders, Government, Community and others) need to be elaborated.
2. **Industry Analysis:** Formulation of strategy requires the evaluation of the attractiveness of an industry by analyzing the external environment. The focus should be on the kind of compaction within an industry, the possibility of new firms entering the market, the availability of substitute products or services, the bargaining positions of the suppliers, and buyers or customers.
  3. **Enterprise Profile:** Enterprise profile is usually the starting point for determining where the company is and where it should go. Top managers determine the basic purpose of the enterprise and clarify the firm's geographic orientation.
  4. **Orientation, Values, and Vision of Executives:** The enterprise profile is shaped by people, especially executives, and their orientation and values are important for formulation the strategy. They set the organizational climate, and they determine the direction of the firm though their vision. Consequently, their values, their preferences, and their attitudes toward risk have to be carefully examined because they have an impact on the strategy.
  5. **Mission (Purpose), Major Objectives, and Strategic Intent:** Mission or Purpose is the answer to the question: What is our business? The major Objectives are the end points towards which the activates of the enterprise are directed. Strategic intent is the commitment (obsession) to win in the competitive environment, not only at the top-level but also throughout the organization.
  6. **Present and Future External Environment:** The present and future external environment must be assessed in terms of threats and opportunities.
  7. **Internal Environment:** Internal Environment should be audited and evaluated with respect to its resources and its weaknesses, and strengths in research and development, production, operation, procurement, marketing and products and services. Other internal factors include, human resources and financial resources as well as the company image, the organization structure and climate, the planning and control system, and relations with customers.
  8. **Development of Alternative Strategies:** Strategic alternatives are developed on the basis of an analysis of the external and internal environment. Strategies may be specialize or concentrate. Alternatively, a firm may diversify, extending the operation into new and profitable markets. Other examples of possible strategies are joint ventures, and strategic alliances which may be an appropriate strategy for some firms.
  9. **Evaluation and Choice of Strategies:** Strategic choices must be considered in the light of the risk involved in a particular decision. Some profitable opportunities may not be pursued because a failure in a risky venture could result in bankruptcy of the firm. Another critical element in choosing a strategy is timing. Even the best product may fail if it is introduced to the market at an inappropriate time.
  10. **Medium/Short Range Planning, Implementation through Reengineering the Organization Structure, Leadership and Control:** Implementation of the Strategy often requires reengineering the organization, staffing the organization structure and providing leadership. Controls must also be installed monitoring performance against plans.
  11. **Consistency Testing and Contingency Planning:** The last key aspect of the strategic planning process is the testing for consistency and preparing for contingency plans.

## **TYPES OF STRATEGIES**

According to Michel Porter, the strategies can be classified into three types. They are

- a) Cost leadership strategy
- b) Differentiation strategy
- c) Focus strategy

**a) Cost Leadership Strategy**

This generic strategy calls for being the low cost producer in an industry for a given level of quality. The firm sells its products either at average industry prices to earn a profit higher than that of rivals, or below the average industry prices to gain market share. In the event of a price war, the firm can maintain some profitability while the competition suffers losses. Even without a price war, as the industry matures and prices decline, the firms that can produce more cheaply will remain profitable for a longer period of time. The cost leadership strategy usually targets a broad market. Some of the ways that firms acquire cost advantages are by improving process efficiencies, gaining unique access to a large source of lower cost materials, making optimal outsourcing and vertical integration decisions, or avoiding some costs altogether. If competing firms are unable to lower their costs by a similar amount, the firm may be able to sustain a competitive advantage based on cost leadership.

Firms that succeed in cost leadership often have the following internal strengths:

- Access to the capital required to make a significant investment in production assets; this investment represents a barrier to entry that many firms may not overcome.
- Skill in designing products for efficient manufacturing, for example, having a small component count to shorten the assembly process.
- High level of expertise in manufacturing process engineering.
- Efficient distribution channels.

Each generic strategy has its risks, including the low-cost strategy. For example, other firms may be able to lower their costs as well. As technology improves, the competition may be able to leapfrog the production capabilities, thus eliminating the competitive advantage. Additionally, several firms following a focus strategy and targeting various narrow markets may be able to achieve an even lower cost within their segments and as a group gain significant market share.

**b) Differentiation Strategy**

A differentiation strategy calls for the development of a product or service that offers unique attributes that are valued by customers and that customers perceive to be better than or different from the products of the competition. The value added by the uniqueness of the product may allow the firm to charge a premium price for it. The firm hopes that the higher price will more than cover the extra costs incurred in offering the unique product. Because of the product's unique attributes, if suppliers increase their prices the firm may be able to pass along the costs to its customers who cannot find substitute products easily.

Firms that succeed in a differentiation strategy often have the following internal strengths:

- Access to leading scientific research.
- Highly skilled and creative product development team.
- Strong sales team with the ability to successfully communicate the perceived strengths of the product.
- Corporate reputation for quality and innovation.

The risks associated with a differentiation strategy include imitation by competitors and changes

in customer tastes. Additionally, various firms pursuing focus strategies may be able to achieve even greater differentiation in their market segments.

### **c) Focus Strategy**

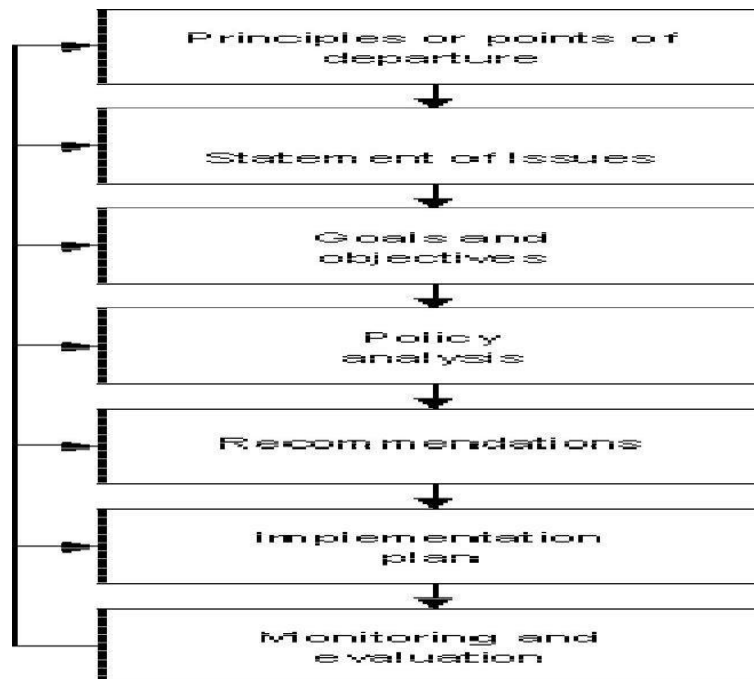
The focus strategy concentrates on a narrow segment and within that segment attempts to achieve either a cost advantage or differentiation. The premise is that the needs of the group can be better serviced by focusing entirely on it. A firm using a focus strategy often enjoys a high degree of customer loyalty, and this entrenched loyalty discourages other firms from competing directly. Because of their narrow market focus, firms pursuing a focus strategy have lower volumes and therefore less bargaining power with their suppliers. However, firms pursuing a differentiation-focused strategy may be able to pass higher costs on to customers since close substitute products do not exist. Firms that succeed in a focus strategy are able to tailor a broad range of product development strengths to a relatively narrow market segment that they know very well. Some risks of focus strategies include imitation and changes in the target segments. Furthermore, it may be fairly easy for a broad-market cost leader to adapt its product in order to compete directly. Finally, other focusers may be able to carve out sub-segments that they can serve even better.

### **A Combination of Generic Strategies**

These generic strategies are not necessarily compatible with one another. If a firm attempts to achieve an advantage on all fronts, in this attempt it may achieve no advantage at all. For example, if a firm differentiates itself by supplying very high quality products, it risks undermining that quality if it seeks to become a cost leader. Even if the quality did not suffer, the firm would risk projecting a confusing image. For this reason, Michael Porter argued that to be successful over the long-term, a firm must select only one of these three generic strategies. Otherwise, with more than one single generic strategy the firm will be "stuck in the middle" and will not achieve a competitive advantage. Porter argued that firms that are able to succeed at multiple strategies often do so by creating separate business units for each strategy. By separating the strategies into different units having different policies and even different cultures, a corporation is less likely to become "stuck in the middle." However, there exists a viewpoint that a single generic strategy is not always best because within the same product customers often seek multi-dimensional satisfactions such as a combination of quality, style, convenience, and price. There have been cases in which high quality producers faithfully followed a single strategy and then suffered greatly when another firm entered the market with a lower-quality product that better met the overall needs of the customers.

### **POLICIES**

**Policies** are general statements or understandings that guide managers' thinking in decision making. They usually do not require action but are intended to guide managers in their commitment to the decision they ultimately make.



The first step in the process of policy formulation, as shown in the diagram below, is to capture the values or principles that will guide the rest of the process and form the basis on which to produce a statement of issues. The statement of issues involves identifying the opportunities and constraints affecting the local housing market, and is to be produced by thoroughly analyzing the housing market. The kit provides the user with access to a housing data base to facilitate this analysis. The statement of issues will provide the basis for the formulation of a set of housing goals and objectives, designed to address the problems identified and to exploit the opportunities which present themselves.

The next step is to identify and analyze the various policy options which can be applied to achieve the set of goals and objectives. The options available to each local government will depend on local circumstances as much as the broader context and each local authority will have to develop its own unique approach to addressing the housing needs of its residents.

An implementation program for realizing the policy recommendations must then be prepared, addressing budgetary and programming requirements, and allocating roles and responsibilities. Finally, the implementation of the housing strategy needs to be systematically monitored and evaluated against the stated goals and objectives, and the various components of the strategy modified or strengthened, as required.

At each step of the way, each component of the strategy needs to be discussed and debated, and a public consultation process engaged in. The extent of consultation and the participants involved will vary with each step.

### **Essentials of Policy Formulation**

The essentials of policy formation may be listed as below:

- A policy should be definite, positive and clear. It should be understood by everyone in the organization.

- A policy should be translatable into the practices.
- A policy should be flexible and at the same time have a high degree of permanency.
- A policy should be formulated to cover all reasonable anticipatable conditions.
- A policy should be founded upon facts and sound judgment.
- A policy should conform to economic principles, statutes and regulations.
- A policy should be a general statement of the established rule.

### **Importance of Policies**

Policies are useful for the following reasons:

- They provide guides to thinking and action and provide support to the subordinates.
- They delimit the area within which a decision is to be made.
- They save time and effort by pre-deciding problems and
- They permit delegation of authority to managers at the lower levels.

### **DECISION MAKING**

The word decision has been derived from the Latin word "decidere" which means "cutting off". Thus, decision involves cutting off of alternatives between those that are desirable and those that are not desirable.

In the words of George R. Terry, "Decision-making is the selection based on some criteria from two or more possible alternatives".

#### **Characteristics of Decision Making**

- Decision making implies that there are various alternatives and the most desirable alternative is chosen to solve the problem or to arrive at expected results.
- The decision-maker has freedom to choose an alternative.
- Decision-making may not be completely rational but may be judgemental and emotional.
- Decision-making is goal-oriented.
- Decision-making is a mental or intellectual process because the final decision is made by the decision-maker.
- A decision may be expressed in words or may be implied from behaviour.
- Choosing from among the alternative courses of operation implies uncertainty about the final result of each possible course of operation.
- Decision making is rational. It is taken only after a thorough analysis and reasoning and weighing the consequences of the various alternatives.

### **TYPES OF DECISIONS**

**a) Programmed and Non-Programmed Decisions:** Herbert Simon has grouped organizational decisions into two categories based on the procedure followed. They are:

- i) Programmed decisions:** Programmed decisions are routine and repetitive and are made within the framework of organizational policies and rules. These policies and rules are established well in advance to solve recurring problems in the organization. Programmed decisions have short-run impact. They are, generally, taken at the lower level of

management.

ii) **Non-Programmed Decisions:** Non-programmed decisions are decisions taken to meet non-repetitive problems. Non-programmed decisions are relevant for solving unique/unusual problems in which various alternatives cannot be decided in advance. A common feature of non-programmed decisions is that they are novel and non-recurring and therefore, readymade solutions are not available. Since these decisions are of high importance and have long-term consequences, they are made by top level management.

**b) Strategic and Tactical Decisions:** Organizational decisions may also be classified as strategic or tactical.

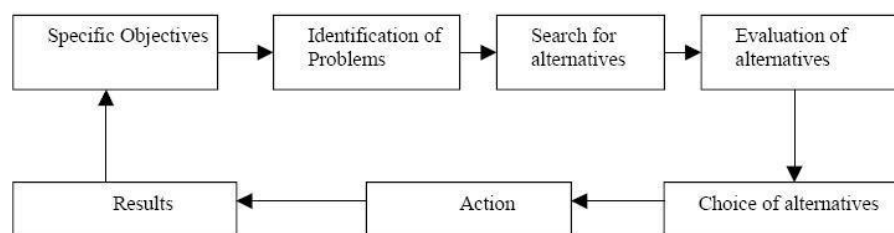
i) **Strategic Decisions:** Basic decisions or strategic decisions are decisions which are of crucial importance. Strategic decisions a major choice of actions concerning allocation of resources and contribution to the achievement of organizational objectives. Decisions like plant location, product diversification, entering into new markets, selection of channels of distribution, capital expenditure etc are examples of basic or strategic decisions.

ii) **Tactical Decisions:** Routine decisions or tactical decisions are decisions which are routine and repetitive. They are derived out of strategic decisions. The various features of a tactical decision are as follows:

- Tactical decision relates to day-to-day operation of the organization and has to be taken very frequently.
- Tactical decision is mostly a programmed one. Therefore, the decision can be made within the context of these variables.
- The outcome of tactical decision is of short-term nature and affects a narrow part of the organization.
- The authority for making tactical decisions can be delegated to lower level managers because: first, the impact of tactical decision is narrow and of short-term nature and Second, by delegating authority for such decisions to lower-level managers, higher level managers are free to devote more time on strategic decisions.

## DECISION MAKING PROCESS

The decision making process is presented in the figure below:



**1. Specific Objective:** The need for decision making arises in order to achieve certain specific objectives. The starting point in any analysis of decision making involves the determination of whether a decision needs to be made.

**2. Problem Identification:** A problem is a felt need, a question which needs a solution. In the words of Joseph L Massie "A good decision is dependent upon the recognition of the right problem". The objective of problem identification is that if the problem is precisely and specifically identifies, it will provide a clue in finding a possible solution. A problem can be identified clearly, if managers go through diagnosis and analysis of the problem.

**Diagnosis:** Diagnosis is the process of identifying a problem from its signs and symptoms. A symptom is a condition or set of conditions that indicates the existence of a problem. Diagnosing the real problem implies knowing the gap between what is and what ought to be, identifying the reasons for the gap and understanding the problem in relation to higher objectives of the organization.

**Analysis:** Diagnosis gives rise to analysis. Analysis of a problem requires:

- Who would make decision?
- What information would be needed?
- From where the information is available?

Analysis helps managers to gain an insight into the problem.

**3. Search for Alternatives:** A problem can be solved in several ways; however, all the ways cannot be equally satisfying. Therefore, the decision maker must try to find out the various alternatives available in order to get the most satisfactory result of a decision. A decision maker can use several sources for identifying alternatives:

- His own past experiences
- Practices followed by others and
- Using creative techniques.

**4. Evaluation of Alternatives:** After the various alternatives are identified, the next step is to evaluate them and select the one that will meet the choice criteria. /the decision maker must check proposed alternatives against limits, and if an alternative does not meet them, he can discard it. Having narrowed down the alternatives which require serious consideration, the decision maker will go for evaluating how each alternative may contribute towards the objective supposed to be achieved by implementing the decision.

**5. Choice of Alternative:** The evaluation of various alternatives presents a clear picture as to how each one of them contribute to the objectives under question. A comparison is made among the likely outcomes of various alternatives and the best one is chosen.

**6. Action:** Once the alternative is selected, it is put into action. The actual process of decision making ends with the choice of an alternative through which the objectives can be achieved.

**7. Results:** When the decision is put into action, it brings certain results. These results must correspond with objectives, the starting point of decision process, if good decision has been made and implemented properly. Thus, results provide indication whether decision making and its implementation is proper.

### Characteristics of Effective Decisions

An effective decision is one which should contain three aspects. These aspects are given below:

- **Action Orientation:** Decisions are action-oriented and are directed towards relevant and controllable aspects of the environment. Decisions should ultimately find their utility in implementation.
- **Goal Direction:** Decision making should be goal-directed to enable the organization to meet its objectives.

- **Effective in Implementation:** Decision making should take into account all the possible factors not only in terms of external context but also in internal context so that a decision can be implemented properly.

### **RATIONAL DECISION MAKING MODEL**

The Rational Decision Making Model is a model which emerges from Organizational Behavior. The process is one that is logical and follows the orderly path from problem identification through solution. It provides a structured and sequenced approach to decision making. Using such an approach can help to ensure discipline and consistency is built into your decision making process.

#### **The Six-Step Rational Decision-Making Model**

1. Define the problem.
2. Identify decision criteria
3. Weight the criteria
4. Generate alternatives
5. Rate each alternative on each criterion
6. Compute the optimal decision

##### **1) Defining the problem**

This is the initial step of the rational decision making process. First the problem is identified and then defined to get a clear view of the situation.

##### **2) Identify decision criteria**

Once a decision maker has defined the problem, he or she needs to identify the decision criteria that will be important in solving the problem. In this step, the decision maker is determining what's relevant in making the decision. This step brings the decision maker's interests, values, and personal preferences into the process. Identifying criteria is important because what one person thinks is relevant, another may not. Also keep in mind that any factors not identified in this step are considered as irrelevant to the decision maker.

##### **3) Weight the criteria**

The decision-maker weights the previously identified criteria in order to give them correct priority in the decision.

##### **4) Generate alternatives**

The decision maker generates possible alternatives that could succeed in resolving the problem. No attempt is made in this step to appraise these alternatives, only to list them.

##### **5) Rate each alternative on each criterion**

The decision maker must critically analyze and evaluate each one. The strengths and weakness of each alternative become evident as they compared with the criteria and weights established in second and third steps.

##### **6) Compute the optimal decision**

Evaluating each alternative against the weighted criteria and selecting the alternative with the highest total score.

### **DECISION MAKING UNDER VARIOUS CONDITIONS**

The conditions for making decisions can be divided into three types. Namely a) Certainty, b) Uncertainty and c) Risk

Virtually all decisions are made in an environment to at least some uncertainty However; the degree will vary from relative certainty to great uncertainty. There are certain risks involved in making decisions.

#### **a) Certainty:**

In a situation involving certainty, people are reasonably sure about what will happen when they make a decision. The information is available and is considered to be reliable, and the cause and effect relationships are known.

#### **b) Uncertainty**

In a situation of uncertainty, on the other hand, people have only a meager database, they do not know whether or not the data are reliable, and they are very unsure about whether or not the situation may change.

Moreover, they cannot evaluate the interactions of the different variables. For example, a corporation that decides to expand its Operation to an unfamiliar country may know little about the country, culture, laws, economic environment, and politics. The political situation may be volatile that even experts cannot predict a possible change in government.

#### **c) Risk**

In a situation with risks, factual information may exist, but it may be incomplete. To improve decision making One may estimate the objective probability of an outcome by using, for example, mathematical models On the other hand, subjective probability, based on judgment and experience may be used

All intelligent decision makers dealing with uncertainty like to know the degree and nature of the risk they are taking in choosing a course of action. One of the deficiencies in using the traditional approaches of operations research for problem solving is that many of the data used in model are merely estimates and others are based on probabilities. The ordinary practice is to have staff specialists come up with best estimates.

Virtually every decision is based on the interaction of a number of important variables, many of which has an element of uncertainty but, perhaps, a fairly high degree of probability. Thus, the wisdom of launching a new product might depend on a number of critical variables: the cost of introducing the product, the cost of producing it, the capital investment that will be required, the price that can be set for the product, the size of the potential market, and the share of the total market that it will represent.

### **ORGANIZING**

According to Koontz and O'Donnell, "Organization involves the grouping of activities necessary to accomplish goals and plans, the assignment of these activities to appropriate departments and the provision of authority, delegation and co-ordination." Organization involves division of work among people whose efforts must be co-ordinated to achieve specific objectives and to implement pre-determined strategies.

## NATURE OR CHARACTERISTICS OF ORGANIZING

From the study of the various definitions given by different management experts we get the following information about the characteristics or nature of organization,

(1) **Division of Work:** Division of work is the basis of an organization. In other words, there can be no organization without division of work. Under division of work the entire work of business is divided into many departments. The work of every department is further sub-divided into sub-works. In this way each individual has to do the same work repeatedly which gradually makes that person an expert.

(2) **Coordination:** Under organizing different persons are assigned different works but the aim of all these persons happens to be the same - the attainment of the objectives of the enterprise. Organization ensures that the work of all the persons depends on each other's work even though it happens to be different. The work of one person starts from where the work of another person ends. The non-completion of the work of one person affects the work of everybody. Therefore, everybody completes his work in time and does not hinder the work of others. It is thus, clear that it is in the nature of an organization to establish coordination among different works, departments and posts in the enterprise.

(3) **Plurality of Persons:** Organization is a group of many persons who assemble to fulfill a common purpose. A single individual cannot create an organization.

(4) **Common Objectives:** There are various parts of an organization with different functions to perform but all move in the direction of achieving a general objective.

(5) **Well-defined Authority and Responsibility:** Under organization a chain is established between different posts right from the top to the bottom. It is clearly specified as to what will be the authority and responsibility of every post. In other words, every individual working in the organization is given some authority for the efficient work performance and it is also decided simultaneously as to what will be the responsibility of that individual in case of unsatisfactory work performance.

(6) **Organization is a Structure of Relationship:** Relationship between persons working on different posts in the organization is decided. In other words, it is decided as to who will be the superior and who will be the subordinate. Leaving the top level post and the lowest level post everybody is somebody's superior and somebody's subordinate. The person working on the top level post has no superior and the person working on the lowest level post has no subordinate.

(7) **Organization is a Machine of Management:** Organization is considered to be a machine of management because the efficiency of all the functions depends on an effective organization. In the absence of organization no function can be performed in a planned manner. It is appropriate to call organization a machine of management from another point of view. It is that machine in which no part can afford to be ill-fitting or non-functional. In other words, if the division of work is not done properly or posts are not created correctly the whole system of management collapses.

(8) **Organization is a Universal Process:** Organization is needed both in business and non-business organizations. Not only this, organization will be needed where two or more than two people work jointly. Therefore, organization has the quality of universality. (9) **Organization is a Dynamic Process:** Organization is related to people and the knowledge and experience of the people undergo a change. The impact of this change affects the various functions of the organizations. Thus, organization is not a process that can be decided for all times to come but it undergoes changes according to the needs. The example in this case can be the creation or

abolition of a new post according to the need.

### **IMPORTANCE OR ADVANTAGES OF ORGANIZING**

Organization is an instrument that defines relations among different people which helps them to understand as in who happens to be their superior and who is their subordinate. This information helps in fixing responsibility and developing coordination. In such circumstances the objectives of the organization can be easily achieved. That is why, it is said that Organization is a mechanism of management. In addition to that it helps in the other functions of management like planning, staffing, leading, controlling, etc. The importance of organization or its merits becomes clear from the following facts,

**(1) Increase In Managerial Efficiency:** A good and balanced organization helps the managers to increase their efficiency. Managers, through the medium of organization, make a proper distribution of the whole work among different people according to their ability.

**(2) Proper Utilization of Resources:** Through the medium of organization optimum utilization of all the available human and material resources of an enterprise becomes possible. Work is allotted to every individual according to his ability and capacity and conditions are created to enable him to utilize his ability to the maximum extent. For example, if an employee possesses the knowledge of modern machinery but the modern machinery is not available in the organization, in that case, efforts are made to make available the modern machinery.

**(3) Sound Communication Possible:** Communication is essential for taking the right decision at the right time. However, the establishment of a good communication system is possible only through an organization. In an organization the time of communication is decided so that all the useful information reaches the officers concerned which, in turn, helps the decision-making.

**(4) Facilitates Coordination:** In order to attain successfully the objectives of the organization, coordination among various activities in the organization is essential. Organization is the only medium which makes coordination possible. Under organization the division of work is made in such a manner as to make all the activities complementary to each other increasing their inter-dependence. Inter-dependence gives rise to the establishment of relations which, in turn, increases coordination.

**(5) Increase in Specialization:** Under organization the whole work is divided into different parts. Competent persons are appointed to handle all the sub-works and by handling a particular work repeatedly they become specialists. This enables them to have maximum work performance in the minimum time while the organization gets the benefit of specialization.

**(6) Helpful in Expansion:** A good organization helps the enterprise in facing competition. When an enterprise starts making available good quality product at cheap rates, it increases the demand for its products. In order to meet the increasing demand for its products an organization has to expand its business. On the other hand, a good organization has an element of flexibility which far from impeding the expansion work encourages it.

### **ORGANIZING PROCESS**

Organization is the process of establishing relationship among the members of the enterprise. The relationships are created in terms of authority and responsibility. To organize is to harmonize, coordinate or arrange in a logical and orderly manner. Each member in the organization is assigned a specific responsibility or duty to perform and is granted the

corresponding authority to perform his duty. The managerial function of organizing consists in making a rational division of work into groups of activities and tying together the positions representing grouping of activities so as to achieve a rational, well coordinated and orderly structure for the accomplishment of work. According to Louis A Allen, "Organizing involves identification and grouping the activities to be performed and dividing them among the individuals and creating authority and responsibility relationships among them for the accomplishment of organizational objectives." The various steps involved in this process are:



**a) Determination of Objectives:**

It is the first step in building up an organization. Organization is always related to certain objectives. Therefore, it is essential for the management to identify the objectives before starting any activity. Organization structure is built on the basis of the objectives of the enterprise. That means, the structure of the organization can be determined by the management only after knowing the objectives to be accomplished through the organization. This step helps the management not only in framing the organization structure but also in achieving the enterprise objectives with minimum cost and efforts. Determination of objectives will consist in deciding as to why the proposed organization is to be set up and, therefore, what will be the nature of the work to be accomplished through the organization.

**b) Enumeration of Objectives:**

If the members of the group are to pool their efforts effectively, there must be proper division of the major activities. The first step in organizing group effort is the division of the total job into essential activities. Each job should be properly classified and grouped. This will enable the people to know what is expected of them as members of the group and will help in avoiding duplication of efforts. For example, the work of an industrial concern may be divided into the following major functions - production, financing, personnel, sales, purchase, etc.

**c) Classification of Activities:**

The next step will be to classify activities according to similarities and common purposes and functions and taking the human and material resources into account. Then, closely related and similar activities are grouped into divisions and departments and the departmental activities are further divided into sections.

#### **d) Assignment of Duties:**

Here, specific job assignments are made to different subordinates for ensuring a certainty of work performance. Each individual should be given a specific job to do according to his ability and made responsible for that. He should also be given the adequate authority to do the job assigned to him. In the words of Kimball and Kimball - "Organization embraces the duties of designating the departments and the personnel that are to carry on the work, defining their functions and specifying the relations that are to exist between department and individuals."

#### **e) Delegation of Authority:**

Since so many individuals work in the same organization, it is the responsibility of management to lay down structure of relationship in the organization. Authority without responsibility is a dangerous thing and similarly responsibility without authority is an empty vessel. Everybody should clearly know to whom he is accountable; corresponding to the responsibility authority is delegated to the subordinates for enabling them to show work performance. This will help in the smooth working of the enterprise by facilitating delegation of responsibility and authority.

### **ORGANIZATION STRUCTURE**

An organization structure is a framework that allots a particular space for a particular department or an individual and shows its relationship to the other. An organization structure shows the authority and responsibility relationships between the various positions in the organization by showing who reports to whom. It is an established pattern of relationship among the components of the organization.

March and Simon have stated that-"Organization structure consists simply of those aspects of pattern of behavior in the organization that are relatively stable and change only slowly." The structure of an organization is generally shown on an organization chart. It shows the authority and responsibility relationships between various positions in the organization while designing the organization structure, due attention should be given to the principles of sound organization.

#### **Significance of Organization Structure**

- Properly designed organization can help improve teamwork and productivity by providing a framework within which the people can work together most effectively.
- Organization structure determines the location of decision-making in the organization.
- Sound organization structure stimulates creative thinking and initiative among organizational members by providing well defined patterns of authority.
- A sound organization structure facilitates growth of enterprise by increasing its capacity to handle increased level of authority.
- Organization structure provides the pattern of communication and coordination.
- The organization structure helps a member to know what his role is and how it relates to other roles.

### **PRINCIPLES OF ORGANIZATION STRUCTURE**

Modern organizational structures have evolved from several organizational theories, which have identified certain principles as basic to any organization structure.

#### **a) Line and Staff Relationships:**

Line authority refers to the scalar chain, or to the superior-subordinate linkages, that extend throughout the hierarchy (Koontz, O'Donnell and Weihrich). Line employees are responsible for achieving the basic or strategic objectives of the organization, while staff plays a supporting role to line employees and provides services. The relationship between line and staff is crucial in organizational structure, design and efficiency. It is also an important aid to information processing and coordination.

**b) Departmentalization:**

Departmentalization is a process of horizontal clustering of different types of functions and activities on any one level of the hierarchy. Departmentalization is conventionally based on purpose, product, process, function, personal things and place.

**c) Span of Control:**

This refers to the number of specialized activities or individuals supervised by one person. Deciding the span of control is important for coordinating different types of activities effectively.

**d) De-centralization and Centralization:**

De-centralization refers to decision making at lower levels in the hierarchy of authority. In contrast, decision making in a centralized type of organizational structure is at higher levels.

The degree of centralization and de-centralization depends on the number of levels of hierarchy, degree of coordination, specialization and span of control.

Every organizational structure contains both centralization and de-centralization, but to varying degrees. The extent of this can be determined by identifying how much of the decision making is concentrated at the top and how much is delegated to lower levels. Modern organizational structures show a strong tendency towards de-centralization.

## **LINE AND STAFF AUTHORITY**

In an organization, the line authority flows from top to bottom and the staff authority is exercised by the specialists over the line managers who advise them on important matters. These specialists stand ready with their specialty to serve line managers as and when their services are called for, to collect information and to give help which will enable the line officials to carry out their activities better. The staff officers do not have any power of command in the organization as they are employed to provide expert advice to the line officers. The 'line' maintains discipline and stability; the 'staff' provides expert information. The line gets out the production, the staff carries on the research, planning, scheduling, establishing of standards and recording of performance. The authority by which the staff performs these functions is delegated by the line and the performance must be acceptable to the line before action is taken. The following figure depicts the line and staff authority:

### **Types of Staff**

The staff position established as a measure of support for the line managers may take the following forms:

1. **Personal Staff:** Here the staff official is attached as a personal assistant or adviser to the line manager. For example, Assistant to managing director.
2. **Specialized Staff:** Such staff acts as the fountainhead of expertise in specialized areas like R &D, personnel, accounting etc.

3. **General Staff:** This category of staff consists of a set of experts in different areas who are meant to advise and assist the top management on matters called for expertise. For example, Financial advisor, technical advisor etc.

#### **Features of line and staff organization**

- Under this system, there are line officers who have authority and command over the subordinates and are accountable for the tasks entrusted to them. The staff officers are specialists who offer expert advice to the line officers to perform their tasks efficiently.
- Under this system, the staff officers prepare the plans and give advice to the line officers and the line officers execute the plan with the help of workers.
- The line and staff organization is based on the principle of specialization.

#### **Advantages**

- It brings expert knowledge to bear upon management and operating problems. Thus, the line managers get the benefit of specialized knowledge of staff specialists at various levels.
- The expert advice and guidance given by the staff officers to the line officers benefit the entire organization.
- As the staff officers look after the detailed analysis of each important managerial activity, it relieves the line managers of the botheration of concentrating on specialized functions.
- Staff specialists help the line managers in taking better decisions by providing expert advice. Therefore, there will be sound managerial decisions under this system.
- It makes possible the principle of undivided responsibility and authority, and at the same time permits staff specialization. Thus, the organization takes advantage of functional organization while maintaining the unity of command.
- It is based upon planned specialization.
- Line and staff organization has greater flexibility, in the sense that new specialized activities can be added to the line activities without disturbing the line procedure.

#### **Disadvantages**

- Unless the duties and responsibilities of the staff members are clearly indicated by charts and manuals, there may be considerable confusion throughout the organization as to the functions and positions of staff members with relation to the line supervisors.
- There is generally a conflict between the line and staff executives. The line managers feel that staff specialists do not always give right type of advice, and staff officials generally complain that their advice is not properly attended to.
- Line managers sometimes may resent the activities of staff members, feeling that prestige and influence of line managers suffer from the presence of the specialists.
- The staff experts may be ineffective because they do not get the authority to implement their recommendations.
- This type of organization requires the appointment of large number of staff officers or experts in addition to the line officers. As a result, this system becomes quite expensive.
- Although expert information and advice are available, they reach the workers through the officers and thus run the risk of misunderstanding and misinterpretation
- Since staff managers are not accountable for the results, they may not be performing their

duties well.

- Line managers deal with problems in a more practical manner. But staff officials who are specialists in their fields tend to be more theoretical. This may hamper coordination in the organization.

## **DEPARTMENTATION BY DIFFERENT STRATEGIES**

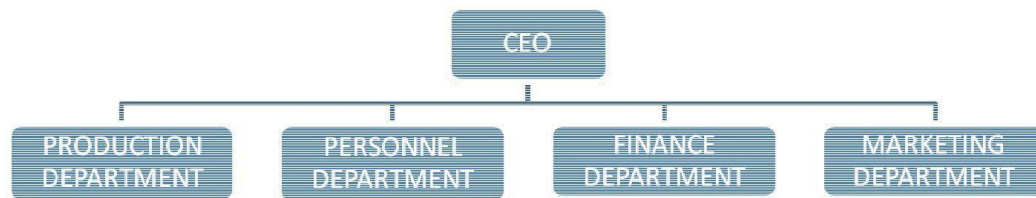
DEPARTMENTATION refers to the process of grouping activities into departments. Departmentation is the process of grouping of work activities into departments, divisions, and other homogenous units.

### Key Factors in Departmentation

- It should facilitate control.
- It should ensure proper coordination.
- It should take into consideration the benefits of specialization.
- It should not result in excess cost.
- It should give due consideration to Human Aspects.

Departmentation takes place in various patterns like departmentation by functions, products, customers, geographic location, process, and its combinations.

### **a) FUNCTIONAL DEPARTMENTATION**



Functional departmentation is the process of grouping activities by functions performed. Activities can be grouped according to function (work being done) to pursue economies of scale by placing employees with shared skills and knowledge into departments for example human resources, finance, production, and marketing. Functional departmentation can be used in all types of organizations.

### Advantages:

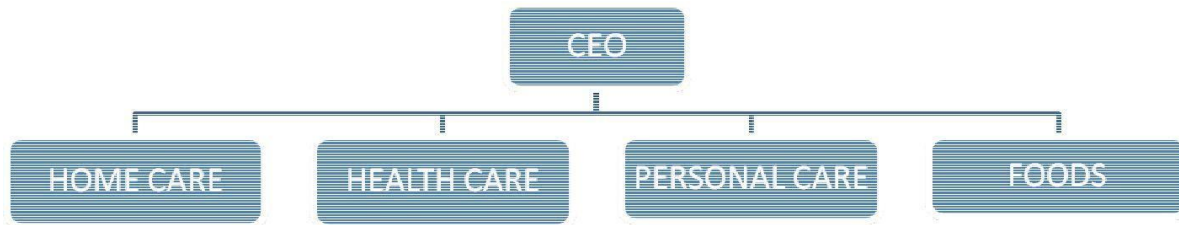
- Advantage of specialization
- Easy control over functions
- Pinpointing training needs of manager
- It is very simple process of grouping activities.

### Disadvantages:

- Lack of responsibility for the end result

- Overspecialization or lack of general management
- It leads to increase conflicts and coordination problems among departments.

## b) PRODUCT DEPARTMENTATION



Product departmentation is the process of grouping activities by product line. Tasks can also be grouped according to a specific product or service, thus placing all activities related to the product or the service under one manager. Each major product area in the corporation is under the authority of a senior manager who is specialist in, and is responsible for, everything related to the product line. Dabur India Limited is the India's largest Ayurvedic medicine manufacturer is an example of company that uses product departmentation. Its structure is based on its varied product lines which include Home care, Health care, Personal care and Foods.

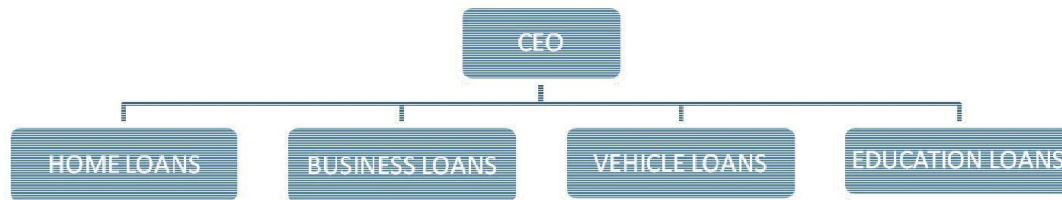
### **Advantages**

- It ensures better customer service
- Unprofitable products may be easily determined
- It assists in development of all around managerial talent
- Makes control effective
- It is flexible and new product line can be added easily.

### Disadvantages

- It is expensive as duplication of service functions occurs in various product divisions
- Customers and dealers have to deal with different persons for complaint and information of different products.

### c) CUSTOMER DEPARTMENTATION



Customer departmentation is the process of grouping activities on the basis of common customers or types of customers. Jobs may be grouped according to the type of customer served by the organization. The assumption is that customers in each department have a common set of problems and needs that can best be met by specialists. UCO is the one of the largest commercial banks of India is an example of company that uses customer departmentation. Its structure is based on various services which includes Home loans, Business loans, Vehicle loans and Educational loans.

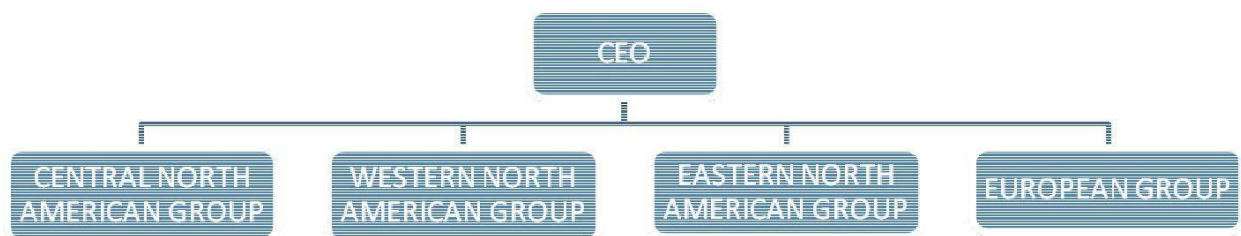
### Advantages

- It focused on customers who are ultimate suppliers of money
- Better service to customer having different needs and tastes
- Development in general managerial skills

### Disadvantages

- Sales being the exclusive field of its application, co-ordination may appear difficult between sales function and other enterprise functions.
- Specialized sales staff may become idle with the downward movement of sales to any specified group of customers.

### d) GEOGRAPHIC DEPARTMENTATION



Geographic departmentation is the process of grouping activities on the basis of territory. If an organization's customers are geographically dispersed, it can group jobs based on geography. For example, the organization structure of Coca-Cola Ltd has reflected the company's operation in various geographic areas such as Central North American group, Western North American group, Eastern North American group and European group

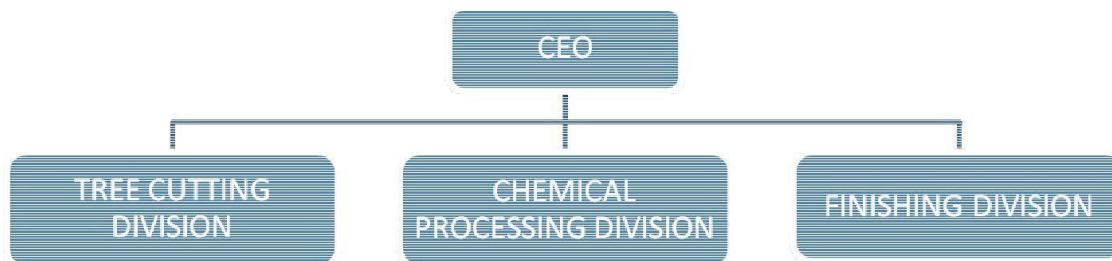
#### Advantages

- Help to cater to the needs of local people more satisfactorily.
- It facilitates effective control
- Assists in development of all-round managerial skills

#### Disadvantages

- Communication problem between head office and regional office due to lack of means of communication at some location
- Coordination between various divisions may become difficult.
- Distance between policy framers and executors
- It leads to duplication of activities which may cost higher.

#### e) PROCESS DEPARTMENTATION



#### Departmentation by process: -

##### Advantages

- Oriented towards end result.
- Professional identification is maintained.
- Pinpoints product-profit responsibility.

##### Disadvantage

- Conflict in organization authority exists.
- Possibility of disunity of command.
- Requires managers effective in human relation

#### f) MARTIX DEPARTMENTATION

In actual practice, no single pattern of grouping activities is applied in the organization structure with all its levels. Different bases are used in different segments of the enterprise. Composite or hybrid method forms the common basis for classifying activities rather than one particular method. One of the mixed forms of organization is referred to as matrix or grid organization's. According to the situations, the patterns of Organizing varies from case to case. The form of structure must reflect the tasks, goals and technology if the organizations the type of people employed and the environmental conditions that it faces. It is not unusual to see firms that utilize the function and project organization combination. The same is true for process and project as well as other combinations. For instance, a large hospital could have an accounting department, surgery department, marketing department, and a satellite center project team that make up its organizational structure.

#### **Advantages**

- Efficiently manage large, complex tasks
- Effectively carry out large, complex tasks

#### **Disadvantages**

- Requires high levels of coordination
- Conflict between bosses
- Requires high levels of management skills

### **SPAN OF CONTROL**

Span of Control means the number of subordinates that can be managed efficiently and effectively by a superior in an organization. It suggests how the relations are designed between a superior and a subordinate in an organization.

#### **Factors Affecting Span of control:**

- a) Capacity of Superior:  
Different ability and capacity of leadership, communication affect management of subordinates.
- b) Capacity of Subordinates:  
Efficient and trained subordinates affects the degree of span of management.
- c) Nature of Work:  
Different types of work require different patterns of management.
- d) Degree of Centralization or Decentralization:  
Degree of centralization or decentralization affects the span of management by affecting the degree of involvement of the superior in decision making.
- e) Degree of Planning:  
Plans which can provide rules, procedures in doing the work higher would be the degree of span of management.
- f) Communication Techniques:  
Pattern of communication, its means, and media affect the time requirement in managing subordinates and consequently span of management.
- g) Use of Staff Assistance:  
Use of Staff assistance in reducing the work load of managers enables them to manage

more number of subordinates.

h) Supervision of others:

If subordinate receives supervision form several other personnel besides his direct supervisor. In such a case, the work load of direct superior is reduced and he cansupervise more number of persons.

**Span of control is of two types:**

**1. Narrow span of control:** Narrow Span of control means a single manager or supervisor oversees few subordinates. This gives rise to a tall organizational structure.

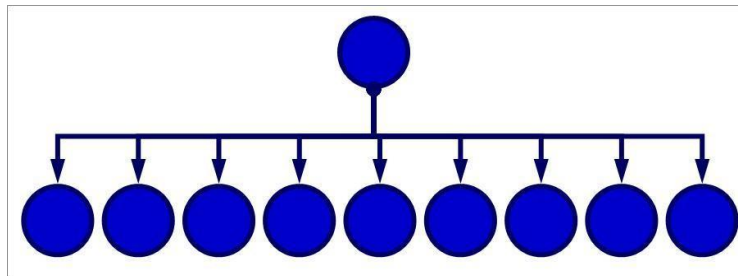
**Advantages:**

- Close supervision
- Close control of subordinates
- Fast communication

**Disadvantages:**

- Too much control
- Many levels of management
- High costs
- Excessive distance between lowest level and highest level

**2. Wide span of control:** Wide span of control means a single manager or supervisor oversees a large number of subordinates. This gives rise to a flat organizational structure.



**Advantages:**

- More Delegation of Authority
- Development of Managers
- Clear policies

**Disadvantages:**

- Overloaded supervisors
- Danger of superiors loss of control
- Requirement of highly trained managerial personnel
- Block in decision making

**CENTRALIZATION AND DECENTRALIZATION**

**CENTRALIZATION:**

It is the process of transferring and assigning decision-making authority to higher levels of an organizational hierarchy. The span of control of top managers is relatively broad, and there are relatively many tiers in the organization.

### **Characteristics**

- Philosophy / emphasis on: top-down control, leadership, vision, strategy.
- Decision-making: strong, authoritarian, visionary, charismatic.
- Organizational change: shaped by top, vision of leader.
- Execution: decisive, fast, coordinated. Able to respond quickly to major issues and changes.
- Uniformity. Low risk of dissent or conflicts between parts of the organization.

### **Advantages of Centralization**

- Provide Power and prestige for manager
- Promote uniformity of policies, practices and decisions
- Minimal extensive controlling procedures and practices
- Minimize duplication of function

### **Disadvantages of Centralization**

- Neglected functions for mid. Level, and less motivated beside personnel.
- Nursing supervisor functions as a link officer between nursing director and first-line management.

### **DECENTRALIZATION:**

It is the process of transferring and assigning decision-making authority to lower levels of an organizational hierarchy. The span of control of top managers is relatively small, and there are relatively few tears in the organization, because there is more autonomy in the lower ranks.

### **Characteristics**

- Philosophy / emphasis on: bottom-up, political, cultural and learning dynamics.
- Decision-making: democratic, participative, detailed.
- Organizational change: emerging from interactions, organizational dynamics.
- Execution: evolutionary, emergent. Flexible to adapt to minor issues and changes.
- Participation, accountability. Low risk of not-invented-here behavior.

### **Three Forms of decentralization**

- **De-concentration.** The weakest form of decentralization. Decision making authority is redistributed to lower or regional levels of the same central organization.
- **Delegation.** A more extensive form of decentralization. Through delegation the responsibility for decision-making are transferred to semi-autonomous organizations not wholly controlled by the central organization, but ultimately accountable to it.
- **Devolution.** A third type of decentralization is devolution. The authority for decision-making is transferred completely to autonomous organizational units.

### **Advantages of Decentralization**

- Raise morale and promote interpersonal relationships
- Relieve from the daily administration
- Bring decision-making close to action

- Develop Second-line managers
- Promote employee's enthusiasm and coordination
- Facilitate actions by lower-level managers

#### **Disadvantages of Decentralization**

- Top-level administration may feel it would decrease their status
- Managers may not permit full and maximum utilization of highly qualified personnel
- Increased costs. It requires more managers and large staff
- It may lead to overlapping and duplication of effort

Centralization and Decentralization are two opposite ways to transfer decision-making power and to change the organizational structure of organizations accordingly. There must be a good balance between centralization and decentralization of authority and power. Extreme centralization and decentralization must be avoided.

### **DELEGATION OF AUTHORITY**

A manager alone cannot perform all the tasks assigned to him. In order to meet the targets, the manager should delegate authority. Delegation of Authority means division of authority and powers downwards to the subordinate. Delegation is about entrusting someone else to do parts of your job. Delegation of authority can be defined as subdivision and sub-allocation of powers to the subordinates in order to achieve effective results.

#### **Elements of Delegation**

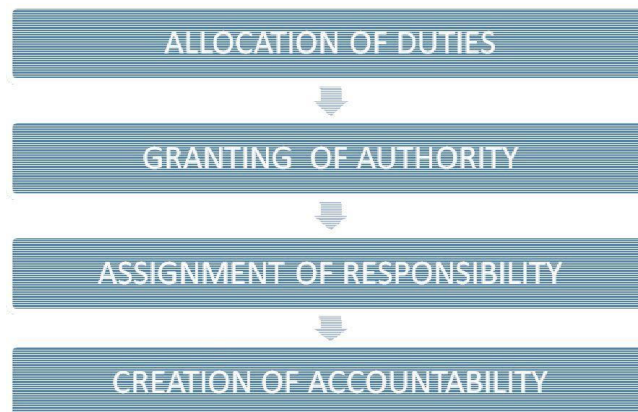
1. **Authority** - in context of a business organization, authority can be defined as the power and right of a person to use and allocate the resources efficiently, to take decisions and to give orders so as to achieve the organizational objectives. Authority must be well- defined. All people who have the authority should know what is the scope of their authority is and they shouldn't misutilize it. Authority is the right to give commands, orders and get the things done. The top level management has greatest authority. Authority always flows from top to bottom. It explains how a superior gets work done from his subordinate by clearly explaining what is expected of him and how he should go about it. Authority should be accompanied

with an equal amount of responsibility. Delegating the authority to someone else doesn't imply escaping from accountability. Accountability still rest with the person having the utmost authority.

2. **Responsibility** - is the duty of the person to complete the task assigned to him. A person who is given the responsibility should ensure that he accomplishes the tasks assigned to him. If the tasks for which he was held responsible are not completed, then he should not give explanations or excuses. Responsibility without adequate authority leads to discontent and dissatisfaction among the person. Responsibility flows from bottom to top. The middle level and lower level management holds more responsibility. The person held responsible for a job is answerable for it. If he performs the tasks assigned as expected, he is bound for praises. While if he doesn't accomplish tasks assigned as expected, then also he is answerable for that.
3. **Accountability** - means giving explanations for any variance in the actual performance from the expectations set. Accountability cannot be delegated. For example, if 'A' is given a task with sufficient authority, and 'A' delegates this task to B and asks him to ensure that task is done well, responsibility rest with 'B', but accountability still rest with 'A'. The top level management is most accountable. Being accountable means being innovative as the person will think beyond his scope of job. Accountability ,in short, means being answerable for the end result. Accountability can't be escaped. It arises from responsibility.

### **DELEGATION PROCESS**

The steps involved in delegation are given below



1. **Allocation of duties** - The delegator first tries to define the task and duties to the subordinate. He also has to define the result expected from the subordinates. Clarity of duty as well as result expected has to be the first step in delegation.
2. **Granting of authority** - Subdivision of authority takes place when a superior divides and shares his authority with the subordinate. It is for this reason; every subordinate should be given enough independence to carry the task given to him by his superiors. The managers at all levels delegate authority and power which is attached to their job positions. The subdivision of powers is very important to get effective results.
3. **Assigning of Responsibility and Accountability** - The delegation process does not end once powers are granted to the subordinates. They at the same time have to be obligatory towards the duties assigned to them. Responsibility is said to be the factor or obligation of an individual to carry out his duties in best of his ability as per the

directions of superior. Therefore, it is that which gives effectiveness to authority. At the same time, responsibility is absolute and cannot be shifted.

4. **Creation of accountability** - Accountability, on the other hand, is the obligation of the individual to carry out his duties as per the standards of performance. Therefore, it is said that authority is delegated, responsibility is created and accountability is imposed. Accountability arises out of responsibility and responsibility arises out of authority. Therefore, it becomes important that with every authority position an equal and opposite responsibility should be attached.

Therefore every manager, i.e., the delegator has to follow a system to finish up the delegation process. Equally important is the delegatee's role which means his responsibility and accountability is attached with the authority over to here.

### **Impact of Technology on Organizational Design**

Towards the end of the twentieth century, the rapid changes with the impact of developments in information technologies led to the emergence of customer satisfaction-based, learning, knowledge-based, and constantly changing organizations. The fact that organizations have become considerably information-based and benefit from information technologies intensively in their activities and processes has made also the changes in their organizational structures mandatory. Accordingly, the effects of information technologies on organizational structure will be summarized under the subtitles of differentiation, centralization, and standardization/formalization, which are the three main components of organizational structure.

#### **Effects of information technologies on differentiation**

Differentiation within an organization occurs in three ways: Specialization/division of labor, horizontal and vertical differentiation, and hierarchy and size. Specialization refers to the amount of different expertise or types of work. Specialization generally increases the number of subunits and makes it harder to understand the larger structure that people contribute to with their skills and expertise. Information technologies have the potential to reduce this tendency by providing more access to information and experts at this point. In this way, access to information resources provides synergy.

Vertical and horizontal differentiation refers to the amount of hierarchical levels in an organization. Information technologies, with the support of problem solving and decision-making, lead to the emergence of more flattened organizational structures as they require fewer levels within the hierarchy. Since information technologies give employees in lower positions more autonomy to harmonize their activities, this can allow them to find and try better methods while performing their work. In this context, we can increasingly see that organizational structures have become horizontal and strengthened and that virtual organizations have begun to emerge as the most cost-effective structure.

#### **Effects of information technologies on centralization**

Centralization points to the extent to which decision-making power within an organization is scattered or centered. Due to increasing local and global competition, many companies have

started to leave their strategic decision-making task further down the organization to benefit from the expert people with more precise and timely local knowledge. Information technologies affect these efforts directly in two ways. Firstly, information technologies increase local knowledge by contributing to obtaining closer information about market trends, opportunities, and customers. Secondly, information technologies can create synergies for organizations because, thanks to information technologies, communication and coordination between distributed decision makers, central planners, and senior managers can be realized more effectively and efficiently. Information technologies facilitate the use and transmission of information by all levels and units in the organization, it enables top management, which is the decision authority, to be disabled in certain areas and the decentralization of control.

information technologies allow both centralization and decentralization. Combined concepts of centralization and decentralization and used the term “federated organization” in which organizations do not have to choose either because information technologies simultaneously allow centralization-decentralization.

### **Effects of information technologies on standardization/formalization**

Formalization is the process of detailing how activities are coordinated for organizational purposes in order for employees and organizational units to respond routinely to recurring situations. Formalization involves rules, instructions, shared values, and norms. In fact, formalization is based on the objective of more efficiency and less uncertainty.

Information technologies provide the ability to reduce the negative effects of formalization by facilitating the documenting and retrieving of information on organizational occurrences and endeavors that make behaviors and processes more consistent through formalization. The more information technologies assist in reducing search times and preventing downtime, the more the administrative cost of formalization decreases and the productivity increases, which ultimately benefits the path to innovation.

### **Organizational structure and organization culture**

Different organizational structures lead to the development of different cultural values. The fact that the structure which an organization has established to control its activities and is defined as a formal system consisting of duties and authority relations is mechanical or organic causes the emergence of completely different cultural values, rules, and norms. While mechanical structures are vertical, highly centralized, and almost everything in them are standardized, organic structures are horizontal, decentralized, and based on mutual adaptation. People feel relatively less autonomous in vertical and centralized organizations, and being careful, obeying the upper authority, and respecting traditions are among the desired behaviors. Therefore, in a mechanical organizational structure, there are cultural values where predictability and stability are important. In contrast, in horizontal and decentralized organizations, people can freely choose their own activities and control them. Creativity, courage, and risk-taking are given importance as desired behaviors. Therefore, organic structures contribute to the formation of cultures that value innovation and flexibility.

Organizational structure is also important for the development of cultural values that support integration and coordination. In a structure with stable task and role relations, sharing of rules

and norms is more since there will be no communication problems and the information flow will be fast. In organizations where the sharing of cultural values, norms, and rules is at a high level, the level of performance also increases. Particularly in team or matrix structures where face-to-face communication is intense, the sharing of these cultural values and common reactions to the problems develop more rapidly.

Whether an organization is centralized or not causes different cultural values to emerge. In decentralized structures, authority is divided into subordinate levels, and an environment is created for the formation of cultural values in which creativity and innovation are rewarded. Employees are allowed to use the organization's resources and work in projects that they want, by spending some of their time in these projects, thus contributing to the production of innovative and creative products and services. The structures of such organizations constitute the cultural values that give their employees the message "as long as it is in the interest of the organization, it is okay to do things in an innovative and the way you want."

Conversely, in some organizations, it may be more important for employees not to decide on their own and all activities to be followed and controlled by their superiors. In such cases, a centralized structure is preferred to create cultural values that will ensure accountability and obedience]. Through norms and rules, all employees are expected to behave honestly and consistently and inform their superiors about wrongs or mistakes, because this is the only acceptable form of behavior within these structures.

#### Information technologies and organization culture

Since working on the factors that determine the consequences of the adoption and use of information technologies, researchers have focused on people's beliefs, values, assumptions, and codes of conduct. As a result, they have given names to this research field such as "socio-technical systems," "social system," "social structure," and most recently "culture". For example, Markus and Robey using "social elements" and Barley using "social system" or "social structure" tried to explain this phenomenon. When examined more closely, it is seen that the details that these authors emphasize while depicting the case are the assumptions, beliefs, and values that exist in common among the group members, and this corresponds to the definition of organizational culture.

Research examining the relationships between information technologies and values, beliefs, and norms belonging to a particular group has gone through certain stages and used rich and complex research models to explain the relationships in each of these stages. In the first studies on information technology applications, it has been suggested that information technologies cause changes in various organizational phenomena including structural features and thus have certain effects on organizations. For instance, in some studies on adoption of groupware software, several researchers have used this deterministic approach to describe how groupware use affects communication and collaboration among employees and their productivity. These studies assume that certain results will certainly emerge after the adoption of information technologies, without considering the motives or activities that shape the use of information technologies by managers and employees. Like much more deterministic studies, these authors often assumed that information technologies would have predetermined influences on the adoption of information technologies, regardless of the environment in which information technologies were applied, how they were applied, and the users' specific behaviors and particular purposes.

The second group of views concerning the relationships between organizational culture and information technologies includes the fact that information technologies are seen as a tool that

can be used for any change that managers desire to make in organizational practices. In studies in this approach, researchers believe that there is a wide range of possibilities to identify changes in organizational culture, structure, processes, and performance. Researchers from this tradition presume that with the right choice of information technologies and appropriate system design, managers can achieve whatever goals they desire.

These works were mostly adopted in the 1980s and reflect a perspective that managers think can manipulate organizational culture in the way they want. Often called “management and control,” “a functional or instrumental approach” to organizational culture, this methodology has caused serious debate in the literature. This approach attributes great powers to the management level in this regard, which conflicts with anthropologists’ views that culture cannot be consciously controlled and goes much

### Mechanistic Vs. Organic Structures

Some of the pioneering work on the relationship between organization design and environment was done by Tom Burns and G.M. Stalker. They found that successful organizations were designed differently in different environments. They distinguished between two types of organization design: *a mechanistic design and an organic design.*

**A mechanistic Design** follows Weber’s bureaucratic model very closely in that it is characterized by specialized activities, specific rules and procedures, an emphasis on formal communication and a well-defined chain of command. Because mechanistic designs tend to be inflexible and resistant to change, this type of design is more successful in a stable environment. The U.S. Army offers a good example of a mechanistic design.

**In an organic design,** task activities are loosely defined. There are very few rules and procedures, and great emphasis is laid on self-control, participative problem solving and horizontal communication. Organic designs are more successful in dynamic, rapidly changing environments that require adaptability to change. Apple’s early organization design was organic. The personal computer industry (which Apple pioneered) was rapidly changing, and this design was well suited to those early days of a new industry.

Mechanistic	Organic
<ol style="list-style-type: none"> <li>1. Tasks highly specialized; little regard paid to clarifying relationship between tasks and organizational objectives.</li> <li>2. Tasks tend to remain rigidly defined unless altered formally by top management</li> </ol>	<ol style="list-style-type: none"> <li>1. Tasks are more interdependent. Emphasis on relevance of tasks and organizational objectives.</li> <li>2. Tasks are continually adjusted and redefined through interaction of organization members.</li> </ol>

<p>3. Specific role definition (rights, obligations, and technical methods prescribed for each member)</p> <p>4. Hierarchical structure of control, authority and communication. Sanctions derive from employment contract between employee and organization.</p> <p>5. Information relevant to situation and operations of the organization formally assumed to rest with chief executive.</p> <p>6. Communication is primarily vertical between superior and subordinate.</p> <p>7. Communications primarily take the form of (a) instructions and decisions issued by superiors and (b) information and request for decisions supplied by inferiors.</p> <p>8. Insistence on loyalty to organization and obedience to superiors</p> <p>9. Importance and prestige attached to identification with organization and its members.</p>	<p>3. Generalized role definition (members accept general responsibility for task accomplishment beyond individual role definition)</p> <p>4. Network structure of control, authority, and communication. Sanctions derive more from community of interest than from contractual relationship.</p> <p>5. Leader not assumed to be omniscient; knowledge centers identified where located throughout organization.</p> <p>6. Communication is both vertical and horizontal, depending on where needed information resides.</p> <p>7. Communications primarily take the form of information and advice.</p> <p>8. Commitment to organization's tasks and goals more highly valued than loyalty or obedience.</p> <p>9. Importance and prestige attached to affiliations and expertise in external environment.</p>
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### Impact of Technology on Organization Design

Technology has internal as well as external dimensions. There is a tendency to associate technology only with factories and machines, but in terms of organization design, its meaning is much broader. Technology encompasses all the tools, equipment, processes, actions, materials, and knowledge required to convert an organization's inputs into outputs that can be distributed as useful goods or services. This definition makes it possible for such diverse activities as teaching students, dry cleaning clothes and assembling automobiles all to be considered technologies. In this sense, technology is an internal dimension; it is the way the organization goes about doing the work it exists to do. A Professor can teach a course with three hundred students in one class; another course might be restricted to thirty-five students. The former would probably require the lecture format, or technology, whereas the thirty-five student class could be taught via several technologies, including the case method, lectures, and group projects. Similarly, a dry cleaner can choose among several ways to provide dry cleaning services. In either example, the "technology" whereby the work is done may vary. And different technologies affect the degree of specialization or standardization necessary, the type of coordination mechanism needed the levels at which decisions should be made and the optimal size of organizational units.<sup>9</sup>

## **FORMAL AND INFORMAL ORGANIZATION**

The formal organization refers to the structure of jobs and positions with clearly defined functions and relationships as prescribed by the top management. This type of organization is built by the management to realize objectives of an enterprise and is bound by rules, systems and procedures. Everybody is assigned a certain responsibility for the performance of the given task and given the required amount of authority for carrying it out. Informal organization, which does not appear on the organization chart, supplements the formal organization in achieving organizational goals effectively and efficiently. The working of informal groups and leaders is not as simple as it may appear to be. Therefore, it is obligatory for every manager to study thoroughly the working pattern of informal relationships in the organization and to use them for achieving organizational objectives.

### **FORMAL ORGANIZATION**

Chester I Bernard defines formal organization as -"a system of consciously coordinated activities or forces of two or more persons. It refers to the structure of well-defined jobs, each bearing a definite measure of authority, responsibility and accountability." The essence of formal organization is conscious common purpose and comes into being when persons-

- (i) Are able to communicate with each other
- (ii) Are willing to act and
- (iii) Share a purpose.

The formal organization is built around four key pillars. They are:

- Division of labor
- Scalar and functional processes
- Structure and
- Span of control

Thus, a formal organization is one resulting from planning where the pattern of structure has already been determined by the top management.

### **Characteristic Features of formal organization**

- Formal organization structure is laid down by the top management to achieve organizational goals.
- Formal organization prescribes the relationships amongst the people working in the organization.
- The organization structure is consciously designed to enable the people of the organization to work together for accomplishing the common objectives of the enterprise
- Organization structure concentrates on the jobs to be performed and not the individuals who are to perform jobs.
- In a formal organization, individuals are fitted into jobs and positions and work as per the managerial decisions. Thus, the formal relations in the organization arise from the pattern of responsibilities that are created by the management.
- A formal organization is bound by rules, regulations and procedures.
- In a formal organization, the position, authority, responsibility and accountability of each level are clearly defined.
- Organization structure is based on division of labor and specialization to achieve efficiency in operations.
- A formal organization is deliberately impersonal. The organization does not take into

consideration the sentiments of organizational members.

- The authority and responsibility relationships created by the organization structure are to be honored by everyone.
- In a formal organization, coordination proceeds according to the prescribed pattern.

### **Advantages of formal organization**

- The formal organization structure concentrates on the jobs to be performed. It, therefore, makes everybody responsible for a given task.
- A formal organization is bound by rules, regulations and procedures. It thus ensures law and order in the organization.
- The organization structure enables the people of the organization to work together for accomplishing the common objectives of the enterprise

### **Disadvantages or criticisms of formal organization**

- The formal organization does not take into consideration the sentiments of organizational members.
- The formal organization does not consider the goals of the individuals. It is designed to achieve the goals of the organization only.
- The formal organization is bound by rigid rules, regulations and procedures. This makes the achievement of goals difficult.

## **INFORMAL ORGANIZATION**

Informal organization refers to the relationship between people in the organization based on personal attitudes, emotions, prejudices, likes, dislikes etc. an informal organization is an organization which is not established by any formal authority, but arises from the personal and social relations of the people. These relations are not developed according to procedures and regulations laid down in the formal organization structure; generally large formal groups give rise to small informal or social groups. These groups may be based on same taste, language, culture or some other factor. These groups are not pre-planned, but they develop automatically within the organization according to its environment.

### **Characteristics features of informal organization**

- Informal organization is not established by any formal authority. It is unplanned and arises spontaneously.
- Informal organizations reflect human relationships. It arises from the personal and social relations amongst the people working in the organization.
- Formation of informal organizations is a natural process. It is not based on rules, regulations and procedures.
- The inter-relations amongst the people in an informal organization cannot be shown in an organization chart.
- In the case of informal organization, the people cut across formal channels of communications and communicate amongst themselves.
- The membership of informal organizations is voluntary. It arises spontaneously and not by deliberate or conscious efforts.
- Membership of informal groups can be overlapping as a person may be member of a number of informal groups.
- Informal organizations are based on common taste, problem, language, religion, culture, etc. it is influenced by the personal attitudes, emotions, whims, likes and dislikes etc. of the people in

the organization.

### Benefits of Informal organization

- It blends with the formal organization to make it more effective.
- Many things which cannot be achieved through formal organization can be achieved through informal organization.
- The presence of informal organization in an enterprise makes the managers plan and act more carefully.
- Informal organization acts as a means by which the workers achieve a sense of security and belonging. It provides social satisfaction to group members.
- An informal organization has a powerful influence on productivity and job satisfaction.
- The informal leader lightens the burden of the formal manager and tries to fill in the gaps in the manager's ability.
- Informal organization helps the group members to attain specific personal objectives.
- Informal organization is the best means of employee communication. It is very fast.
- Informal organization gives psychological satisfaction to the members. It acts as a safety valve for the emotional problems and frustrations of the workers of the organization because they get a platform to express their feelings.
- It serves as an agency for social control of human behavior.

### DIFFERENCES BETWEEN FORMAL AND INFORMAL ORGANIZATION

Formal Organization	Informal Organization
1. Formal organization is established with the explicit aim of achieving well-defined goals.	1. Informal organization springs on its own. Its goals are ill defined and intangible.
2. Formal organization is bound together by authority relationships among members. A hierarchical structure is created, constituting top management, middle management and supervisory management.	2. Informal organization is characterized by a generalized sort of power relationships. Power in informal organization has bases other than rational legal right.
3. Formal organization recognizes certain tasks which are to be carried out to achieve its goals.	3. Informal organization does not have any well-defined tasks.

<p>The roles and relationships of people in 4. formal organization are impersonally defined</p>	<p>4. In informal organization the relationships among people are interpersonal.</p>
<p>In formal organization, much emphasis 5. is placed on efficiency, discipline, conformity, consistency and control.</p>	<p>5. Informal organization is characterized by relative freedom, spontaneity, by relative freedom, spontaneity, homeliness and warmth.</p>
<p>6. In formal organization, the social and psychological needs and interests of members of the organization get little attention.</p>	<p>6. In informal organization the Socio psychological needs, interests and aspirations of members get priority.</p>
<p>7. The communication system in formal organization follows certain pre-determined patterns and paths.</p>	<p>7. In informal organization, the communication pattern is haphazard, intricate and natural.</p>
<p>Formal organization is relatively slow to 8. respond and adapt to changing situations and realities.</p>	<p>8. Informal organization is dynamic and very vigilant. It is sensitive to its surroundings.</p>

## CONTROLLING

Control is the process through which managers assure that actual activities conform to planned activities.

In the words of Koontz and O'Donnell - "Managerial control implies measurement of accomplishment against the standard and the correction of deviations to assure attainment of objectives according to plans."

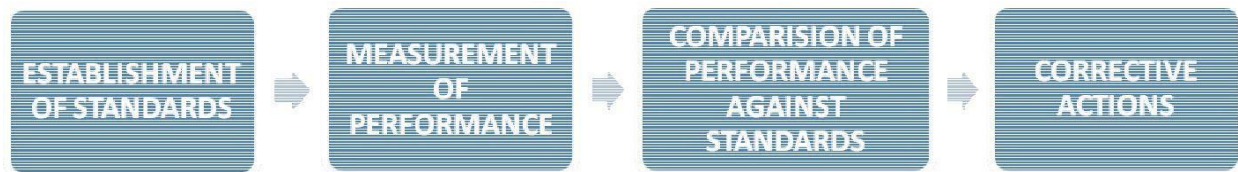
### Nature & Purpose of Control

- Control is an essential function of management
- Control is an ongoing process
- Control is forward - working because pas cannot be controlled
- Control involves measurement

- The essence of control is action
- Control is an integrated system

## CONTROL PROCESS

The basic control process involves mainly these steps as shown in Figure



### a) The Establishment of Standards:

Because plans are the yardsticks against which controls must be revised, it follows logically that the first step in the control process would be to accomplish plans. Plans can be considered as the criterion or the standards against which we compare the actual performance in order to figure out the deviations.

Examples for the standards

- **Profitability standards:** In general, these standards indicate how much the company would like to make as profit over a given time period- that is, its return on investment.
- **Market position standards:** These standards indicate the share of total sales in a particular market that the company would like to have relative to its competitors.
- **Productivity standards:** How much that various segments of the organization should produce is the focus of these standards.
- **Product leadership standards:** These indicate what must be done to attain such a position.
- **Employee attitude standards:** These standards indicate what types of attitudes the company managers should strive to indicate in the company's employees.
- **Social responsibility standards:** Such as making contribution to the society.
- Standards reflecting the relative balance between short and long range goals.

### b) Measurement of Performance:

The measurement of performance against standards should be on a forward looking basis so that deviations may be detected in advance by appropriate actions. The degree of difficulty in measuring various types of organizational performance, of course, is determined primarily by the activity being measured. For example, it is far more difficult to measure the performance of highway maintenance worker than to measure the performance of a student enrolled in a college level management course.

### c) Comparing Measured Performance to Stated Standards:

When managers have taken a measure of organizational performance, their next step in controlling is to compare this measure against some standard. A standard is the level of activity established to serve as a model for evaluating organizational performance. The performance evaluated can be for

the organization as a whole or for some individuals working within the organization. In essence, standards are the yardsticks that determine whether organizational performance is adequate or inadequate.

#### **d) Taking Corrective Actions:**

After actual performance has been measured compared with established performance standards, the next step in the controlling process is to take corrective action, if necessary. Corrective action is managerial activity aimed at bringing organizational performance up to the level of performance standards. In other words, corrective action focuses on correcting organizational mistakes that hinder organizational performance. Before taking any corrective action, however, managers should make sure that the standards they are using were properly established and that their measurements of organizational performance are valid and reliable. At first glance, it seems a fairly simple proposition that managers should take corrective action to eliminate problems - the factors within an organization that are barriers to organizational goal attainment. In practice, however, it is often difficult to pinpoint the problem causing some undesirable organizational effect.

### **BARRIERS FOR CONTROLLING**

There are many barriers, among the most important of them:

- Control activities can create an undesirable overemphasis on short-term production as opposed to long-term production.
- Control activities can increase employees' frustration with their jobs and thereby reduce morale. This reaction tends to occur primarily where management exerts too much control.
- Control activities can encourage the falsification of reports.
- Control activities can cause the perspectives of organization members to be too narrow for the good of the organization.
- Control activities can be perceived as the goals of the control process rather than the means by which corrective action is taken.

### **REQUIREMENTS FOR EFFECTIVE CONTROL**

The requirements for effective control are

#### **a) Control should be tailored to plans and positions**

This means that, all control techniques and systems should reflect the plans they are designed to follow. This is because every plan and every kind and phase of an operation has its unique characteristics.

#### **b) Control must be tailored to individual managers and their responsibilities**

This means that controls must be tailored to the personality of individual managers. This because control systems and information are intended to help individual managers carry out their function of control. If they are not of a type that a manager can or will understand, they will not be useful.

#### **c) Control should point up exceptions as critical points**

This is because by concentration on exceptions from planned performance, controls based on the time honored exception principle allow managers to detect those places where their attention is required and should be given. However, it is not enough to look at exceptions, because some deviations from standards have little meaning and others have a great deal of significance.

**d) Control should be objective**

This is because when controls are subjective, a manager’s personality may influence judgments of performance inaccuracy. Objective standards can be quantitative such as costs or man hours per unit or date of job completion. They can also be qualitative in the case of training programs that have specific characteristics or are designed to accomplish a specific kind of upgrading of the quality of personnel.

**e) Control should be flexible**

This means that controls should remain workable in the case of changed plans, unforeseen circumstances, or oversight failures. Much flexibility in control can be provided by having alternative plans for various probable situations.

**f) Control should be economical**

This means that control must worth their cost. Although this requirement is simple, its practice is often complex. This is because a manager may find it difficult to know what a particular system is worth, or to know what it costs.

**g) Control should lead to corrective actions**

This is because a control system will be of little benefit if it does not lead to corrective action, control is justified only if the indicated or experienced deviations from plans are corrected through appropriate planning, organizing, directing, and leading.

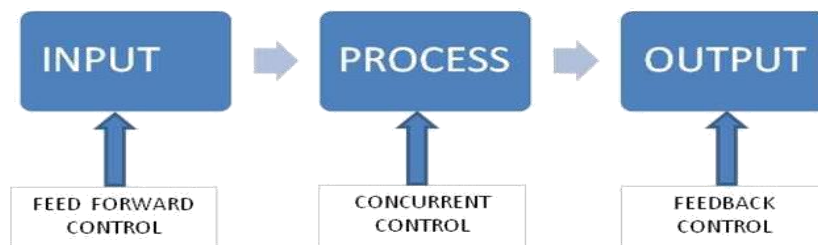
**TYPES OF CONTROL SYSTEMS**

The control systems can be classified into three types namely feed forward, concurrent and feedback control systems.

**Feed forward controls:** They are preventive controls that try to anticipate problems and take corrective action before they occur. Example - a team leader checks the quality, completeness and reliability of their tools prior to going to the site.

**a) Concurrent controls:** They (sometimes called screening controls) occur while an activity is taking place. Example - the team leader checks the quality or performance of his members while performing.

**b) Feedback controls:** They measure activities that have already been completed. Thus corrections can take place after performance is over. Example - feedback from facilities engineers regarding the completed job.



## UNIT- 3

### MEANING OF ORGANIZATIONAL BEHAVIOUR (OB)

1. Organizational behaviour is the study and application of knowledge about how people - as individuals and as groups behave or act in organizations. It strives to identify ways in which people can act more effectively.
2. The study of human behaviour in organizational settings, the interface between human behaviour and the organizational context, and the organization itself.
3. Organizational behaviour is directly concerned with the understanding, prediction, (*behaving or occurring in the way expected*) and control of human behaviour in organizations.

### DEFINITION OF OB

**According to Stephen Robbins**, “Organisational behavior is a field of study that investigates the impact that individuals, groups and structure have on behavior in organizations for the purpose of applying such knowledge towards improving an organisation’s effectiveness”

**According to Fred Luthans**, “Organisational behavior is to understand, predicting and controlling human behavior at work”.

### NEED AND IMPORTANCE OF ORGANIZATIONAL BEHAVIOUR

- To secure better labour- management relationships
- To identify individual differences
- To overcome resistance
- To understand group behaviour
- To achieve goal
- To manage conflicts
- To introduce change in the organisation
- To motivate human behavior
- To understand self and others
- To improve quality and productivity
- To create effective organizational climate
- To achieve effective communication
- To achieve good human relations

### NATURE OF ORGANIZATIONAL BEHAVIOUR

1. Integral part of management
2. Fulfillment of employees’ needs
3. Human tool for human benefits
4. It focuses on the behaviour of individuals (*studies why people in the workplace behave in a particular way*)
5. It is inter- disciplinary approach (*It studies relevant things from science subjects psychology, sociology and anthropology*)
  - **Psychology**- The study of the human mind
  - **Sociology**- The study of the human society
  - **Anthropology**-The study of the human cultures
6. It is an applied science (*makes use of research findings to solve organisational problems relating to human behavioural aspects*)

7. It is an art as well (*not only science, even skills are also important to understand human behaviour*)
8. It adopts a humanistic & optimistic approach (*fulfilling the needs of the individuals i.e. support and involvement*)
9. Its ultimate aim is to attain the organizational objective (*by having positive human behaviour the objectives are achieved*)
10. A total systems approach (*systems approach tries to find solutions for the variables affecting organisational functions*)

### **SCOPE OF OB**

- Skill Development
- Personal Growth through insight into human behavior
- Enhancement of organizational and individual effectiveness
- Sharpening and refining of common sense

### **PURPOSE OF OB**

- Describe people behavior
- Understand people behavior
- Predict Employee behavior
- Control of human activity

### **EVOLUTION OF OB**

- Industrial Revolution
- Scientific Management
- Human Relations Movement (Great Depression, Labour movement & Hawthorne studies)

### **CHARACTERISTICS OF OB**

Accepted as science, not a full fledged discipline.

- OB is a value centered normative science and not a positive science, which explains cause effect relationship.
- OB focuses on humanitarian aspects and believes that people's needs are to be attended to and that motivating people can result in peak performance of the organization.
- OB is objective oriented.
- It draws ideas and knowledge from different disciplines like psychology, sociology and anthropology, economics, political science, law and history.
- Replaces intuition with systematic study.
- Various findings of the research are applied to solve the organizational problems with respect to human behaviour.

### **FRAME WORK OF ORGANIZATIONAL BEHAVIOUR (OR) PROCESS**

- Organisational behaviour can be the **behaviour of the members of the organisation**
  - towards each other,
  - towards the organisation,
  - towards the customers or clients, &
  - towards the society at large.
- It contains **3 levels** of managers.

- a. *Top level managers ( TM )*
  - b. *Middle level managers ( MM )*
  - c. *Lower level managers (LM )*
  - d. *People ( P )*
- The **hierarchy** ( *things one above the other according to status*) of managers is indicated by the triangle within the overall organizational framework.

## MODELS OF ORGANIZATIONAL BEHAVIOUR

- **Autocratic model**
  - Only management decides right or wrong,
  - Obedient orientation of employees,
  - Useful approach
- **Custodial model**
  - Employee dependence on the organization,
  - Emphasizes rewards,
  - Promotes employee satisfaction
- **Supportive model**
  - Supports employee job performance,
  - Management's lifestyle reflects support,
  - Creates sense of participation,
  - Limited application
- **Collegial model**
  - Creates favorable working climate,
  - Foster teamwork,
  - Fulfillment of employees

### **1. Autocratic model**

- *Under autocratic model, the managers uses authority and directs the subordinates to do work as per his specification.*
- *The subordinates are not given freedom to act. They have to carry out the task faithfully as per their boss's instruction.*
- *The employees are made to work like machines.*
- *The use of such an approach may not always give the manager the desired results. Employees physical & mental health gets affected.*
- *Organisations may also begin to face behavioural problems as a high rate of absenteeism, low morale ( feelings of confident & satisfaction), high rate of labour turnover and so on.*

### **2. Custodial Model**

- *Employees has to depend on the organisation.*
- *The organisation takes care of all the need of the employees like rent free accommodation, free education for his children, food and so on.*
- *Under this approach the employee is happy as the organisation satisfies his needs. But there will be no guarantee that his performance level will be high.*

### **3. Supportive Model**

- *The managers supports his subordinates in the performance of their tasks.*
- *The focus here is managerial leadership.*
- *The manager does not make decision but involves his subordinates in the decision*

making process.

- This model is suitable in those workplaces where the employees are self motivated.

#### 4. Collegial Model

- The managers and subordinates work as a team.
- The manager participates in the process of task performed by subordinates.
- There is better interaction among team members.
- Every subordinate is able to be self disciplined.

### COMPARISON OF 4 MODELS OF ORGANISATIONAL BEHAVIOUR

<i>Variables</i>	<i>Autocratic</i>	<i>Custodial</i>	<i>Supportive</i>	<i>Collegial</i>
<i>Basis of model</i>	Power	Economic resources	Leadership	Partnership
<i>Managerial orientation</i>	Authority	Money	Support	Team work
<i>Employee orientation</i>	Obedience	Security and benefits	Job performance	Responsible behaviour
<i>Employee psychological result</i>	Dependence on boss	Dependence on organization	Participation	Self-discipline
<i>Employee needs met</i>	Subsistence (Basic level)	Security	Status and recognition	Self- actualization
<i>Performance result</i>	Minimum	Passive cooperation (Accepting what happens )	Awakened drives (Perform well)	Moderate enthusiasm

### CHALLENGES AND OPORTUNITIES FOR OB

- Globalization of Business
- Workforce Diversity
- Changed Employee Expectations
- Increasing quality consciousness
- Managing change
- Ethics and social responsibility

### LIMITATIONS OF OB

#### 1. BEHAVIOURAL BIAS

- Overemphasizing the employee satisfaction

- Overemphasizing the production output
- 2. THE LAW OF DIMINISHING RETURNS**
- Too much OB emphasis produce negative results
  - Optimum desirable practice
  - Does not apply to every human situation
  - A system concept
- 3. UNETHICAL MANIPULATION OF PEOPLE**
- Misuse of OB knowledge and techniques
  - Ignores ethical relationship (Social Responsibility, Open communication, & Cost-benefit analysis)

### **IMPORTANT CONCEPTS OF ORGANISATIONAL BEHAVIOUR**

1. **Individual differences** (*people differ in their knowledge, attitude, intelligence, capacity, skill, memory and so on*)
2. **Perception**
3. **The concept of whole person** (*we mean that it is not the skill or the intelligence of the individual alone is important for the growth of organisation, mainly the personal life of individual helps to get the best out of him*)
4. **Motivation to employees**
5. **Desire for Involvement/ Empowerment**
6. **Dignity of labour** (*treated with respect*)
7. **Social system** (*should work for a common goal*)
8. **Mutuality of interest** (*it is the organisation that satisfies the needs of the people, then there is mutuality of interest*)
9. Human Dignity
10. Mutuality of Interests
11. Organisational Ethics

### **KEY ELEMENTS/DETERMINANTS OF ORGANISATIONAL BEHAVIOUR**

1. People (Individual and Group)
2. Structure (Jobs, Relationships)
3. Technology (Machinery, computer hardware and software)
4. Environment (Government, Competition, Social pressures)

#### **1. People**

People differ in their knowledge, attitude, intelligence, capacity, skill, memory and so on. Managers should identify the individual differences before assigning work.

#### **2. Structure**

Without structure it is difficult to secure effective co-ordination of the departmental activities.

#### **3. Technology**

Uses of better technology enable the employees to work with greater efficiency. This improves their satisfaction and feelings.

#### **4. Environment**

Both internal and external environment also influences working relationships.

### **LEVELS OF OB**

- Individual level
- Group level

- Organizational level

## **PROCESS OF OB**

### ➤ **Individual processes**

- Personality
- Values and attitudes
- Perception
- Learning and Reinforcement
- Work Motivation
- Work stress

### ➤ **Interpersonal and Team processes**

- Interpersonal communication
- Group dynamics, teams and team work
- Dynamics between teams
- Leadership
- Decision-making
- Conflict and negotiation

### ➤ **Organizational Processes**

- Organisational structure and design
- Organisational change
- Organisational culture
- Power and political behavior
- Job Design

### ➤ **Change processes**

- Nature of planned organizational change
- Approach to planned organizational change

## **DISCIPLINES CONTRIBUTING TO OB**

### **A. INDIVIDUAL LEVEL**

- **Psychology** (Personality, perception, attitude, learning, motivation, job satisfaction, training, leadership effectiveness, performance appraisal, employee selection, work design)
- **Medicine** (Stress, Tension, Depression)

### **B. GROUP LEVEL**

- **Sociology** (Group dynamics, communication, leadership, power and politics, conflict)
- **Social Psychology** (Behavioural change, attitude change, communication, group processes, group decision-making)

### **C. ORGANISATION LEVEL**

- **Sociology** (Organizational structure, formal and informal organizations, Organisational culture, organizational change)
- **Anthropology** (Individual culture, organizational culture, organizational environment)
- **Political Science** (Organisational power, politics, conflicts)
- **Industrial Engineering** (Work Measurement, productivity measurement,

workflow analysis and design, Labour relations)

- **Economics** (Government policies, Allocation of Scarce Resources)

## **PROBLEMS IN THE STUDY OF ORGANISATIONAL BEHAVIOUR**

1. Behaviour of an individual cannot be studied
2. Behaviour of an individual may be different from a group
3. No formula or method is used to study
4. Conflicts between personal and organisational goals
5. Perceptions, values, beliefs etc are not static
6. Style of leadership for all managers are different
7. Not possible to offer a solution to a certain behavioural problem

## **APPROACHES IN ORGANISATIONAL BEHAVIOUR**

1. Human resource or supportive approach
2. Cultural approach
3. Technological approach
4. Design approach
5. Task approach
6. Strategy approach
7. Situational or contingency approach
8. Productivity approach
9. System approach

### **1. Human resource or supportive approach**

- It is concerned with growth & development of people towards higher levels.
- It is supportive approach because managers primary **role** change from control of the employees to achieve support of their growth & performance.
- It helps an employee to become better, more responsible & create a climate in which they can contribute to their improved abilities.

### **2. Situational or contingency approach**

- Ideas are suppose to apply in any type of situation.
- Situational approach is much complex may require different behavioural pattern & practices for more effectiveness.
- It helps to use the most appropriate manner, all the current knowledge about people in organisation.

### **3. Productivity approach**

- Productivity is the ratio that compares the units of output with units of input; better productivity is a valuable measure of how well resources are used in society.
- Productivity often is measured in terms of economic inputs & outputs but human inputs & outputs are also important. **For example** better organisational behaviour can increase job satisfaction (i.e. Human output).

### **4. System approach**

- A system implies that there are many variables in organisation. Each of them affect all the other in a complex relationship (**a set of repressed feelings affecting behaviour**) which appears to affect one individual or department in the organisation.

- All people in organisation should be concerned with improving organisational behaviour.

## **THEORETICAL FRAMEWORKS OF OB**

- Cognitive Framework
- Behaviorist Framework
- Social Cognitive Framework

## **HISTORICAL DEVELOPMENT / EVOLUTION OF OB**

The study of OB is only a few decades old.

### **Industrial Revolution:**

- It brought about materialism, discipline, monotony, boredom, job displacement, impersonality, work interdependence, and related behavioural phenomena.
- **Mr. Robert Owen**, a young Welsh factory owner, about the year 1800, was one of the first to emphasise the human needs of employees.
- In 1835, **Mr. Andrew Ure** published his “The Philosophy of Manufactures” in which he included the human factor as one of the factors of production, besides the mechanical and commercial parts. Believing in the importance of the human factor, Ure provided workers with hot tea, medical treatment, and sickness payment.
- Around this time, **Mr. J.N. Tata** took a special interest in the welfare of his workers. He installed the first humidifiers and fire sprinklers in his factories. In 1886, he instituted a pension fund, and in 1895, began to pay accident compensation.

### **Scientific Management:**

- It is primarily attributed to the ideas and works of **Fredrick W. Taylor**, who is known as “the father of Scientific Management”. He called for a careful analysis of tasks and offered four principles as basis for scientific management.
- The principles are i) division for work and scientific method to perform the job, ii) Scientific selection and training of works, iii) Management should cooperate with worker using scientific principles, iv) Scientific distribution of work and responsibility between worker and managers.
- There has been opposition to scientific management from its very inception, both from the workers as well as the management. **Dr. Mathur** has listed some the areas of opposition

### **Human Relations Movement:**

- Failure of Scientific Management gave birth to the human relations movement which is characterized by heavy emphasis on employee cooperation and more.
- Under this, people were to be treated as human beings and not as machines, listening to their needs and problems, and involving them in decision-making in matters relating to working conditions.
- Historically, **three** of the most important contributing factors would be the great depression, the labour movement, and the results of famous **Hawthorne Studies**.

## Organisational Behaviour:

- The human relations movement started continued and flourished for a long time.
- OB has made considerable strides since 1960s, although there have been occasional steps backward as well.
- The 1960's and 1970's saw continued attention to theories of motivation leadership, the design of work and job satisfaction.
- The 1980's saw attention shift to organizational culture, teamwork, and political skills in organizations.
- The 1990's saw an emerging concern for personal integrity, character, and virtue ethics as well as the new domain of positive psychology.
- Since the year 2000, **Fred Luthans** has extended positive psychology with his emphasis on Positive Organizational Behaviour(POB), which emphasises confidence, hope, optimism, and other positive attributes at work.

## MEANING OF INDIVIDUAL BEHAVIOUR

1. An organisation cannot function by itself. It is only the individuals in the organisation who do & make things happen.
2. While positive behaviour is beneficial to the organisation, negative or unfavorable behaviour is detrimental (*damage*) to the organisation.
3. Behaviour is of two types, positive behavior and negative behavior.

## POSITIVE BEHAVIOUR

**In work place the behaviour of an individual is concerned *positive* when**

- a. Completes his task within the stipulated time.
- b. Does not waste time during working hours.
- c. Does not complain about anything or anyone unnecessary.
- d. Is regular for work & also punctual ( *on time* )
- e. Accepts & carries out any assignment with enthusiasm ( *interest* )

## NEGATIVE BEHAVIOUR

**In work place, the behaviour of an individual is concerned *negative* when**

- a. There is always delay in carrying out his duties.
- b. He complains frequently about someone or something.
- c. He is irregular for work.
- d. He shows resistance to any proposal.
- e. There is always a tendency (behave in particular way) to while away time.

## INDIVIDUAL DIFFERENCES

**Different individuals possess different behaviour. Such difference may be**

- Intelligence/Cleverness/Brain power
- Attitude/thought/approach/mind-set
- Leadership, Preference, Memory/recall/remembrance
- Perception/observation/sensitivity/opinion/idea
- Ambition /dream/goal & so on.

## FOUNDATIONS OF / FACTORS INFLUENCING INDIVIDUAL BEHAVIOUR

The various factors influencing individual behaviour are as follows,

<i>PERSONAL ENVIRONMENTAL FACTORS</i>	<i>PSYCHOLOGICAL FACTORS</i>	<i>ORGANISATIONAL FACTORS</i>
1. Age	1. Personality	1. Nature of job
2. Sex	2. Perception	2. Job security
changes		
3. Education	3. Attitudes	3. Work environment
policies		
4. Marital status	4. Values	4. Pay benefits
environment		
5. Potentials	5. Learning	5. Organisation structure
6. No. of dependants	6. Motivation	6. Leadership style
7. Creativity		7. Organizational structure
		8. Reward System
		9. Work related behavior
		10. Physical Facilities

**A. PERSONAL FACTORS:** The factors/Characteristics represent an area of individual behavior that affects the individual performance.

### **1. Age**

Generally speaking as an employee grows older his level of enthusiasm for work may decline. (*e.g.*) Youngsters are always referred for sales job.

### **2. Sex**

Men in the work place generally show greater interest in union activities. Women employees on the other hand may not.

There is also a feeling among the employees that woman employees are generally more sincere & will work with greater commitment.

### **3. Education**

Education disciplines a person. An educated employee knows how to get things done in the workplace without incurring anyone.

He does not lose temper but quickly achieves his goal.

### **4. Marital status**

They need for a secured job.

Stable income is greater in case of married employees.

On the other hand unmarried employees may find a better job if the present job does not give him satisfaction, where married employee cannot resign job where he needs to be secured.

### **5. Potentials** (*a person is capable of achieving*)

He is in a position to demand better status in the organisation. It is only people with greater potentials who contribute significantly to the organisation.

It is therefore such people are given higher remuneration & greater decision making authority.

**B. PSYCHOLOGICAL FACTORS:** It refers to an individual's mental characteristics and attributes that can affect individual behavior.

**1. Personality:** It is a relatively stable set of characteristics that influences an individual's behavior.

**2. Perception:** It is the process by which people select, organize, interpret, retrieve and respond to information.

3. **Attitudes:** It is the evaluative statements or judgments concerning objects, people, or events.
4. **Values:** It refers to basic convictions that a specific mode of conduct or end-state of existence.
5. **Learning:** It is an important psychological process determining individual behavior.
6. **Motivation:** It is a psychological phenomenon which arises from the feeling of needs and wants of individuals.

**C. ORGANISATIONAL FACTORS:** They are the systems, procedures, and practices that ultimately determine the culture of an organization. They influence the values, beliefs and expectations that members of the organization come to share.

**D. ENVIRONMENT FACTORS:** The environment acts as a „stimulus“ and the person responds to it. The process of individual behavior may thus be regarded as a „stimulus-response“ process.

### 1. Economic conditions

Availability of plenty of employment opportunities results in a higher rate of labour turnover in workplace. This happens because individuals begin to look for jobs that give them better pay, status & better satisfaction. Once they find such a job, they resign their present job & go.

2. **Technological changes** – Changes in Machines, equipments, Computers, its software“s and hardware“s, etc.

### 3. Government policies

Government is yet an important factor where the employees feel insecure due to such decisions of the government as stated below. *Retirement age, increase in rate of income tax, withdrawal of certain welfare schemes.*

4. **Cultural environment** (*people living in different regions differs in cultural values*)

Cultural environment differs from region to region.

## **BEHAVIOUR MODELS OF MAN**

It has been mentioned already that differences among individuals causes differences in their behaviour. Based on behavioural difference, the following models of man have been developed.

1. *Rational economic man model*
2. *Social man model*
3. *Organizational man model*
4. *Self – actualizing man model*

### 1. Rational economic man model

- This is one of the oldest behavioral model.
- According to this approach man is primarily interested in monetary incentives.
- He is rational because he expects reward for his efforts ( *give importance to money* ).

- The economic manmade model is relevant as long as money satisfies a person.

### 2. Social man model (gives importance only to group)

- An employee may not be willing to restrict output but he may be doing because of group pressure or union.
- Likewise an individual work man may participate in an industrial strike, owing to union pressure, he may not personally favour to strike.

### 3. Organizational man model

- The individual gives importance to the organization.
- He is prepared to do anything that is beneficial to the organization & avoids what is detrimental to its interest.

### 4. Self – actualizing man model

According to this view man is self – motivated (*if my basic needs are satisfied then I work for others*). It is not necessary that the manager has to motivate an employee all the time in the work place. When employees are satisfied by their basic needs (*psychological, safety, social, esteem & self – actualization needs*) then they show more interest in the work.

## PERCEPTION

The ability to see, here or become aware of something through the senses, understanding something.

- We all come across various objects or things in our everyday life.
- We are also bombarded (direct a flow of question or information at something) with various stimuli.
- Then, what we do in practice is while we receive some objects we reject others.
- Further we look at the something, yet perceive it differently.
- Looking at a painting (**for e.g.**) some may perceive it as beautiful, the others as ugly.
- Then, the question arises is why the same objects is **perceived / understood** differently by different people.
- The answer to it is perception which is a **cognitive** (gaining of knowledge through thought and senses) factor of human behavior.
- Strictly speaking, perception lies at the base of every human behavior. There can be no behaviour without perception. (**Or**)
- Individuals differ in the way of understanding and appreciating the environment, things and people around them. (**For e.g.**) one person may admire a piece of Jewellery while others may consider the same as just average and still another person may find it unimpressive.
- What appears to be good to some may appear to be bad to others.
- This happens because of difference in perception.

### WHAT IS PERCEPTION?

- In simple sense, perception means perceiving (*i.e.*) **giving meaning** to the environment around us.
- It is **perceiving** objects what we are faced with.

### SENSATION AND PERCEPTION

- **Sensation** is the response of a physical sensory organ.

**Eye – See Ears – Hear**

**Hands – Touch Nose – Smell**

**Tongue – Taste**

- People usually mean sensation and perception the same. But there is a clear cut distinction between the two.
- In simple words **sensation** may be described as the response of a physical sensory organ to some stimuli (*our physical sensory organ often reacts to these stimuli*).
- The reaction of *our eyes to colour, ears to sound*, and so on are examples of our every day sensations.

- **Perception** is much more than sensation.
- **Result from sensation is called perception**
- Perception depends upon the sensory **raw data**, yet it involves a process that includes filtering, modifying (*or*) even changing these raw data to make sense out of them.

## **DEFINITIONS OF PERCEPTION**

1. **According to Joseph Reitz**, “Perception includes all those processes by which an individual receives information about his environment-seeing, hearing, feeling, tasting and smelling”
2. **According to S.P. Robbins**, “Perception can be defined as a process by which individuals organize and interpret (*understand*) their sensory impressions in order to give meaning to their environment.”

## **THE PROCESS OF PERCEPTION**

The process of perception involves **6** stages.

1. **Receiving stimuli**
2. **Selection stimuli**
3. **Organising stimuli**
4. **Interpreting stimuli**
5. **Checking stimuli**
6. **Reacting to stimuli**

### **1. Receiving stimuli**

We receive stimuli through our sense organs - *eyes, ears, hands, nose and tongue*. Stimuli may be in the form of objects, events or people.

### **2. Selecting stimuli**

Of the various stimuli an individual may come across, only when some are important and relevant. Selection of stimuli is depending on the *two* type of factors namely

- a) *External factors*
- b) *Internal factors*

### **3. Organizing stimuli**

After having selected the stimuli or data from the environment, the next step is to organize these in a proper manner to make the same meaningful. There are **3** ways by which the selected data is organized.

1. *Grouping*
2. *Closure*
3. *Simplification*

### **4. Interpreting stimuli** (*understanding meaning*)

- Interpretation in the process of assigning meaning to the stimuli received and organized.
- **It is influenced by a number of factors. Importance's among them are,**
  - a) *Mind set*
  - b) *Attribution*
  - c) *Stereotyping*
  - d) *Halo effect*
  - e) *Contextual influence*

## FACTORS INFLUENCING THE SELECTION OF STIMULI (OR) FACTORS AFFECTING PERCEPTION

Factors that influences the selection of stimuli are of 2 types

- a) *Internal factor*
- b) *External factors*

### a) Internal factors

#### **1. Needs and desire**

Unfulfilled needs of a person influence the selection of stimuli. A person whose need for food, clothing and shelter is not fulfilled will perceive anything as unimportant.

#### **2. Personality**

Person with a positive outlook always think of the positive aspects. While those with a negative outlook perceive any decision to be detrimental (*harm or damage*).

#### **3. Experience**

Experience and knowledge serve as basis for perception. Successful experience also helps perceive understand stimuli with more accuracy.

#### **4. Age difference**

Age differences play an important role in the process of perception. (*e.g.*) Son, father

#### **5. Special interest**

A person who has special interest in anything on anyone may perceive anything as less important. (*e.g.*) for a musician nothing is more important than music.

### b) External factors

#### **1. Nature of stimuli**

If it is picture type, better impact is created. Picture has greater attention than words.

#### **2. Location**

Where, in a newspaper an advertisement for (*e.g.*) is going to be placed is important (*i.e.*) *whether in the front page, center page, last page, sports page etc.*

#### **3. Size and shape**

Size attracts the attention of the individuals. Larger objects attract attention more than the smaller ones. It is this reason that some advertisers advertise in a full page in a newspaper on a magazine.

#### **4. Intensity (quality)**

Intensity is closely related to size. (*e.g.*) *Bright light, loud sound, strong fragrance etc, can create better impact than dim light and mild fragrance.* The intensity principle of attention states that the more intense the stimuli, the more likely it is to be perceived.

#### **5. Contrast**

If the object stands out against the background, it receives better attention. (*e.g.*) Safety signs with black lettering on a yellow background (*or*) white lettering on a red background are more attention attracting.

#### **6. Movement/Motion**

The movement/motion principle says that moving objects receive better attention than objects that stand still.

#### **7. Repeated stimulus**

A repeated stimulus has greater impact than the one that occurs only once. It is for this reason that most advertisement are *repeatedly* shown in the media to gain the customer's attention this product.

#### **8. Status**

Status held by an individual also influences his/her perception about things or events.

Researchers suggest that people with high status often exert (*apply a force*) more influence on the perception of an individual as compared to those holding low status.

## **DETERMINANTS OF PERCEPTION**

The various determinants of perception may be studied as follows.

- a) ***Qualities of the perceiver (Employees)***
- b) ***Qualities of the perceived (Employer)***
- c) ***Environmental condition***

### ***a) Qualities of the perceiver: (employees)***

1. Personality
2. Experience
3. Needs (*Monetary benefits*)
4. Attitude (*positive attitude*)
5. Value system (*A system does the perceiver have influence his perception*)

### ***b) Qualities of the perceived (fellow man, supervisor or employer)***

1. **Physical stamina** - Person with good physical stamina, he is deemed to be fit for any kind of physical work.
2. **Mental Qualities** – A person with good level of **IQ** is perceived to be fit to solve any organizational problem by his intellectual capacity.
3. **Level of commitment**- If an employee is **highly irregular for work**, and quarrels with supervisors and fellow workmen he will be **perceived to be indisciplined**.

### ***c) Environmental condition***

#### **1. Physical environment**

If the work place is not neat and tidy and lacks even basic facilities like **lighting, ventilation, drinking, water, toilet etc.** The employer will be perceived to have **no regards for the physical and mental** being of his employee.

#### **2. Social environment**

If there is always **misunderstanding among employees** and also between the employees and the employer, the perception will be that the **interpersonal relationship** in the organization is **very poor**.

## **LEARNING**

It is described as the **process of acquiring the ability to respond adequately to a situation** which may or may not have been encountered. In simple words, **learning is a change in behavior** as a result of prior experience.

### **DEFINITION:**

1. **According to Martyn Sloman**, “Learning is the process by which a person constructs knowledge, skills and capabilities”.
2. **According to E.R. Hilgard**, “Learning is a relatively permanent change in behaviour that occurs as a result of prior experience”.

### **CHARACTERISTICS OF LEARNING:**

## **Learning results in change in behavior.**

- The change must be relatively permanent.
- Learning has to support the behavior.
- Learning has to strengthen the behavior.
- Learning is a continuous process.
- Learning should help to achieve.
- Learning arises out of training or practice.
- Learning is not caused by biological changes.
- Learning is growth
- Learning is adjustment
- Learning is organizing experience
- Learning involves acquisition of knowledge and skills
- It involves change
- It is transferable

## **FACTORS DETERMINING LEARNING (OR) TYPES OF LEARNERS (OR) FACTORS AFFECTING LEARNING**

1. **Motivation** (*nothing occurs without motivation*).
2. **Qualities of the trainee & the learner:** *An efficient trainee can make difficult task easy for the learner.*
3. **Environment** (*if among a group of lesson, majority is disinterested it will affect a few who are keen to learn.*)
4. **Practice** (*practice make man perfect*)

Without practice it does not help much. (*e.g.*) **Basic knowledge of computer.**

### **5. Feedback/response**

It is important that the learner gets the feedback information of his performance at regular intervals. This enables him to know how far he stands in relation to requirements.

### **6. Meaningfulness of the subject**

Learning is meaningful if the subject matter is meaningful.

### **7. Time schedule**

If the time given is too short, it will not help the learner.

### **8. Retention** (*hold or keep*):

(*Retention means remembrance of learnt behavior*).

Learning which is forgotten is called extinction (*loss of memory*).

### **9. Reinforcement/Support**

Reinforcement is anything done to strengthen or support behaviour.

### **10. Nature of learning materials**

## **MERITS OF LEARNING IN BEHAVIOUR**

1. **Understanding human behavior** at work in organization.
2. Helps the manager **to change behavior** in different situation.
3. **Reducing absenteeism**

Learning can help managers evolve programmes to reduce absenteeism

### **4. Improving employee discipline:**

- a) Late arrival for work
- b) Coming for work in drunken condition
- c) Thefts in work place

d) Frequent quarrelling (*argument*) with superior & workmen.

**5. Developing training program**

**6. Substituting well pay for sick pay**

To prevent misuse of the sick leave facility, the employer can introduce a system of rewarding employee with regular attendance in the form of benefits.

**7. Performance evaluation and rewarding**

**8. Influences day-to-day interactions**

**9. Underscore/Highlight the manager's role**

**THEORIES OF LEARNING**

The following are the importance theories of learning

1. ***Classical conditioning theory***
2. ***Operational conditioning theory***
3. ***Cognitive theory***
4. ***Social learning theory***

1. **Classical conditioning theory or Stimulus - Response association theory**

- The classical conditioning theory is given by IVAN PAVLOV, a Russian psychologist.
- This theory is based on to teach dog to salivate (*a watery liquid produced in the mouth*) in response to the ringing of a bell.
- Pavlov offered the dog meat & noticed that the dog was salivating.
- Afterwards without offering meat, he merely rang a bell. The dog had no salivation
- As the next step, he rang the bell ***before giving the dog meat***. This went on for some time. Thereafter, PAVLOV merely rang the bell without offering meat & noticed that the dog was salivating
- The dog thus learnt to respond. (*i.e.*) to salivate to the bell

2. **Operant conditioning theory**

- B.F SKKINNER a psychologist is given the credit for his contribution to operational conditioning.
- This theory focuses on the relationship between behaviour & its consequences (*importance*).
- He says a particular behaviour is likely to be repeated if its consequences (*importance*) are favourable. (*e.g.*). When an employee, who has performed his task well, is rewarded, he is likely to repeat his performance in future too.
- Behaviour of the employee may be positive or negative consequence
- Repeat behaviour - ***positive consequences***
- No repeat or less likely repeat behaviour – ***negative consequences***

**DISTINCTION BETWEEN CLASSICAL CONDITIONING & OPERANT CONDITIONING**

Classical conditioning theory

Operant conditioning theory

1. Behaviour is the result of stimulus i.e. (dog meat)	1. Behaviour is not the result of stimulus. It occurs spontaneously.
2. Response to the stimulus is fixed	2. Responses may vary
3. The stimulus is presented every time for response to occur	3. The stimulus is presented only if the desired response occurs.

### 3. Cognitive theory (gaining of knowledge through thought & senses)

- Cognition is the act of knowledge
- Cognition refers to an individual's thoughts, knowledge, understandings or views about oneself, his/her environment. (e.g.) *Kohler presented two sticks to a monkey in a cage. Both sticks were too short to reach a banana lying outside cage. What monkey did, without any prior exposure, joined both sticks together & pulled the banana inside the cage.*
- Knowledge of the cognitive theory is also useful in understanding the concept of motivation better.
- The above two theories are explained through the stimulus & response. But this theory did not emphasize on the process of receiving, memorizing & reacting to stimuli, which is vital in learning.

### 4. Social learning theory

- Individuals also learn by observing their models whom they admire
- **Social learning theory is based on the view** that a person learn by observing others – parents, teachers, friends, film artists, superiors & fellow – workmen.
- Learning, thus occurs due to the influence of the role model.
- Learning through both observation & direct experience has been called *Social – learning theory*.

### TYPES OF LEARNERS

1. **Divergers**-Learn by observing and feeling/reaction
2. **Assimilators**-Learn by observing and thinking/judgement
3. **Convergers**-Learn by doing and thinking/judgement
4. **Accommodators**-Learn by doing and feeling/reaction

### PERSONALITY

- It means how people affect others and how they understand and view themselves, as well as their pattern of inner and outer measurable traits and the person-situation interaction.
- It is used in terms of influencing others through external appearance.
- It is an internalized system which includes all those aspects of a person that are inherited as well as those that are learned.

## DEFINITION OF PERSONALITY

According to Schiffman and Kanuk, "Personality can be defined as those inner psychological characteristics that both determine and reflect how a person responds to his or her environment."

According to Ruch, It should include:

- External appearance and behaviour or social stimulus value
- Inner awareness of self as a permanent organising force
- The particular pattern or organisation of measurable traits, both inner and outer.

## PERSONALITY TRAITS

- Less intelligent vs more intelligent
- Affected by feelings vs emotionally stable
- Serious vs happy
- Practical vs imaginative
- Group dependent vs self sufficient
- Uncontrolled vs controlled
- Relaxed vs tensed
- Submissive (*very obedient*) vs dominant
- Reserved vs outgoing (*friendly/sociable*)

## TYPES OF PERSONALITIES

Based on these groups, *following are the main personality types.*

### 1. Introvert/Shy person

#### 2. Extrovert/Assertive Person

#### 3. Type A

#### 4. Type B

#### 5. Judging

#### 6. Perceptive

### 1. *Introvert / Shy person*

- Person with introvert are primarily oriented to the subjective (*dependent*) world. Such people look inward & experience & process their thoughts & ideas within themselves.
- They avoid social contacts & initiating interaction with other group mates. People who are introverts are quite but they may interact only with a few persons who are close to them.
- Such people *can be successful* in assignments where there is very *little or no scope* for interaction with others (*i.e.*) *research activities*.
- People with introvert personality are found more inclined (*down*) to excel at tasks that required thought & analytical skill.
- Tend to be careful with details, dislike sweeping (*long or extending*)

statements.

- Have trouble remembering in name & faces.
- Like to think a lot before they act.
- Work alone.
- Have some problems in communicating.
- Quite & shy.

- Tend not to mind working on one project for a long time.
- Dislike telephone interruptions (*disturbing*) stop a speaker by saying doing something.

## 2. Extrovert / Assertive Person

- Extroverts are just contrary (*opposite*) to introverts.
- Extroverts are those who mingle freely with everyone. They always want to be in the company of a group.
- Such people **can be successful** in assignments where there is **greater scope** for interaction.
- Extroverts are friendly, sociable, lively, aggressive & expressing their feelings & ideas openly.
- They are more suitable for the position that requires interaction with others.
- (*sales activities, publicity departments, personal relations unit, etc are the examples of extroverts*)
- Like variety and action.
- Tend to work faster, dislike complicated procedure.
- Are often good at greeting people.
- Often act quickly sometimes without thinking.
- Like to have people around.
- Communicated freely.
- Are often impatient with long slow jobs.
- Often do not mind interruptions of answering the telephone (*they speak*)

## 3. Type A

- **Type A** people are characterized by hard working, highly achievement oriented, impatient, have sense of time urgency, aggressive etc.
- Such people tend to be very productive & work very hard & fast & are always achievement oriented.
- Being impatient & aggressive, such people are more prone to heart attack.
- Struggle to achieve more & more in less time (*aggressive involvement will be there*)
- Is restless, so that he always wake, eat, move fast
- Do 2 things at a time
- Feel impatient (*dislike waiting*)
- Cannot relax (*hurry*) Does not have time to relax & enjoy life.
- Usually does not complete one thing before starting on another.
- Banging on tables.
- Dissatisfaction with life.
- A tendency to challenge & compete with others even in noncompetitive situations.
- They specially feel pressurized if they have to complete a task within a given deadline.
- Those persons who are classified as Type A have a strong desire & tendency to control all aspects of the situation & **if they are unable to control a situation**, they react with anger & frustration.
- In the case of negative outcomes, they blame themselves more than the external factors.
- Research has indicated that such patterns of behaviour as exhibited by **Type A** personality profile, leads to health problems, specially heart related illness.

#### **4. Type B**

- Such people do better on tasks involving judgments, accuracy, rather than speed & team work.
- Easy going, sociable, free from urgency of time, non competitive are the characteristics of type B personalities.
- Type B is relaxed & easy going.
- Don't discuss achievements.
- Play for fun.
- Can relax.
- Never suffer sense of time.
- Research has indicated that Type B persons may be hard working but feel no pressing conflict with people or time & hence are not prone to stress & problems.
- Type B persons on the other hand do put in extra effort in order to meet a deadline but do not feel pressurized.

#### **5. Judging**

- People with judging personality type like to follow a plan, make decision & need only that what is essential for their work.
- Work best, when they can plan work & follow the plan.
- Like to get things settled.
- May decide things too quickly.
- May not notice new things that need to be done.
- Want only essential things needed to begin their work.
- Tend to be satisfied once they reach a judgment on a thing or situation or persons.

#### **6. Perceptive**

- They are the people who adapt to change, want to know all about a job, & at times may get over committed.
- Do not mind leaving things open.
- May have trouble making decisions.
- May start too many projects & have difficulty in finishing them.
- Want to know all about their work.
- Tend to be curious (*eager to know something*) & welcome new information

### **PERSONALITY THEORIES**

Behavioural science experts have developed different theories on the concept of personality.

1. **Type theory**
2. **Trait theory**
3. **Psychological theory**
4. **Social learning theory**
5. **Self theory**
6. **Type theory**

#### **1. Type Theory**

The type theory classifies personalities based on

- a) **Body build/ structure.**
- b) **Psychological factors**

### a) **Body build/structure**

- Psychologists have explained the concept of personality based on the body structure of individuals.
- People who are short & hefty (*large, heavy & powerful*) are considered to be sociable, relaxed & even tempered (*angry mood*).
- Tall & thin person are likely to be self conscious (*nervous or worried about what others think of you*) & restrained (*self controlled behaviour*).
- Those with heavy set muscular body build are noisy & insensitive (*showing no concern for others feelings or not appreciating others*) & are fond of physical activity (*things that can be seen, heard, or touched*).

### b) **Psychological factors**

Accordingly personalities are classified into **introverts & extroverts**. The type theory provides a simple approach to understand the concept of personality.

## 2. **Trait theory**

Trait explains the characteristics of a person in which he/ she differ from another. Human characteristics include shy, aggressive/violent, submissive/obedient, lazy/sluggish, ambitious/motivated (*so difficult to achieve*), loyal/reliable, timid/nervous (*lacking courage or confidence*) etc. Trait can be described as individual variables.

**Trait theory is based on the following 3 assumptions**

1. Trait is common to many individuals.
2. Traits are relatively stable.
3. Traits can be inferred (**evidence {work out from}**) by his/ her behavioral indicators.

Thus accordingly to the trait theory it is possible to come to a conclusion about one's personality based on his peculiar traits.

## 3. **Psychological theory**

Psychological theory is yet another type of personality. The theory is based on the assumption that human behaviour is influenced more by **unconscious forces** (*doing things without realising*) rather than conscious & rational thoughts (*able to think & reason*). The **unconscious frame work** is composed of 3 elements, they are

- a) **ID**
- b) **EGO**
- c) **SUPER EGO**

### a) **ID**

- ID is **unconscious** (*doing things without realizing*) part of human personality.
- It refers to an individual **impulse** or drive (*acting without thinking ahead/reality*)
- It is **animalistic** (*behaviour of animals*), unorganized & is present in the individual throughout his life.
- It forces the individual **to satisfy certain urges** (*encourage to move more quickly*), particular thirst, hunger & sex (*cannot control*). (**e.g.**)
  - **A person who is starving may even resort to stealing to satisfy his hunger.**
  - ID does **not understand & obeys no law, rules** & therefore, it may sometimes be dangerous to the individual & to the society as well.

### b) **EGO**

EGO is **conscious** (*aware of something & responding to it*) part of human personality. While ID forces a person to satisfy certain urges at once, **ego** makes him to **understand reality** (*a thing that is actually experienced or exists*). (**e.g.**) **The ego can be described as controlling ID**

*through realities.*

*A starving/hungry man cannot control or satisfy his hunger simply by eating images (dream), but really having food. Thus here lies the role of ego (i.e.) reality in satisfying hunger or reducing tension created by hunger.*

**EGO tries to control Id**

It prevents him from doing anything for the sake of satisfying his urge (*a strong desire*). **Ego disciplines a person** in the process of satisfying his needs & desire by telling him that ***there is an appropriate time & place for everything.***

### **c) SUPER EGO**

- Super ego denotes a **system of norms, values & ethics** that guide & govern a person to behave properly.
- It guides the individual in knowing whether his actions are with the norms of the society.
- Super ego can be described as conscience (*a person's sense of right or wrong*).
- It determines **what is wrong or right** at a given time in given situation/society.
- Super ego judges whether an action/behaviour is right or wrong as per the norms & standards of the society.

***Super ego combines with ego control ID fully.***

### **4. Social learning theory**

- A person acquires certain behaviour or modifies his behaviour by learning.
- He learns to behave by observing the actions of others.
- The behaviour of an individual is influenced by the situation. A person may sometimes develop a situation to behave in a particular manner.

Learning occurs through **2** ways

**a) Reinforcement** (*anything done to strengthen or support behaviour*)

**b) Observing**

### **5. Self theory**

It is based on what a person says about himself.

**a) Self image**

**b) Ideal-self**

**c) Looking glass- self**

**d) Real- self**

**a) Self image:** (*how one sees oneself*)

By nature, every person has certain beliefs about what or who he/she is.

**b) Ideal-self:** (*what one would like to be or look like*)

Ideal- self stands more important to motivate an individual to behave in a particular manner.

**c) Looking glass- self:** (*perception of a person about how others are perceiving his qualities*)

This refers to how others are perceiving the individual. In other words this means the way an individual thinks how people perceive about him **& not the way actually see him.**

**d) Real- self:** (*what one actually is*)

The first 3 self concepts relate to an individual's perception about himself/herself. They may be same or differ from the real- self. People perceive the same situation differently depending upon their conception of the situation. This influences them to behave differently. Self- concept plays a significant role in reacting/ behaving in a particular manner.

## DETERMINANTS OF PERSONALITY

The various factors determine the personality of a person may be grouped under **3 categories**.

- 1.) **Heredity/genetic factors or biological factors**
- 2.) **Social factors, family factors, cultural factors or environment factors.**
- 3.) **Situational factors.**
- 4.) **Other factors (Temperament, Interest, Character, Schema, Motives)**

### 1.) **Heredity/genetic factors or biological factors.**(the passing of characteristics from one generation to another)

Heredity refers to *biological factors*

- Qualities of a person are determined by his heredity.
- Heredity is the transmission of the qualities from the parents to the children.

A person generally inherits (**have**) the following characteristics

- a) **Physical structure of a person** – his height & weight.
- b) **Other physical features** – colour of skin, hair & eyes.
- c) **The capacity to learn & respond.**
- d) **Level of enthusiasm etc.**

Research has proved that individual's job satisfaction remains remarkably stable over time.

### 2.) **Social factors, family factors, cultural factors or environment factors.**

Social factors play a crucial (*important*) role in shaping the personality of an individual

#### Parents play

- Parents play a significant role in the personality development of a child.
- Child learns basic manners & also acquires certain habits from its parents.
- If parents themselves are not disciplined, their children also may not be disciplined.

#### Teachers play

- Teachers play a vital role in a person's personality development.

#### Group plays

- Group plays a vital (*absolutely necessary*) role in personality development.
- Thus it is clear that in addition to the heredity & social factors, several environmental factors also play an important role in shaping an individual's personality.

### 3.) **Situational factors.** An individual's personality does change depending on the situation.

(*For e.g.*)

The same person while facing an employment interview & while enjoying picnic with his/her friend in a public park behaves quite differently depending on 2 different situations. This clearly indicates that his personality changes under different situations.

### 4.) **Other Factors:** Temperament, Interest, Character/Honesty, Schema (belief, frame of reference, perception, attitude, the job, working conditions, pay, fringe benefits, incentive system, development programme) and Motives

## APPROACHES TO PERSONALITY DEVELOPMENT

The process of personality development at *different stages* of a person's life has been explained by many psychologists. Important among them are

1. **Freudian approach to personality development**
2. **Erikson's approach to personality development**

## 1. Freudian approach to personality development

Sl. No.	STAGE	AGE	HAPPENINGS
1	<b>ORAL</b>	<i>Up to 1 year</i>	<b>Biological desires fulfilled by thumb sucking, biting etc.</b> (This stage covers the first year of one's life).
2	<b>ANAL</b>	<i>1 to 3 years</i>	<b>Stimulation by regulating bowel movements.</b> (The parents give toilet training to the child, mother advises her child for having regular bowel movements)
3	<b>PHALLIC</b>	<i>3 to 4 years</i>	<b>Examining &amp; fondling sex organs result in stimulation.</b> (See's difference in his brother's & sister's or other children's, examining, enjoying in discussing matters of birth & sex).
4	<b>LATENCY</b>	<i>4 to 6 years to adolescence</i>	<b>Social needs get priority.</b> (Playing & talking with friends).
5	<b>GENITAL</b>	<i>Adolescence to adulthood</i>	<b>Revival of sexual desires.</b> (Interest, love & attraction with opposite sex increases,).

## 2. Erikson's approach to personality development

Sl. No.	STAGE	AGE GROUP	POSITIVE EFFECT	NEGATIVE EFFECT
1	<b>Infancy</b>	<i>Birth of 1 year</i>	<b>Trust</b> (if receives love & affection & if well taken care develops)	<b>Mistrust</b> (if not receives love & affection & care develops)
2	<b>Early childhood</b>	<i>1 to 3 years</i>	<b>Autonomy</b> (If getting approval from the parents & others)	<b>Doubt &amp; shame</b> (if not getting the approval from the parents & others)
3	<b>Play age</b>	<i>4 to 5 years</i>	<b>Initiative</b> (if he is encouraged to attain certain goals)	<b>Guilty</b> (if he is discouraged & made to feel incapable)
4	<b>School age</b>	<i>6 to 12 years</i>	<b>Enterprising</b> (act before others do)	<b>Inferior</b> (lower in status or quality)

5	<b>Adolescence</b>	<b>Teenage 13 to 19 years</b>	<b>Self identify</b> (try to gain a sense of identity for them in the society)	<b>Confusion</b>
6	<b>Early adulthood</b>	<b>20 plus</b>	<b>Intimacy</b> (close & friendly relationship with opposite sex)	<b>Isolation</b> (single or alone)
7	<b>Middle adulthood</b>	<b>40 plus</b>	<b>Generativity</b> (give parental care & guidance to next generation)	<b>Stagnation</b> (unable to look beyond himself)
8	<b>Late adulthood</b>	<b>Old age</b>	<b>Integrity</b> (fully satisfied & does not have fear of death)	<b>Despair</b> (sees no meaning in life, lack faith, fears death & no hope)

### **BASIC PERSONALITY VARIABLES/ DIMENSIONS**

1. **Extraversion:** Who is sociable, talkative & assertive (*confident*).
2. **Agreeableness:** One who is good natured, cooperative & trusting.
3. **Conscientiousness:** A person who is responsible, dependable, persistent (work continuously) & achievement oriented.
4. **Emotional stability:** Someone characterized by calm, nervous, enthusiastic, depressed (unhappy) & Insecure.
5. **Openness to experience:** A person who is imaginative, artistically sensitive & intellectual (think understand things) (*e.g.*)
  1. Every individual has intelligence, but some have a very high level of **IQ** (*intelligence*).
  2. Everyone has the capacity to communicate, but some are exceptionally good in their communication

### **INDIVIDUAL DIFFERENCES**

Individual differences are personal attributes that vary from one person to another. Individual differences may be physical and psychological.

#### **Psychological Differences**

- Personality
- Attitudes
- Perception
- Motivation
- Learning

#### **Physical Differences**

- Height
- Weight
- Body shape
- Appearance
- Complexion

Whenever an organisation attempts to assess for individual differences

among its employees, it must consider the situation in which behaviour occurs. Individuals who are satisfied in one context may prove to be dissatisfied in another context. Assessing both individual differences and contributions in relation to inducements and contexts, then, is a major challenge for organizations as they attempt to establish effective psychological contracts with their employees and achieve optimal fits between people and jobs. Individual differences make the manager's job endlessly, challenging. In fact, according to recent research, "variability among workers is substantial at all levels but increases dramatically with job complexity. Due to these reasons, growing work force diversity compels managers to view individual differences in a fresh way. Leaders now talk frequently about "valuing differences" and learning to "manage diversity". So rather than limiting diversity, as in the past, today's managers need to better understand and accommodate employee diversity and individual differences.

### MOTIVATION

- It is the process of stimulating people to action to accomplish desired goals.
- It is a psychological phenomenon which arises from the feeling of needs and wants of individuals.
- Motivation is concerned with understanding „why people do“.
- In other words why do people *choose* a particular course of action and *persist* with it , even in the face of difficulties and problems.
- Motivation is the key to continued fruitfulness
- Retained Motivation is the key to finishing your race with success.
- Successful motivation involves:
  - Getting people to do what you want them to do in terms of the vision
  - When you want them to do it
  - The way you want them to do it
  - Because they want to do it
- **Accepted Definition: Performance = Function of Ability x Motivation**
- **Alternative Definition : Performance = Function of Ability x Clarity x Opportunity**

x Motivation

- Motivation through clear goal setting
- Motivation Through Successful Academic Empowerment
  - Well equipped people are more confident to handle cells than untrained people.
  - Untrained people tend to be insecure and uncertain.
  - All leadership should be exposed to leadership training tracks
- Motivation through correct realignment of value systems
- Motivation through strong modeling or example
- Motivation by measuring and monitoring results
- Motivation by Giving a Break or Vacation (The fact is that we all sometimes need a break to refresh and refocus our minds on the work and to return with new energy)
- Motivation through team spirit and loyalty
- Motivation through personal growth benefits
- Motivation through strong relationships- The Foundation of leadership.
- Desire for recognition
- Desire for promotion
- Desire to be an achiever

- Desire to be rewarded- commission or incentive
- Motivation through pleasure or enjoyment
- Motivation through divine gifting

### **DEFINITION OF MOTIVATION**

According to S.P. Robbins, “Motivation is the willingness to exert high levels of effort toward organisational goals, conditioned by the effort and ability to satisfy some individual need”.

### **NATURE OF MOTIVATION**

It is a psychological concept

- It is dynamic and situational
- It is a goal-oriented process
- Entire individual is motivated
- It is a continuous process
- It is influenced by social and cultural norms
- Goal achievement ends the motivation process

### **IMPORTANCE OF MOTIVATION**

- Sets in motion the action of people
- Improves the efficiency of work performance
- Ensures achievement of organizational goals
- Creates friendly and supportive relationships
- Leads to the stability in the workforce
- Acceptance of organizational changes

### **TYPES OF MOTIVATION**

- Financial Motivation vs. Non-financial motivation
- Positive motivation vs. Negative motivation
- Tangible motivation vs. Intangible motivation
- Direct motivation vs. Indirect motivation
- Rational vs. Emotional motivation
- Primary vs secondary motivation
- Intrinsic(Tangible) vs extrinsic (Psychological)motivation

### **EFFECT OF MOTIVATION ON WORK BEHAVIOUR**

- Job satisfaction through motivation and job performance
- Job satisfaction through motivation and organisational citizenship behaviour(OCB)
- Job satisfaction through motivation and customer satisfaction
- Job satisfaction through motivation and absenteeism
- Job satisfaction through motivation and turnover
- Job satisfaction through motivation and workplace deviance

### **MOTIVATIONAL THEORIES**

#### **A. Content Theories**

- Maslow
- Herzberg
- McClelland

#### **B. Process Theories**

- Expectancy theories (Vroom, Porter & Lawler)

- Equity Theory (Adams)
- Goal Theory (Locke)
- Attribution Theory (Heider)

## 1. MASLOW'S HIERARCHY OF NEEDS

One of the most widely mentioned theories of motivation is the hierarchy of needs theory put forth by psychologist Abraham Maslow. Maslow saw human needs in the form of a hierarchy, ascending from the lowest to the highest, and he concluded that when one set of needs is satisfied, this kind of need ceases to be a motivator.

As per his theory these needs are :

### (i) **Physiological needs :**

These are important needs for sustaining the human life. Food, water, warmth, shelter, sleep, medicine and education are the basic physiological needs which fall in the primary list of need satisfaction. Maslow was of an opinion that until these needs were satisfied to a degree to maintain life, no other motivating factors can work.

### (ii) **Security or Safety needs :**

These are the needs to be free of physical danger and of the fear of losing a job, property, food or shelter. It also includes protection against any emotional harm.

### (iii) **Social needs :**

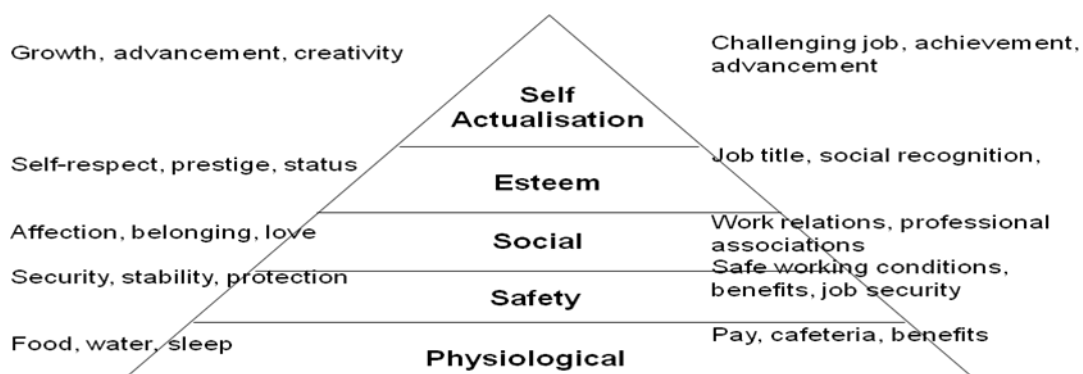
Since people are social beings, they need to belong and be accepted by others. People try to satisfy their need for affection, acceptance and friendship.

### (iv) **Esteem needs :**

According to Maslow, once people begin to satisfy their need to belong, they tend to want to be held in esteem both by themselves and by others. This kind of need produces such satisfaction as power, prestige status and self-confidence. It includes both internal esteem factors like self-respect, autonomy and achievements and external esteem factors such as states, recognition and attention.

### (v) **Need for self-actualization :**

Maslow regards this as the highest need in his hierarchy. It is the drive to become what one is capable of becoming, it includes growth, achieving one's potential and self-fulfillment. It is to maximize one's potential and to accomplish something.



## **2. ALDERFER'S ERG THEORY**

Alderfer has tried to rebuild the hierarchy of needs of Maslow into another model named ERG i.e. **Existence – Relatedness – Growth**.

According to him there are 3 groups of core needs as mentioned above. The existence group is concerned mainly with providing basic material existence. The second group is the individuals need to maintain interpersonal relationship with other members in the group. The final group is the intrinsic desire to grow and develop personally. The major conclusions of this theory are :

1. In an individual, more than one need may be operative at the same time.
2. If a higher need goes unsatisfied than the desire to satisfy a lower need intensifies.
3. It also contains the frustration-regression dimension.

## **3. “THEORY X AND THEORY Y” OF DOUGLAS MCGREGOR**

McGregor, in his book “The Human side of Enterprise” states that people inside the organization can be managed in two ways. The first is basically negative, which falls under the category X and the other is basically positive, which falls under the category Y. After viewing the way in which the manager dealt with employees, McGregor concluded that a manager’s view of the nature of human beings is based on a certain grouping of assumptions and that he or she tends to mold his or her behavior towards subordinates according to these assumptions.

**Under the assumptions of theory X :**

- Employees inherently do not like work and whenever possible, will attempt to avoid it.
- Because employees dislike work, they have to be forced, coerced or threatened with punishment to achieve goals.
- Employees avoid responsibilities and do not work fill formal directions are issued.
- Most workers place a greater importance on security over all other factors and display little ambition.

**In contrast under the assumptions of theory Y :**

- Physical and mental effort at work is as natural as rest or play.
- People do exercise self-control and self-direction and if they are committed to those goals.
- Average human beings are willing to take responsibility and exercise imagination, ingenuity and creativity in solving the problems of the organization.
- That the way the things are organized, the average human being’s brainpower is only partly used

## **4. FREDERICK HERZBERG’S MOTIVATION-HYGIENE THEORY**

Frederick has tried to modify Maslow’s need Hierarchy theory. His theory is also known as two-factor theory or Hygiene theory. He stated that there are certain satisfiers and dissatisfiers for employees at work. In- trinsic factors are related to job satisfaction, while extrinsic factors are associated with dissatisfaction. He states that presence of certain factors in the organization is natural and the presence of the same does not lead to motivation. However, their nonpresence leads to demotivation. In similar manner there are certain factors, the absence of which causes no dissatisfaction, but their

presence has motivational impact.

### **Hygiene/Maintenance Factors**

- Salary
- Job security
- Working conditions
- Interpersonal relationships

### **Motivating Factors**

- Recognition
- Achievement
- Responsibility
- Personal growth
- Advancement

## **5. McCLELLAND'S ACHIEVEMENT MOTIVATION THEORY**

David McClelland has developed a theory on three types of motivating needs :

### **1. Need for Power**

### **2. Need for Affiliation**

### **3. Need for Achievement**

Basically people for high need for power are inclined towards influence and control. They like to be at the center and are good orators. They are demanding in nature, forceful in manners and ambitious in life. They can be motivated to perform if they are given key positions or power positions.

In the second category are the people who are social in nature. They try to affiliate themselves with individuals and groups. They are driven by love and faith. They like to build a friendly environment around themselves. Social recognition and affiliation with others provides them motivation. People in the third area are driven by the challenge of success and the fear of failure. Their need for achievement is moderate and they set for themselves moderately difficult tasks. They are analytical in nature and take calculated risks. Such people are motivated to perform when they see atleast some chances of success.

McClelland observed that with the advancement in hierarchy the need for power and achievement increased rather than Affiliation. He also observed that people who were at the top, later ceased to be motivated by this drives

## **6. MCGREGOR'S THEORY X AND THEORY Y**

It proposed two distinct views of human beings: one basically negative, labelled Theory X, the other one basically positive, labelled Theory Y. After viewing the way in which managers dealt with employees.

### **➤ Assumptions of Theory X (Negative)**

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

and will display little ambition.

➤ **Assumptions of Theory Y (Positive)**

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

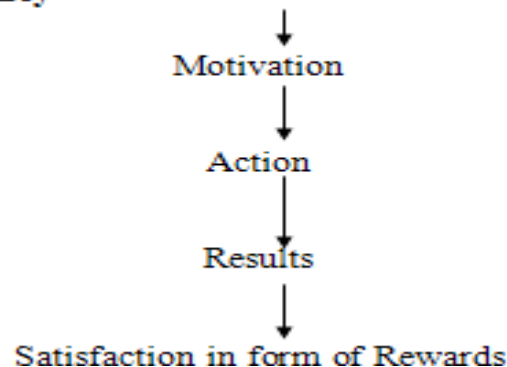
**7. VROOM EXPECTANCY THEORIES**

The most widely accepted explanation of motivation has been propounded by Victor Vroom. His theory is commonly known as expectancy theory. The theory argues that the strength of a tendency to act in a specific way depends on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual. In simple terms, expectancy theory says that an employee can be motivated to perform better when there is a belief that the better performance will lead to good performance appraisal and that this shall result into realization of personal goal in form of some reward. Therefore an employee is :  
Motivation = Valence x Expectancy. The theory focuses on three things :

- Efforts and performance relationship
- Performance and reward relationship
- Rewards and personal goal relationship

This leads us to a conclusion that :

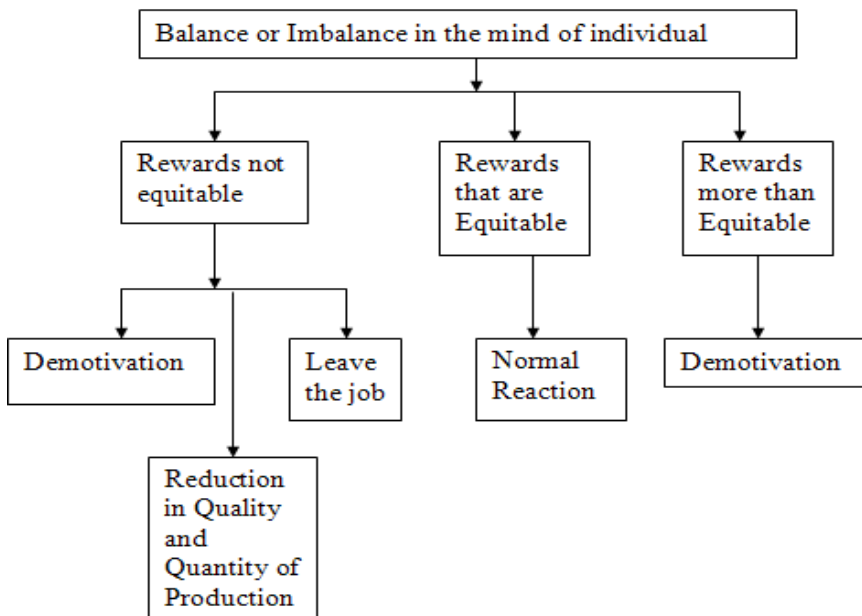
**Valence x Expectancy**



**8. EQUITY THEORY (ADAMS)**

As per the equity theory of J. Stacey Adams, people are motivated by their beliefs about the reward structure as being fair or unfair, relative to the inputs. People have a tendency to use subjective judgment to balance the outcomes and inputs in the relationship for comparisons between different individuals. Accordingly :

$$\frac{\text{Out comes by a person}}{\text{Inputs by a person}} = \frac{\text{Out comes by another person}}{\text{Input by another person}}$$



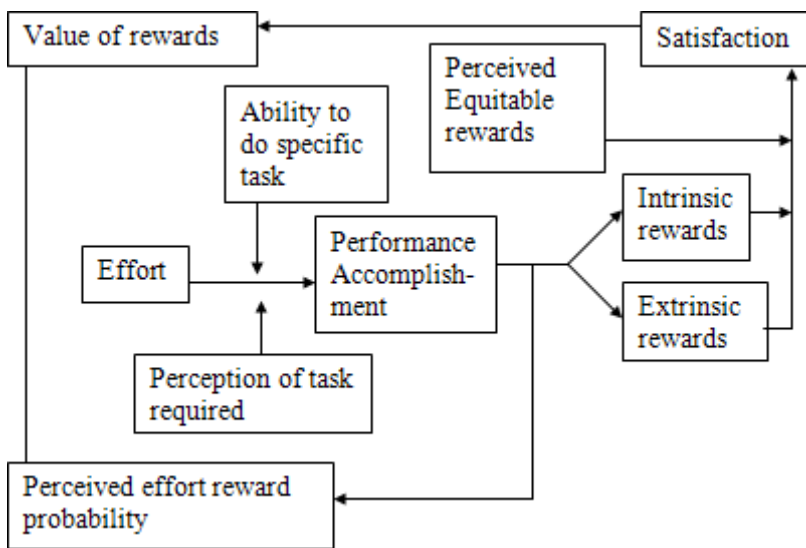
If people feel that they are not equally rewarded they either reduce the quantity or quality of work or migrate to some other organization. However, if people perceive that they are rewarded higher, they may be motivated to work harder.

### 9) REINFORCEMENT THEORY :

B.F. Skinner, who propounded the reinforcement theory, holds that by designing the environment properly, individuals can be motivated. Instead of considering internal factors like impressions, feelings, attitudes and other cognitive behavior, individuals are directed by what happens in the environment external to them. Skinner states that work environment should be made suitable to the individuals and that punishments actually leads to frustration and de-motivation. Hence, the only way to motivate is to keep on making positive changes in the external environment of the organization.

### 10. THE PORTER AND LAWLER MODEL :

Lyman W. Porter and Edward E. Lawler developed a more complete version of motivation depending upon expectancy theory.



Actual performance in a job is primarily determined by the effort spent. But it is also affected by the person's ability to do the job and also by individual's perception of what the required task is. So performance is the responsible factor that leads to intrinsic as well as extrinsic rewards. These rewards, along with the equity of individual leads to satisfaction. Hence, satisfaction of the individual depends upon the fairness of the reward.

### **11 GOAL THEORY (Edwin Locke)**

Instead of giving vague tasks to people, specific and pronounced objectives, help in achieving them faster. As the clarity is high, a goal orientation also avoids any misunderstandings in the work of the employees. The goal setting theory states that when the goals to be achieved are set at a higher standard than in that case employees are motivated to perform better and put in maximum effort. It revolves around the concept of "Self-efficacy" i.e. individual's belief that he or she is capable of performing a hard task.

### **JOB PERFORMANCE**

**Job performance** assesses whether a person performs a job well. Job performance, studied academically as part of industrial and organizational psychology, also forms a part of human resources management. Performance is an important criterion for organizational outcomes and success. John P. Campbell describes job performance as an individual-level variable, or something a single person does. This differentiates it from more encompassing constructs such as organizational performance or national performance, which are higher-level variables.

### **How Does Behavior Affect Work Performance?**

The American Psychological Association stresses the importance of five types of behavior that influence productivity: interpersonal skills, drive, dependability, cooperation, and going above and beyond. These behaviors may affect the quantity and quality of work from an employee.

Think about the qualities that you value in a coworker and how those behaviors influence your experience in the workplace.

### **Five Categories Of Job Performance**

- (1) volunteering for activities beyond a person's formal job requirements;
- (2) persistence of enthusiasm and application when needed to complete important task requirements;
- (3) assistance to others;
- (4) following rules and prescribed procedures even when it is inconvenient; and
- (5) openly defending organization objectives.

### **Measurement of performance**

A variety of measures of job performance has been used over the past decades (Campbell et al., 1990; Viswesvaran et al., 1996). For example, rating scales, tests of job knowledge, hands-on job samples, and archival records have been used to assess job performance (Campbell et al., 1990). From these measurement options, performance ratings (e.g. peer ratings and supervisor ratings) are the most frequent way of measuring job performance (Viswesvaran et al., 1996). Often, 'objective' criteria such as sales figures and production records are requested. However, even these criteria involve subjective judgments of which specific type of criteria pictures performance (Campbell, 1990) and are, like other performance measures, not perfect.

### **Ensuring Work Performance**

1. It starts with proper onboarding. Onboarding is taking on new employees, and ensuring that they have the documentation, and tools to quickly adapt to the work culture. The onboarding process can last from several months up to a year, and it includes constant feedback, and performance assessments and measure. These are all necessary to ensure longevity, loyalty, and consistent performance.
2. Hold a regular meeting. In the world of video conferences and telecommunications, the face-to-face meeting has taken a backseat. However, meetings can help measure progress and set expectations. Require employees to send activity reports from different areas that will be measured, with figures plugged into a formula-based Microsoft Excel table. Individual employees will know where they stand and how they contributed to the success of the organization.
3. Praise performance. However, it's also important that these weekly meetings aren't just lecture sessions. Positive reinforcement has a lasting act and can be more influential in ensuring throughput from individuals and whole departments. Praise individual employees for making a great suggestion and thinking outside of the box. It's simply human — everyone enjoys being noticed for their unique contributions. Human resources that show that they pay attention will signal that they are a department that is looking out for not only the safety of the organization but also of the job performance of individual workers.
4. Do your part to clear organizational roadblocks. Human resources should remove any roadblocks that are internal to the organization. This may include unnecessary and outdated policies, ineffective procedures, or internal politics that can affect productivity. The organization will only have to jockey external roadblocks instead of busying themselves with internal conflicts.
5. Become familiar with employee career ambitions. The only way to know about a worker's unique career ambitions is to inquire. Be aware of their career goals, where they see themselves within a certain period, and if there any open positions for them to strive for. This sort of transparency will help employees stay engaged and continually reach for better results.

## ATTITUDE (Approach/Mannerism/Feelings)

- Attitudes are the **feelings** of an employee about his job.
- The attitude of an employee may be **favourable or unfavorable**.
- It is **favourable or positive** if he likes his job and **has cordial relationships** with his supervisors and fellow employees.
- It is **unfavorable or negative** if he is **not happy** about his job.

## DEFINITION OF ATTITUDE:

According to Bem, “Attitudes are likes and dislikes”

According to Allport, “Attitude is learned predispositions to respond to an object or class of object in a consistently favourable or unfavourable way”

## CHARACTERISTICS OF ATTITUDES

1. All individuals hold attitudes.
2. Attitudes are related to the feelings & beliefs of people.
3. Attitudes respond to persons, objects or events.
4. Attitudes influence behaviour.
5. Attitudes undergo changes.
6. Attitudes may be positive or negative.
7. Attitudes are acquired through learning.
8. Attitudes are intangible in nature. (*i.e.*) *they cannot be directly observed.*

## HOW ARE ATTITUDES FORMED (OR) SOURCES OF FORMATION OF ATTITUDES

- Attitudes are not inherited/not inborn (*characteristics are not passed from parents or ancestors*).
- There are acquired or learned by the people from the environment in which they interact.

## FACTORS INFLUENCING THE FORMATION OF ATTITUDE:

1. Personality traits.
2. Direct experience.
3. Socio - economic background.
4. Learning
  - a) Family.
  - b) Peer group.
  - c) Media.

### **1. Personality traits**

Personalities vary from person to person.

Job found interesting and challenging by one individual may be found by another to be boring.

It is clear from these examples that the personalities of a person play a vital role in the attitudes towards other person.

### **2. Direct experience**

A person forms attitudes based on what he experience in daily life.

In other words attitudes are formed on the basis of one's past experience in concerned object or person.

### **3. Socio - economic background**

Attitudes are formed based on the socio - economic background of a person.

The employee hold the view that the worker are only interested on what is good for them rather than what is good for the organisation.

In short, in most work places the employees and the employers do not have positive attitudes towards each other.

### **4. Learning**

Attitudes are also learnt.

A person usually learns and forms attitudes due to the influence of his family, the peer group and the media.

#### ***a) Family***

It is only with the members of the family that a person interacts most in his daily life.

The attitudes of a person towards religion, profession, type of food, etc are due to the influence of the member of his family.

A person averse to non - vegetarian food, because he belongs to a family of vegetarians.

#### ***b) Peer group***

The peer group consists of persons with similar likes and dislikes.

An individual's attitudes towards sports, studies, dress materials, film personalities, etc.. is influenced by the peer group.

An individual who can't be influenced by the peer group will find himself isolated (*alone*).

#### ***c) Media***

Media too play a significant role in the matter of attitude formation.

A person's attitude towards political parties, cinema artists, sports personalities, educational institutions, degree courses, etc is certainly influenced by the media, T.V. and newspaper.

### **TYPES OF ATTITUDES RELATED TO WORK**

A person may have different attitudes on a wide variety of subjects; it is only the work-related attitudes that are important when it comes to studying OB.

***a) Job satisfaction***

***b) Job involvement***

***c) Organisational commitment.***

#### ***a) Job satisfaction***

- A person has job satisfaction if he likes his job. Such a person obviously has positive job attitudes.
- It is difficult to identify the particular factor that gives a person job satisfaction.

### **Some of the factors influence jobs satisfaction are**

- 1) *Pay*
- 2) *Nature of work*
- 3) *Decision making authority*
- 4) *Scope for initiative*
- 5) *Opportunities (promotion)*
- 6) *Inter - personal relationship*
- 7) *Supervision*

### ***b) Job involvement***

The extent to which a person is able to identify himself with his job is what is called jobs involvement.

Job involvement is the degree to which employees immerse themselves in their jobs, invest time and energy in them and consider work as a control part of their overall lives.

Employees with a high level of job involvement strongly identify with their jobs and take utmost care about the kind of job they do.

#### **A person usually has job involvement if he**

- 1) *Is regular for work*
- 2) *Strives to attain his target*
- 3) *Is able to be innovative*
- 4) *Does not waste resource of the organisation*
- 5) *Does not complain unnecessarily about his superiors and fellow workmen.*

### ***c) Organisational commitment***

- An employee has organisational commitment if he is able to identify himself with his organisation.
- It is a process through which employees identify with the organisation and want to ***maintain membership in the organisation.***
- It is something more than job involvement where the individual identifies himself only with his job.

#### **The important indicators of job commitment are**

- a) *Low rate of absenteeism*
- b) *Low rate of labour turnover*
- c) *Low rate of complaints and grievance*
- d) *Avoidance of strike and lock out, etc...*

## **METHODS OF MEASUREMENT OF ATTITUDES**

The attitude of a person towards his job or organisation or anything ***cannot be directly*** measured. **Unlike production**, sales etc that can be quantitatively measured, in the case of a study of attitudes measurement is not possible.

### **All methods are classified into 4 types.**

- a) ***Self- report***
- b) ***Indirect test (own)***
- c) ***Direct observation technique (own)***
- d) ***Psychological reaction techniques (own)***

#### ***1. Self- report***

- However, attitude measurement of employees in organizations is most commonly carried out with self- report method.
- Self- report usually elicits (***draw***) responses from employees through questionnaires dealing with their feelings about their work & related matters
- Self - report is carried out through the use of surveys
- Survey contains a set of statements or questions to be answered by the employees.
- A number of statements are then prepared in a questionnaire form.
- Some of these statements may be positive (*e.g.*) ***I am very happy with my job***

- While others may be negative (*e.g.*) I am not able to get along with my boss
- **Rensis Likert** has developed a scaling technique for measuring attitudes that is named after him.

**According to this approach, the respondent will have 5 options to a given statement as indicated below.**

- a) **Strongly agree**
- b) **Agree**
- c) **Undecided**
- d) **Disagree**
- e) **Strongly disagree**

➤ If the respondents selects the opinion strongly agree for a positive statement, he gets a **score of 5**

- On the other hand if he selects the same strongly agree for a negative statement he gets a **score of 1**
- Similarly the option strongly disagree selected by him for a positive statement would get him a **score of 1**
- While the same strongly disagree option selected by him for a negative statement would get him a **score of 5**
- The total score of the respondents on the different statements in the questionnaire is then found out.
- If there are 20 statements in the questionnaire, the respondents score will be anywhere between 20 to 100
- If there are 50 respondents based on the total score of each, the respondents are classified as having a high average or a low level of job attitude.

**There are other types of attitude scaling commonly used in attitude measurement of employees in the organization. There are**

- a) *Equal appearing interval scale*
- b) *Semantic differential scale*

***a) Equal appearing interval scale***

- Perhaps the most widely used procedure of attitude measurement is **LL.Thurstone's technique** of equal appearing interval scale.
- It is simple in application as it requires only one judgment for each item/statement
- The statement range ***pile 1 to pile 11*** corresponding to the most favourable & the most unfavorable respectively. (***Pile – a number of things lying one on top of another***)
- The scales so prepared are then presented to the respondents for their responses on the statements.
- The responses given by the respondents are then summed up

***b) Semantic differential scale***

- Semantic differential refers to the successive allocation made of a concept to ***a score in a given space*** by selection from a set of given alternatives.

- The respondents mark the score along the scale for his/her attitude about the given object.
- Finally, the respondent's *scores assigned to each statement are summed*. The sum reflects the individual's attitude to the object, person or event, whatsoever it may be.
- Apart from these, the other scales developed for attitude measurement includes the *Guttman technique*, the error- choice method, & the sentence completion method.

### **WAYS OF CHANGING ATTITUDE (OR) HOW TO CHANGE ATTITUDE?**

The following are some of the ways of changing attitudes

- a) *Fill up information gap*
- b) *Threat*
- c) *Peer influence*
- d) *Co-opting(bringing together/adopt something)*
- e) *Resolving discrepancies (difference between things)*

#### **a) Fill up information gap**

- A person holds negative attitude mainly because of inadequate information about a particular individual or a thing.
- Provision of necessary information would change the attitude of such a person.

(e.g.) a subordinate, who does not know much about his superior officer, may hold the view that later he may come to know that his superior is actually a very dynamic & enthusiastic person.

#### **b) Threat**

- Researchers report that attitude can also be changed by giving fear.
- The management may also sometimes threaten the workers to drop the strike plan.(or)
- Workers may threaten to go on strike if the management does not change its attitude towards them

#### **c ) Peer influence**

- Change in the attitude of a person is brought about by peer pressure. (e.g.) an employee may be persuaded to join the trade union

#### **d) Co-opting**

- It is also another way to change attitudes.
- It is a method of bringing together all those who are dissatisfied with a condition & involving them in making things better.

#### **e) Resolving discrepancies (difference between things)**

- Resolving – find solution or decide to do. (e.g.) people try to have a good attitude about the job they have.
- They do not choose to work for job like negative ones.

### **VALUES (Morals/Principles/Ethics/Standards)**

- It is viewed as a relatively permanent perceptual framework which influences the nature of an individual's behaviour.
- The values are the **attributes/qualities possessed by an individual** and thought desirable.

- Values are **similar to attitudes but are more permanent** and well built in nature.

### **DEFINITION OF VALUES**

**According to Eduard Spranger,** “Values are constellation of likes, dislikes, viewpoints, inner inclinations, rational and irrational judgments, prejudices and association pattern that determine a person’s view of the world”.

### **CHARACTERISTICS OF VALUES**

- Part of culture
- Learned responses
- Inculcated
- Social Phenomenon
- Gratifying /Satisfying/Rewarding Responses
- Adaptive Process

### **SOURCES OF VALUES**

- Familial Factors
- Personal Factors
- Religious factors
- Role Demands
- Social Factors
- Cultural factors
- Life experiences
- Halo Effect (light Circle)

### **TYPES OF VALUES**

#### **Terminal Values:**

It leads to ends to be achieved. e.g. Comfortable life, family security, self-respect, sense of accomplishment, quality, responsibility, innovativeness, excellence, economy, morality, profitability, happiness, pleasure, salvation and wisdom. It reflects what person is ultimately striving to achieve.

#### ➤ **Instrumental values:**

It relates to means for achieving desired ends. E.g. ambition, courage, honesty, imagination, hardwork, obedience, open-mindedness, assertiveness, being creative, love, education and intellectual pursuits.

### **CLASSIFICATION OF VALUES**

- Human Values
- Social Values
- Business Values
- Community Values
- Family Values
- Professional Values
- National Values

- Secular(Non-spiritual) values
- Spiritual Values

### **INFLUENCES OF VALUES ON PERSONALITY AND BEHAVIOUR OF INDIVIDUAL**

- Influences perception
- Influence interpersonal relationships
- Helps in determining ethical or unethical behaviour
- Determines employee satisfaction
- Influence employee functioning
- Determines sense of accomplishment

### **IMPORTANCE OF VALUES**

- Values Effect individual's thoughts and actions
- Values influences employee's Motivation
- Values relate to Belief System
- Values forms core of identity
- Values works as unifying force
- Values influence attitude and behaviour
- Values creates credibility
- Values provides guidelines for decision-making

### **BELIEF**

A belief is an internal feeling that something is true, even though that belief may be unproven or irrational I believe that there is life after death. An attitude is the way a person expresses or applies their beliefs and values, and is expressed through words and behaviour. A deep moral or positional view that grounds our identity, beliefs are generated through experience, experimentation, reflection or generalisation. One's beliefs can also be influenced by external agents who are authorities that hold a canon in specific areas. Beliefs are fundamental positions rooted deep within our being. They influence our entire world view and shape everything else that we do. As such, changing one's beliefs do require considerable work.

#### **Importance**

We use beliefs **to help us understand the world around us**. A person's beliefs will guide them in their decision making and response to situations. Beliefs are usually formed in childhood or any other significant formative experience.

**Belief sees the goal, and it sees The Path required to achieve the goal.** The Path is the work that must be done, and people who believe have a crystal clear vision of what that work looks like. They see themselves training, practicing, performing, and achieving. They see themselves on The Path and doing the work.

### **Factors Affecting Beliefs**

Anthropologists, social psychologists, neuroscientists and social scientists debate the impact of things that affect personal beliefs. Although scientists do agree that **intelligence, brain development, culture, education and experience** affect the development of personal belief systems.

### **Characteristics of beliefs**

A belief is **an idea that a person holds as being true**. A person can base a belief upon certainties (e.g. mathematical principles), probabilities or matters of faith. A belief can come from different sources, including: a person's own experiences or experiments.

## **COMMUNICATION**

- It is the process through which an information, idea or opinion is transferred to more number of persons.
- The essential element of communication is that the communicated information should be understood correctly and transferred in the right direction.
- It creates confidence among human beings and enhances good industrial relations.

### **DEFINITION OF COMMUNICATION**

**According to Newman and Summer**, “Communication is an exchange of facts, ideas, opinions or emotions by two or more persons”.

### **OBJECTIVES OF COMMUNICATION**

- To Communicate right information
- To Coordinate the efforts
- To Develop managerial skill
- To have better industrial relationship
- To make Policies Effectiveness

### **IMPORTANCE OF COMMUNICATION**

- An aid to managerial performance
- Achieving coordination
- Helps in smooth working
- Increase managerial efficiency
- Helps in decision-making
- Maintaining industrial peace
- Aid to leadership
- Aid to job satisfaction
- Saving in time
- Aid to public relation

### **FUNCTIONS OF COMMUNICATION**

- Information sharing
- Feedback
- Influence people
- Gate keeping/link with outside world
- Coordination
- Socialization
- Innovation
- Necessary for sound decisions
- Greater scope of managerial influence

## **FACTORS DECIDING THE COMMUNICATION MEDIA/MODE.PROGRAM**

- Cost of medium
- Secrecy/Confidentiality
- Accuracy
- Length & Speed
- Convenience
- Suitability
- Proper recording
- Expressive (easy to read)
- Number of people to be reached

## **TYPES OF COMMUNICATION**

### **I On the basis of Organisational Relationship**

- Formal (official & recognized)
- Informal (Grapevine-easy & comfort)

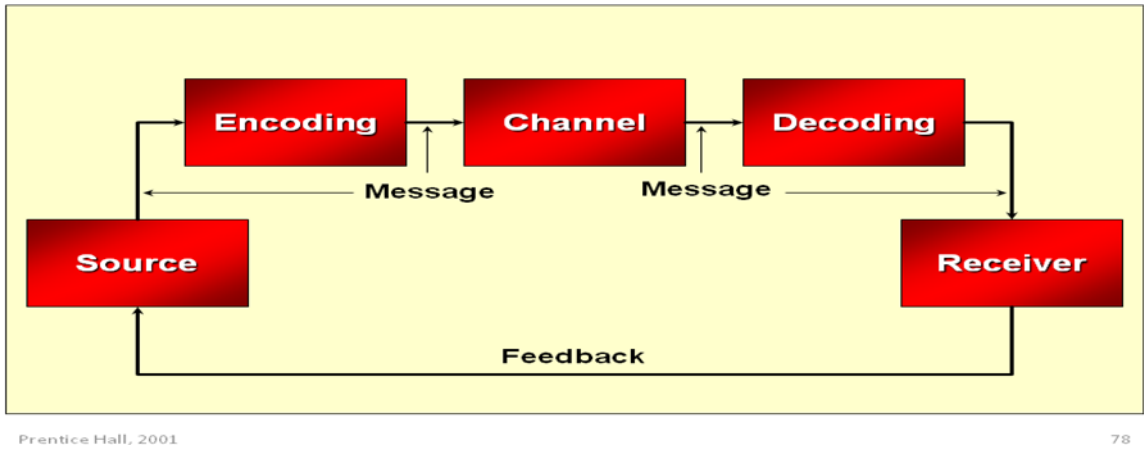
### **II On the basis of Direction of Flow of Communication**

- Downward Communication
- Upward communication
- Horizontal communication(parallel)
- Diagonal Communication(Cross ways)

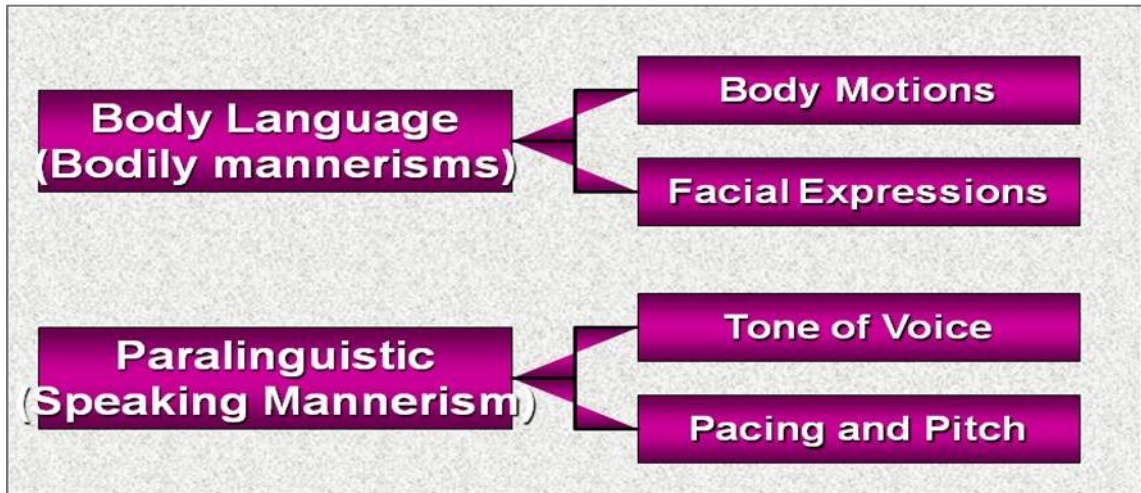
### **III On the basis of Way of Expression**

- Oral Communication
- Written communication(Graphs, Diagrams, Pictures, Circulars, Notes, Manuals, Reports, Bulletin, etc)
- Body language
- Visual/Symbols

## **THE COMMUNICATION PROCESS**



**NON-VERBAL(No words/No speech) COMMUNICATION**



**Common Barriers to Effective Communication:**

- The use of jargon. Over-complicated, unfamiliar and/or technical terms.→
- Emotional barriers and taboos. Some people may find it difficult to express their→ emotions and some topics may be completely 'off-limits' or taboo. Taboo or difficult topics may include, but are not limited to, politics, religion, disabilities (mental and physical), sexuality and sex, racism and any opinion that may be seen as unpopular.
- Lack of attention, interest, distractions, or irrelevance to the receiver. (See our page→ Barriers to Effective Listening for more information).
- Differences in perception and viewpoint.→
- Physical disabilities such as hearing problems or speech difficulties.→
- Physical barriers to non-verbal communication. Not being able to see the non-

verbal→ cues, gestures, posture and general body language can make communication less effective. Phone calls, text messages and other communication methods that rely on technology are often less effective than face-to-face communication.

- Language differences and the difficulty in understanding unfamiliar accents.→
- Expectations and prejudices which may lead to false assumptions or→ stereotyping. People often hear what they expect to hear rather than what is actually said and jump to incorrect conclusions. Our page The Ladder of Inference explains this in more detail.
- Cultural differences. The norms of social interaction vary greatly in different cultures,→ as do the way in which emotions are expressed. For example, the concept of personal space varies between cultures and between different social settings.
- Noise, Missing information
- Alteration of Information
- Overloading, Lack of facility
- Inadequate policies, rules and procedures
- Status patterns
- Lack of attention
- Quick conclusion
- Lack of confidence over the communicator
- Improper state of mind
- Lack of time, Badly expressed messages
- Poor retention

### **PRINCIPLES OF EFFECTIVE COMMUNICATION/METHODS OF OVERCOMING THE BARRIERS**

- Simple language
- Clarity, Purpose of communication
- Physical and human setting
- Consultation, Content of message (Substance)
- Follow-up action, Time and opportunity
- Training to the communicators
- Action support communication
- Personnel cooperation
- Listening, Minimum 2 persons (complete communication)
- Understanding in the same sense
- Continuous process
- Mutual understanding
- Communication may be oral/written/gestural/formal/informal
- Proper channel and Use feedback system

### **METHODS OF IMPROVING COMMUNICATION**

### **A. Methods of improving the efficiency of Interpersonal communication**

- Misperception/misunderstanding/not understanding correctly
- Selecting evaluation of others
- Selective interaction
- Response evocation/suggestion

### **B. Methods for improving organizational communication**

- Encourage open feedback
- Use simple language
- Avoid overload
- Be a good listener

### **Guidelines For Effective Communication:**

**Clarity of Purpose:** The message to be delivered must be clear in the mind of sender. The person to whom it is targeted and the aim of the message should be clear in the mind of the sender

**Completeness:** The message delivered should not be incomplete. It should be supported by facts and observations. It should be well planned and organized. No assumptions should be made by the receiver.

**Conciseness:** The message should be concise. It should not include any unnecessary details. It should be short and complete.

**Feedback:** Whether the message sent by the sender is understood in same terms by the receiver or not can be judged by the feedback received. The feedback should be timely and in personal. It should be specific rather than general.

**Empathy:** Empathy with the listeners is essential for effective verbal communication. The speaker should step into the shoes of the listener and be sensitive to their needs and emotions. This way he can understand things from their perspective and make communication more effective.

**Modify the message according to the audience:** The information requirement by different people in the organization differs according to their needs. What is relevant to the middle level management might not be relevant to the top level of management. Use of jargons should be minimized because it might lead to misunderstanding and misinterpretations. The message should be modified according to the needs and requirements of the targeted audience.

**Multiple Channels of communication:** For effective communication multiple channels should be used as it increases the chances of clarity of message. The message is reinforced by using different channels and there are less chances of deformation of message.

**Make effective use of Grapevine (informal channel of communication):** The employees and managers should not always discourage grapevine. They should make effective use of grapevine. The managers can use grapevine to deliver formal messages and for identification of issues which are significant for the employees. The managers can get to know the problems faced by the employees and can work upon it.

## UNIT 4

### GROUP IN ORGANISATIONS

#### Meaning of Groups:

- A group consists of two or more persons who interact with each other, consciously for the achievement of certain common objectives.
- The members of group are inter-dependent and are aware that they are part of a group.
- Groups exist in every organization and they affect the behaviour of their members. They not only affect the behaviour of their members, rather they have impact on other groups and the organization as a whole.

#### DEFINITION OF GROUP

**According to Stephen Robbins**, “A group may be defined as two or more individuals, interacting and interdependent, who have come together to achieve particular objectives”

#### NATURE/CHARACTERISTICS OF A GROUP

##### 1) Two or more persons

- A single individual can't form a group.
- For group formation at least two persons are must.

- There is no specific limit on the maximum number of persons to form a group.

## **2) Collective identity**

- Each group *members know one another*.
- Each member of the group perceives that he/she is a part of a group

## **3) Interaction**

- There is an interaction among the member of the group.
- Each members share his ideas with others through different communication methods such as face-to-face, in writing over the telephone, and across a computer network.

## **4) Common purpose (or) interest**

- The member of the group work to achieve some common objective or purpose
- Each member perceives that he is part of the group. .

## **Reasons For Group Formation/Factors Influencing Group Formation**

### **1) Interaction**

- During the course of their work they may have to interact with one another.

### **2) Capacity to influence**

- The capacity of each individual in the organisation to influence another by reason of work or work related issues.

### **3) Need for security**

- One of the main reasons for the formation of group in organisation is the need for security.
- If the employer creates an environment in which employees feel insecure, they have to come together as a group, namely the union to safeguard their interest.

### **4) Common interest**

- People with common interest (*likes and dislikes often come together*).
- Some people join groups because of showing common interest.

### **5) Recognition (or) esteem needs. (Appreciation or acknowledgement)**

- The recognition that is not normally available to a person, when he is alone, **becomes available** to him once he becomes a member of a certain group.
- When one is a member of a group and does some good piece of work, gets praise from others.

#### 6) **Power**

- Workers enjoy much greater power by joining groups than they do as individuals.
- This is because *a) There is strength in number.*  
*b) United we stand, divided we fall.*
- In an organisation where trade unions are absent or are not powerful, belonging to a small informal group gives an individual a feeling that the group will not let him down when he faces a crisis.

#### 7) **To get rid (make yourself free) of delay**

- Formal organisation promotes delay in view of hierarchy and longer channels of communication.
- To get rid of the delay in the competition of certain specific tasks, executives, **sometimes, may have to meet and interact** with employees casually and informally.

#### 8) **Identity**

- As a member of groups an individual gets identity. (*who am I*)
- We understand ourselves through the behaviour of others towards us.

#### 9) **Belongingness or relatedness needs**

- People being social beings, belonging to or relating groups satisfies a number, of their social needs.
- In every organization, there are many persons who are very isolated (*alone, remote, single*) or who prefer to be absent from work most of the times.
- *Such phenomena occur more where people are unable to belong to groups.*

#### 10) **Personal characteristics**

- People are more likely to form groups with others who share similar belief, values & attitudes.

## TYPES OF GROUPS

1. Formal groups (established by organization) & Informal groups (Designed by members of organization themselves)
2. Membership group (workers union, club) & Reference Groups
3. Interest groups and friendship groups
4. In-group (members of a team)& Out-group (Street performer for an office worker)
5. Temporary (Particular meeting/Committee) and permanent groups (Trade union/Business association)
6. Open group & Closed group
7. Primary group (eg. family group) & Secondary Group (Occupational association groups like Trade union)
8. Nominal/Performing and Non-performing groups (only on paper, not performing anything)

## TEAM

- The word Team is generally used in group games like hockey, cricket, football, etc.
- Team is a people with motivation, commitment to accomplish goals.
- A group is able to work together as a team, only after all the persons in the group know the roles of all others, then they will be interacting.
- It is a small group with members in regular contact.
- Team management is a process aimed at creating a successful team and satisfied colleagues.

### DEFINITION OF TEAM

- **According to Stephen P. Robbins**, “ A work team is a collection of people whose individual efforts result in a level of performance which is greater than the sum of their individual contributions”.
- **According to Katzenbach and Smith**, “Team is defined as a small number of people with complementary skills who are committed to a common purpose, performance goals, and approach for which they hold themselves mutually accountable”.

### NATURE OF TEAM

- Group of people
- Basic units performance
- Represents set of values
- Energized/thrilled by challenges
- Outperform/best individuals
- Flexible and responsive to change
- Deep sense of commitment
- Interdependence/depending on each other
- Positive Synergy/combined actions

### NEED FOR TEAM

- To achieve organizational goals
- To build unity/harmony
- To increase Morale and productivity (Self-confidence and self esteem)
- To set Team goals
- To enhance performance
- To foster/promote understanding
- To ensure efficiency/good organisation
- To diagnose weaknesses
- To ensure effective Leadership

## TYPES OF TEAM

- Problem solving team
- Cross-functional team (*members from different departments*)
- Virtual team (*performing knowledge based task in remote locations with media such a mails, phones videos, etc*)
- Self managed team (*self plan, self goal setting for results*)

## TEAM EFFECTIVENESS

- Clear Purpose, Informality/relaxed attitude
- Participation, Listening
- Civilized/polite/cultured disagreement, Consensus/agreed decisions
- Open communication, Clear Rules and work assignments,
- Shared leadership. Style diversity/mixture/variety
- Self assessment

## THE PROCESS/STAGES OF GROUP DEVELOPMENT

1. *Forming stage*
2. *Storming stage*
3. *Norming stage*
4. *Performing stage*
5. *Adjourning stage*

### 1. Forming stage

- The 1st stage for almost every group is an orientation stage.
- This stage is marked by a great deal of caution, courtesy confusion.
- The formal leader exerts a great influence in structuring the group and shaping members expectations.
- At the end of this stage interpersonal relationships are established and members begin to identify themselves with the group.

### 2. Storming stage (move angrily and forcefully)

- This stage is characterized by conflict, criticism, and confrontation (*meet an opponent face to face*) among group members.
- Such conflicts may arise due to differences in perception
- In case the conflicts become extremely intense (force) & dysfunctional (*unable to deal*) the group may dissolve or continue as an ineffective group.

### 3. Norming stage

- At this stage one person emerges powerful leader
- This is the stage in which close relationship among the members develop.
- Strong senses of group identity (*share activities with members*) also develops.

### 4. Performing stage

- This stage is characterized by team work, role clarity and task accomplishment.
- This stage exhibits the highest level of group motivation.
- Conflicts among the members are resolved through group discussions.
- The members of the group are aware of group's process and the extent of their own involvement in the group

### 5. Adjourning stage (break off)

- This stage is relevant for work teams, task forces and such similar groups that have only a limited task to perform
- As soon as the task is completed the activities of the group are wrapped

*Groups are adjourned for 2 reasons.*

1. The groups has completed its task

2. The members decide to disband (break up) and close the group with sentimental feelings.

## GROUPS INFLUENCE ON ORGANIZATION

- Hierarchies and Leaders
- Group Pressures
- Leadership selection
- Synergy/Combined action
- Goal accomplishment

## DETERMINANTS OF GROUP BEHAVIOUR

- External factors (Corporate Strategy, organization structure, rules and regulations, organizational resources, staffing policies, appraisal and reward system, organizational culture, physical work environment,etc)
- Groups members resources (Abilities, personality traits of members)
- Groups structure/composition
- Group processes (Communication pattern, decision etc.)
- Group tasks (Complex/Simple)
- Performance and satisfaction

## GROUP NORMS (RULES AND REGULATIONS)

Group norms are the rules and regulations prescribed for the group members.

- In other words, group norms are a rule that tells the individual how to behave in a particular group.
- In other words, these are the do's and don'ts.
- Group norms provide the standards against which the behavior of a member is evaluated.
- Group norms help the group members know what they should or should not do.

## TYPES OF NORMS

- Performance Norms
- Appearance Norms
- Arrangement Norms
- Resource Allocation norms
- Behavioral norms

## CHARACTERISTICS OF GROUP NORMS

- Norms explain the characteristics of a group.
- Norms are applied to all the members of the group.
- Norms serve as the basis for behavior of group members.
- Group norms control the behavior of members in group.
- Norms helps the group members to accomplish the goals.
- Norms help the group maintain as a group.

## FACTORS AFFECTING GROUP NORMS

- Personality characteristics of individuals (*e.g.*) *more intelligent compared to less intelligent members.*
- Situational factors.
- External threats (*if the group faces external threats*)
- When group goals mesh with individual goal or when there are differences in 2 sets of goals.
- When the groups are not stable.
- When definite standards are not used to evaluate group norm.

## ADVANTAGES OF WORKING IN GROUP

- Performs complex task
- Generates New ideas
- Serves as liaison/co-ordination among several groups
- Serves as problem-solving mechanism
- Facilitates complex decision making
- Serves as vehicle of socialization & Training
- Acts as an Agent to educate new employees

## DISADVANTAGES OF WORKING IN GROUP

- Problem of Groupthink, individual performs better
- Diffusion of Responsibility (No one wants)
- Potential for conflict
- Group Polarization/divergence in decision making
- Costly in terms of time, money and resources
- Time consuming
- Leads to competition
- Lack of objective direction

## GROUP COHESIVENESS

- Group cohesiveness refers to the extent to which the members of a group **are attached to each other** and **willing to remain within the group.**
- Group cohesion develops out of the activities interactions and sentiments of members.
- Cohesiveness binds (*hold together*) all the group members to work as **one man** to attain the set goals.
- **If group cohesion is high**, the interaction between members of the group is high and the degree of agreement in group opinion is high.

## FEATURES OF GROUP COHESIVENESS

\_The members **share the group goals** and norms and have common interest and backgrounds.

- The number of **members is small.**
- The **members interact among themselves quiet frequently** and interpersonal

communication is very effective.

- **Group loyalty** (*support*) among the members is high because the group enjoys high status.
- The **members stands united** against any perceived external threats to the group.

- The **members keep themselves glued** (*very close attention*) to the groups as they feel that their needs would be satisfied by the group.
- The **group has a history of past success**

## FACTORS INFLUENCING/AFFECTING GROUP COHESIVENESS

### (OR) DETERMINANTS OF GROUP COHESIVENESS

1. *Interaction or degree of dependency on the group (or) time spent together*
2. *Threat*
3. *Leadership*
4. *Conviction (strong belief)*
5. *Values and attitudes*
6. *Size of the group*
7. *Status*
8. *Location of the group*
9. *Outside pressure*
10. *Competition*
11. *Stable membership and homogeneity*
12. *Difficulty in entry*

#### 1. Interaction

- The extents to which the members of the group interact with each other determine group cohesion.
- The greater the interaction among the group members the better will be cohesiveness.
- The more highly dependent a person is on a group for some result or effect, the greater will be the groups attractiveness and cohesiveness
- It is quiet natural that the more time people spend together the more they will get to know each-other and more tendency there will be to get closer to each other, thus strengthening the degree of cohesiveness.

#### 2. Threat (to harm someone (or) danger (or) hurt a person)

- The kind of threat the members face both from the internal and external environments can influence group cohesion.
- The greater the threat the greater will be group cohesiveness.

#### 3. Leadership

- The qualities of the group leader determine the extent to which the group members bind (*hold together*) themselves with the group.
- If the leader is dynamic (*full of energy & new ideas*) and energetic, he motivates the group members to work, zeal (*great energy & enthusiasm*) for the attainment of common goals.
- He tries to build and maintain high group loyalty among members.

#### 4. Conviction (strong belief)

- If there is always a sense of conviction among the group members on the decision it is an indication that cohesion is absolute. (**complete**)
- If few members **try to thrust their ideas** on the group, such a conviction may not exist.

5. *Values and attitudes*

- The extent to which the group members share values and attitudes is another determinant.
- If every member starts acting as per his value system, cohesiveness will become difficult.

## **6. Size of group**

- The size of the group can be yet another important determining factor.
- When the size of the group increases, securing cohesion among members becomes difficult.
- Thus larger a group becomes, the less opportunity exists for interaction among the members

## **7. Status**

- A group with high status with success stories is more attractive to its members.
- Therefore, they show solidarity (*support & agreement*) among themselves and group cohesion tends to be high.

## **8. Location of the group**

- Location of the group affects group cohesion in **2** ways.
- If the group members are located **close to each other** they interact themselves frequently and freely therefore group cohesion would be high.
- If group is isolated (*single*) from other groups cohesion is high, because of chain of interactions develops among members of various groups.

## **9. Outside pressure**

- Members of group tend to face challenges from outside.
- When there is pressure from outside group members tend to minimise their personal difference in order to fight the common enemy.
- The group if unable to bear pressure group cohesiveness can't be achieved to withstand such pressure.

## **10. Competition**

- Type of competition affects the group cohesiveness.
- Success resulting from group brings cohesiveness in group.
- However, losers in group usually experience tensions and disruptive (*disturb or break*) force which upset relationships.

## **11. Stable membership**

- Groups whose members have different interests and backgrounds are often less effective in promoting their interest
- Similarly stable relationships among members enhance (*increase the quality, value*) group cohesiveness.
- This is so because the relationships have to persist over a period of time to permit people to know one another, to develop common understanding of shared goals and values.

## **12. Difficulty In entry**

- Some groups are not easy to join.
- The members are very carefully selected and the selected members feel a sense of pride (*satisfaction*) and accomplishment (*something achieved successfully*).
- The more difficult it is to get into a group, the more cohesive that group becomes.

## **MEASURES TO INCREASE GROUP COHESIVENESS**

1. ***Inducing (bring) agreement or group goals.***
2. ***Increasing the membership of likeminded persons.***

3. *Increasing interaction among members.*
4. *Taking care of group size.*
5. *Encourage competition among groups.*

6. ***Rewarding the group instead of individuals.***
7. ***Keeping the group members isolated (alone) from other groups.***

**1. Inducing (bring) agreement or group goals:**

- In the work place the employees therefore have to work as a team.
- If only they work in a co-ordinated manner, it will be possible for them to carry out any task.
- There must be consensus (*agreement*) among the members on the goals for the accomplishment (*something achieved successfully*) of which they work together.
- The manager has to play a vital role in this regard.

**2. Increasing the membership of likeminded persons**

- Every organisation has a unique culture while recruiting new employees, it must be ensured that they are in a position to understand and appreciate the organisation culture.
- If some members behave in a different manner without bothering about the custom and values of the organisation, it is sure to affect group cohesiveness.

**3. Increasing interaction among member**

- Group cohesiveness depends to a greater extent on how often and how effectively the members interact before reaching an agreement.

**4. Taking care of the group size**

- If the group is un wieldy (*hard to move or manage*) securing consensus (agreement) among the members is sure to become difficult.
- It is therefore, necessary to take care of the group size.

**5. Encouraging competition among group**

- Another measure to increase group cohesiveness is to encourage healthy competition among the different groups in the organisation.

**6) Rewarding the group instead of the individuals**

- If any group performs well, it is important to reward the group as a whole instead of rewarding a few.
- This may help to avoid ill-feelings among the group members and may in fact bring them closer.

**7) Keeping the group members isolated from other groups.**

## **IMPORTANCE OF COHESIVENESS**

### **More success**

1. ***More communication***
2. ***More personal satisfaction***
3. ***High productivity***
4. ***More participation***
5. ***More conformity/Consistency/Steadiness/Reliability***
6. ***More influence/power***

## GROUP DYNAMICS (GD)

- The way groups and individuals act and react to changing circumstances.
- It refers to those forces operating or present in the group and which influence the behaviour of the members of the group.
- The study of group dynamics is important for every manager
- It provides information to the managers about the way to control the behaviour of the members of group.
- It is a social process by which people interact face to face in small groups.

## DEFINITION OF GROUP DYNAMICS

**According to Kurt Lewin**, “Group dynamics deal with internal nature of groups, how they are formed, what structure and processes they adopt, how they function and affect individual members, other groups and the organization”.

### Basic Assumptions underlying the study of group dynamics

- 1) Groups are inevitable and ubiquitous
- 2) Groups mobilize powerful forces that produce effects of utmost importance to individuals
- 3) Correct understanding of group dynamics permits the possibility that desirable consequences from groups can be enhanced.
- 4) Groups may produce both good and bad consequences.

## CHARACTERISTICS OF GD

- Perception about each other & give their reactions)
- Motivation
- Groups Goals (which input, process and output)
- Group Organization
- Interdependency/mutual assistance/support/cooperation from other
- Interaction with each other
- Entity/Identity

## MANAGERIAL IMPLICATIONS OF GD

- Performance
- Satisfaction

## STRUCTURAL DYNAMICS OF GROUPS

- Group composition
- Group Size
- Roles
- Leadership
- Group Norms
- Group Cohesiveness

- Group Status

## TECHNIQUES OF GROUP DYNAMICS

- Brain storming
- Nominal group

- Operational research
- Simulation/Model/Immitation
- Creative thinking
- Delphi techniques

### 1. *Brain storming*

- Approach to improve problem solving by encouraging subordinates to give their ideas & solutions in a free environment
- Continuous interaction, creative thinking, will generate creative ideas

### 2. *Nominal group techniques*

- Group members are physically present in a committee meeting they do act independently
- Individuals are brought together & presented with a problem
- They develop solutions
- Ideas are shared with others
- Brief time is allocated so that questions can be asked for clarification
- Finally the decision is announced

### 3. *Operational research*

- Operational research is the systematic method of studying the basic structure, function & relationships of organization
- **It covers five steps in its approaches to problem solving**
  - a) Identification of a problems
  - b) Investigate problem
  - c) Identifying control points
  - d) Testing the data available
  - e) Implementation of solution

### 4. *Simulation*

- Simulation is a procedure which describes a process by developing a model of that process end, then conducting ***a series of organized trial & error experiments to*** predict the behavior of the process overtime
- Simulation is used when it is not possible to develop a mathematical solution

### 5. *Delphi technique*

- A panel of people who have knowledge about a problem is selected
- A questionnaire about the problem to be solved is sent to each members of the panel
- This process is involved in predicting and assessing the impact on our society of future events in a given area. E.g. understanding the problems that could be created in the event of war and after.

## MEANING OF LEADER

- A Leader is a person who leads or guides or one who is in-charge or command others, who has influence or power, especially of a political nature.
- Leaders who are appointed by superiors may have less credibility with subordinates and get less loyalty from them than leaders who are elected or emerge by consensus from the

ranks of followers.

## MEANING OF LEADERSHIP

It is the process of influencing the behavior of others to work willingly and enthusiastically for achieving predetermined goals.

- It is the ability of a leader to induce subordinates to work with confidence and zeal.
- Leadership changes potential into reality.
- It is the final act that brings to success or the potential, i.e., in an organization and its people.
- Thus, leadership is the process of influencing the activities of an individual or group for goal achievement in a given situation.

## DEFINITIONS OF LEADERSHIP

**According to Gary Yukle**, “Leadership involves influencing task objectives and strategies, influencing commitment and compliance in task behavior to achieve these objectives, influencing group maintenance and identification and influencing the culture of an organization”.

**According to Alan Keith**, “Leadership is ultimately about creating a way for people to contribute to making something extraordinary happen”.

## NEED/IMPORTANCE OF LEADERSHIP

- Determination of goals
- Perfect organization structure
- Directing group activities
- Better utilization of manpower
- Avoiding imbalances
- Source of Motivation
- Reconciliation of goals
- Developing good human relations
- Promoting the spirit of co-ordination
- Fulfilling social responsibilities
- Representation of Workers
- Providing guidance
- Creation of Confidence
- Implementing Change
- Inspiration of Employees

## CHARACTERISTICS OF LEADERSHIP

- Leadership is a process of influence
- There must be followers
- Working relationship between leader and followers
- Personal quality
- Reciprocal relationship

- Community of interests
- Related to a particular situation
- Shared function
- Power relationship

- Employees much be satisfied with the type of leadership provided
- Leadership gives an experience of helping and attaining the common objectives.

## FUNCTIONS OF A LEADER

- Taking initiative
- Representation
- Guide
- Encouraging others
- Arbitrator and mediator
- Planner
- Rewards and punishments
- Integration
- Communication
- Production

## QUALITIES OF LEADERSHIP

- Physical appearance and strength
- Mental vigor
- Emotional stability
- Sense of Judgment
- Motivation
- Goodwill
- Communication skill
- Guiding ability
- Sociability
- Technical knowledge
- Problem solving skills
- Ability to understand human behavior
- Willingness to Take Risks
- Intelligence
- Ability to Analyze
- Self Confidence
- Understanding others
- Capacity
- Positive Thinking
- To meet Challenges
- Bold Decisions
- Trust Worthy
- Spirit of Enthusiasm
- Confident on his view point
- Do things in systematic manner
- Level of Tolerance
- Must be focused
- Committed to Excellence

## LEADERS vs. MANAGERS

<b>LEADERS</b>	<b>MANAGERS</b>
Do the right things	Do things right
Focus on WHAT can be accomplished	Focus on HOW things should be done
Innovation	Conformity
Commitment	Control
Outcome oriented	Rules oriented
Transformational	Transactional
Energize the system	Ensure stability of the system
Vision, Inspiration, Courage	Procedure, Strategy, Objective
Create change – take followers from one place to another	Manage change – ensure the ability to handle it

## LEADERSHIP STYLES/TYPES

- Autocratic/Dictatorial leadership
- Democratic leadership
- Laissez fair leader/Free-rein/Liberal leadership
- Functional leadership
- Institutional leadership
- Paternalistic leadership
- Intellectual leadership (Using superior knowledge)
- Inducing leadership (Influencing others)
- Creative leadership(Encouraging others)
- Positive leadership
- Negative leadership

### Autocratic Leader

- The leader tasks all decisions by himself without consulting subordinates.
- Full authority held himself alone. He loves power and never delegates authority.

#### Advantages

- Facilitates quick decision making
- Provides strong motivation & satisfaction
- Highest productivity

#### Limitations:

- Employee morale will be low
- Absence of leader will affect the output heavily
- Dissatisfaction will develop among employees
- Employee turnover will be more

### Democratic Leader

- The subordinates are consulted and their feedback is taken into decision making process.
- Decision are taken after group discussions. Authority is decentralized.
- The participative leader attaches high importance to both work and people.

### **Advantages:**

- The subordinates are motivated by participation in decision- making process. This will increase job satisfaction.
- Labour absenteeism and turn-over will be minimum.
- The quality of decision is improved.

### **Limitations:**

- It is time consuming and may result in delays in decision making
- If subordinates are lazy and avoid work, then controlling them is difficult.
- It may yield positive results when subordinates prefer minimum interaction with leader.
- The leader requires considerable communicating and persuasive skill.

### **Laissez Fair Leader**

- Complete freedom is given to the subordinates so that they plan, motivate, control and otherwise be responsible for their own actions.
- Leader does not take part in decision making process. The authority completely decentralized.

### **Advantages:**

- positive effect on job satisfaction and morale of subordinates
- It creates an environment of freedom, individuality as well as the team spirit
- Full utilization of the potential of subordinates.

### **Limitations:**

- Lack of discipline
- Lowest productivity
- No control and co-ordination

### **Functional Leader**

- Leader behaviors expected to contribute to organizational effectiveness. The functions of this leader include:
  - Environmental monitoring,
  - Organizing subordinate activities,
  - Teaching and coaching subordinates,
  - Motivating others, and
  - Intervening actively in the group's work.

### **Institutional Leader**

- Promotion and protection of organizational values they manage the internal consistency of the firm.
- They develop external supporting mechanisms to enhance the legitimacy of the organization.

- Overcome external enemies.

### Paternalistic Leader

- **Leader** acts as a 'father figure'.
- Makes decision but may consult
- Believes in the need to support staff

## TECHNIQUES OF LEADERSHIP

- Securing cooperation
- Use of power
- Coordination
- Discipline
- Morale

## APPROACHES / THEORIES OF LEADERSHIP

### 1. Traditional Theories

- Traits approach/theory
- Behavioral approach/theory
- Situational/Contingency approach/theory

### 2. Modern Leadership Theories

- Transactional/Interaction and Transformational Leadership
- Visionary/Creative thinker Leadership
- Charismatic/charming Leadership ('a leader is born and is not made').
- Leader-Member Exchange Theory(LMX)

## TRAITS THEORIES

Theories that consider personality, social, physical, morale or intellectual qualities to differentiate leaders from non-leaders

### Leadership Traits

- Good personality
- Tirelessness
- Ability to take quick decision
- Courage to face competitors
- Persuasion
- Lesson out of experience
- Different thinking
- Reliability
- Physical fitness
- Intelligence
- Openness
- Consciousness(Sense of Duty)
- Extraversion (Transformation)

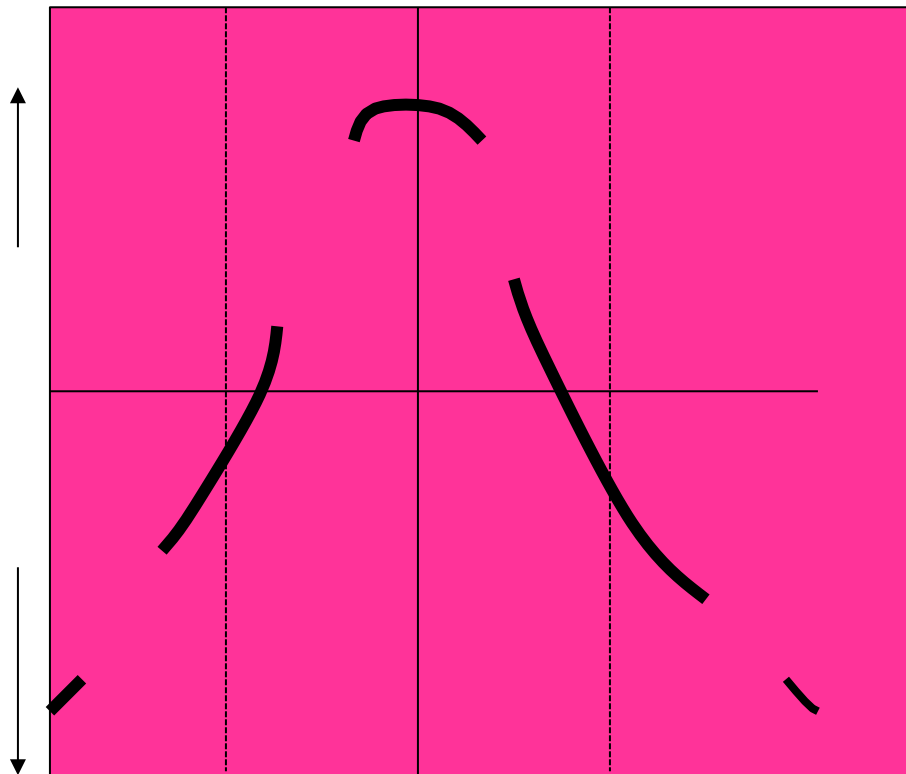
## BEHAVIORAL THEORIES

Theories proposing that specific behaviors differentiate leaders from non-leaders. It emphasises:

1. Employee-Centred Leader

2. Job-Centred Leader

HERSEY AND BLANCHARD'S SITUATIONAL THEORY



- Effective groups depend upon a proper match between a leader's style of interacting with subordinates and the degree to which the situation gives control and influence to the leader.



- Leader must help followers attain goals and reduce roadblocks to success
- Leaders must change behaviors to fit the situation (environmental contingencies and subordinate contingencies).

### TRANSACTIONAL LEADERSHIP MODEL

- Transactional leadership focuses on role and task requirements and utilizes rewards contingent (dependent) on performance.
  - ❖ Focus on the management of the organisation
  - ❖ Focus on procedures and efficiency
  - ❖ Focus on working to rules and contracts
  - ❖ Managing current issues and problems

### VISIONARY LEADERSHIP

- It is described as going beyond charisma with the ability to create and articulate a realistic, credible, attractive vision of the future for an organisation or organisational unit that grows out of and improves on the present.

### CHARISMATIC LEADERSHIP

- This theory can be traced back to ancient times.
- According to Plato's and Confucius studies, 'a leader is born and is not made'.
- Charisma is a Greek word meaning gift.
- Thus, charisma is a god-gifted attribute is a person which makes him a leader irrespective of the situations in which he works.

### MEASURES FOR DEVELOPING LEADERSHIP ABILITY

- Improving communication skills
- Training programmes
- Proper delegation of authority & responsibility
- Building team

- Use of management objectives
- Opportunities for interaction

## POWER AND POLITICS

- Power and Politics both are associated with each other.

### MEANING OF POWER(POTENTIAL ABILITY)

- It is defined as the capacity to exert influence over others.
- If a person has power means he is able to influence the behaviour of other individuals.
- A capacity that A has to influence the behaviour of B so that B acts in accordance with A's wishes, otherwise B would not do.

### DEFINITION POWER

**According to Stephen P. Robbins,** "Power is defined as the ability to influence and control anything that is of value of others".

### NATURE OF POWER

- Reciprocal/Mutual Relationships
- Dependency Relationships
- Power is specific
- Unequal distribution
- People differ in terms of values
- Resistance to change
- Power losers attempt to form coalition
- Power can expand or contract

### SOURCES OF POWER

#### 1. *Source of Individual power*

- **Formal Individual Power** - Power that stems from a person's position in an organization's hierarchy. (Legitimate/normal everyday's power, coercive/force/threats power, reward power, information power)
- **Informal individual power** – The power that comes from an individual's unique characteristics. (Expert power, Referent/word/phrase power, Charismatic/charming/appealing power)

2. **Source of Functional and Divisional Power** – Based on an individual's position in an organization. (Ability to control uncertain contingencies, substitutability, centrality/interdependence between the power-holder and others, ability to control and generate resources, discretion/judgement, visibility, dependability/reliability)

#### 3. *Source of Structural Source of Power – It includes*

- Knowledge as power
- Resources as Power

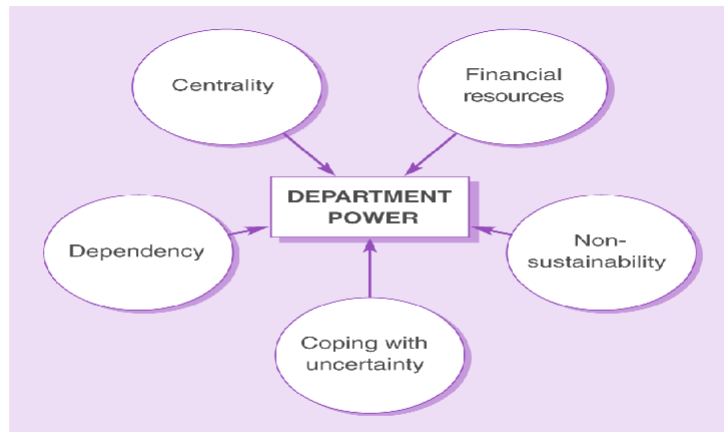
- Decision Making as power

### IMPORTANCE OF POWER

- Necessary for Coordinated Activities
- Basis for Authority and Responsibility

## INTER-DEPARTMENTAL POWER (HORIZONTAL)

OHT 28



**Figure 8.5** Horizontal, inter-departmental power sources

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- Dependency
  - The power of department A over department B is greater when department B depends on A.
- Financial resources
  - Departments that generate income for an organization have greater power.
- Centrality
  - Centrality reflects a department's role in the primary activity of an organization.
  - One measure of centrality is the extent to which the work of the department affects the final output of the organization.
- Non-sustainability
  - If an employee cannot be easily replaced, his or her power is greater.
- Coping with uncertainty
  - Departments that reduce the uncertainty for the organization will increase their power; i.e. technological developments for IT Departments.

## POWER TACTICS

- Reason: logical/rational/balanced presentation
- Friendliness: use of flattery, creation of goodwill, acting humble, friendly prior to making a request
- Coalition/alliance: getting other's support to back up
- Bargaining: negotiation through favors exchange
- Assertiveness/boldness: use of a direct & forceful approach such as demanding compliance with request
- Higher authority: gaining the support of higher

## TYPES OF POWER

### Political power

- Control of, or influence political decisions

### Economic Power

- Control of economic assets

### Military power

- Ability to wage war or to compel others through intimidation(Threats/Pressure) or deterrence/avoidance.

### Inter-personal power includes (source of power)

- Reward Power
- Coercive/threatening Power
- Legitimate Power
- Referent Power
- Expert Power

## POWER CENTRES

- Power centre is a person who is in close vicinity of higher management and whom management trusts and tasks feedback from.
- It is very important to understand the actual people who are powerful in the company.
- These people may not be on very important designations but may be the source of information to the boss.
- These people may not be necessarily being the part of your department.
- They must be other department heads, relatives or friends, sometimes driver of the boss.

## WAYS TO USE POWER CENTRES

- Destabilize/Threaten
- Communicate
- Defuse/resolve Resistance
- Be deliberate/Conscious/alert
- Dominate Sequence/run
- Create Definitive/best “System”

## PRECAUTIONS WHILE DEALING WITH POWER CENTRES

- Identify and select more than one power centre
- Selectively disclose the things (No negative information)
- Make them feel important
- Never criticize the company or boss
- Maintain Relations

## POLITICS

- It relates to the way a person is able to get power over others and the way in which he uses power over others.
- In other words, it is the process whereby power is acquired and exercised upon others to influence their behaviour or to get things done.
- It is the method of operating in order to influence the behaviour of other.
- It is the application of power –building and using influence towards intended purposes and desired outcomes.

## DEFINITION OF POLITICS

- **According to Stephen Robbins**, “Politics in organisation are those activities that are not required as part of one’s formal role in the organisation, but that influence or attempt to influence the distribution of advantages and disadvantages within the organisation”.

## TYPES OF POLITICS

- **Constructive/Positive politics** is where organizational interest comes before personal interest. It’s also conducted within good ethical standards
- **Destructive/Negative politics** is where personal interest comes before organizational interest or is simply building personal empire. It is conducted without regards to ethical standards

## DIMENSIONS IN POLITICAL BEHAVIOUR

- **Legitimate political behaviour** – refers to normal everyday's politics – complaining to your supervisor, bypassing the chain of command, forming coalitions, obstructing organizational policies or decisions through inaction or excessive adherence to rules
- **Illegitimate Political behaviour** – violates the implied rules of the game.

## NATURE OF POLITICS

- Involves some kind of power either directly or indirectly
- Involves the management of influence to obtain ends not sanctioned by the formal organisation
- Involves behaviour that is self-serving.
- Takes place when an individual recognizes that achievement of his goals is influenced by the behaviour of others.
- All self-serving behaviours which do not involve use of power or threat of use of power cannot be termed as politics. (e.g. an employee’s asking for a rise in pay is not political behaviour, but the use of threat to unionize to obtain a pay rise amounts to political behaviour)

## TACTICS USED TO GAIN POLITICAL POWER

- Pressure
- Upward Appeals
- Exchange
- Coalition/alliance
- Rational Persuasion/arguments/opinion
- Inspirational/encouraging Appeals
- Consultation
- Control over communication channels
- Control over information

- Co-optation (Adopt)
- Competition
- Bargaining or Trade-Off

## FACTORS INFLUENCING POLITICAL BEHAVIOUR

### 1. Individual Factors Contribute To Politics

- High self-monitors
- Internal locus of control
- Organizational investment
- Perceived job alternatives
- Expectations of success

### 2. Organizational Factors Contribute To Politics

- Reallocation of rewards
- Promotion opportunities
- Low trust
- Role ambiguity
- Unclear performance evaluation system
- Zero-sum reward practices
- Democratic decision-making
- High performance pressure
- Self-serving senior managers

## TYPES OF POLITICAL ACTIVITY

- Attacking or blaming others
- Controlling information
- Forming coalitions
- Networking
- Creating obligations
- Managing impressions

## LEVELS OF POLITICAL ACTION

- **Individual level** – Individual pursuit of general self-interests.
- **Coalition level** – Co-operative pursuit of group specific issues – Issue oriented.
- **Network level** – Co-operative pursuit of seeking social support for the association of individuals' general self-interests – People oriented

## CARE TO BE TAKEN WHEN WE USE POLITICS AND POWER

- Effective use of power
- Power should be use in Ethical way
- We should understand all types of power and should use them very effectively
- Should develop power skills also
- In the summery of Power and Politics in Organization, we can say power refers to the potential ability to influence others in a desired direction.

## ORGANISATIONAL STRUCTURE

- It refers to the hierarchical arrangement of various positions in an enterprise.

- It also defines the relationship between various positions, departments and persons.
- It helps in allocating authority and responsibility formally and decides who is to report to whom and who is to direct to whom.

- It involves such issues as to how the work of the organization will be divided and assigned among various positions, groups, departments, divisions, etc. and the coordination necessary to accomplish organizational objectives will be achieved.

## TYPES OF ORGANISATIONAL STRUCTURE

- **Line organization** (All managers have direct authority over their respective subordinates. Authority flows directly from top to bottom through various managerial positions).
- **Line and Staff Organization** (Specialized and supportive activities are attached to the line of command by appointing staff supervisors and staff specialists who are attached to the line authority)
- **Functional organization** (It is defined as an organization in which line authority, staff authority and a third type of authority known as functional authority exist together.)
- **Divisional organization** (It is also called profit decentralization and is built around business units. In this form, the organization is divided into several fairly autonomous units. Each unit is relatively self-contained in that it has the resources to operate independently of other divisions)
- **Project organization** (It is composed of a core of functional departments, through which its main units are specific programmes or projects.)
- **Matrix organization** (It is one of the latest types of organizational designs which have been developed to establish a flexible structure to achieve a series of project objectives)

## STEPS IN THE FORMATION OF ORGANISATIONAL STRUCTURE

- Determination of organizational goals
- Identification of related activities
- Grouping of activities
- Delegation of authority

## IMPORTANCE OF ORGANISATIONAL STRUCTURE

- Coordination
- Source of support, security & satisfaction to managers and employees
- Adoption of Change
- Chain of command/Hierarchy/rank of various employees
- Decision-making
- Enhances Efficiency
- Formal organization (Official structure)
- Informal organization (Emerges on its own)

## FORMAL & INFORMAL ORGANISATION

### Formal Organisation:

- It is an official structure of activities, roles, and authority relationships which is

- deliberately planned and executed by management for achieving organisational goals.
- It is created to achieve organisational goals.
  - Standards of behaviour and performance are prescribed by management.
  - It makes more use of formal communication.

*Informal Organisation:*

- It is a system of social relations which emerges on its own in a natural manner within the format organisation to meet the social and cultural needs of the members of orgns.
- It emerges to meet the social and cultural needs of the members of the organisation.
- Standards of behaviour and performance are evolved by mutual consent among members.
- It makes use of informal communication which is very fast but the greatest danger . It may give rise to rumors.

### ORGANIZATIONAL CLIMATE(Environment/Atmosphere)

- Organizational climate is nothing but its work environment as perceived by the individuals in the organization
- Organizational climate is a set of characteristics that describes an organization & that distributes one organization to another
- It is normally associated with job performance, job satisfaction and morale of the employees.
- Organizational climate provides a useful platform for understanding each characteristics of organization such as stability, creativity, & innovation, communication & effectiveness, etc.

### DEFINITION OF ORGANISATIONAL CLIMATE

- “Organizational climate refers to a set of characteristics that describes an organization, distinguish it from other organizations endure over a longer period of time & influence the behavior of people in it”

### IMPORTANCE OF ORGANISATIONAL CLIMATE

- Increased Employee Performance
- Develop Strong Relationship
- Determinant of success or failure
- Managers can get there work done easily
- Develop confidence
- Resource Conservation
- Social Benefit
- Reduce Turnover
- Develops a sense of Attachment with orgn.
- Develops Healthy Organization

### COMPONENTS OF ORGANISATIONAL CLIMATE

- Members concern
- Inter-personal relationships
- Degree of Control
- Individual Freedom
- Type of Structure
- Management Orientation (Style)
- Reward system

- Risk-Taking
- Conflict Management
- Degree of trust

## FACTORS AFFECTING ORGANIZATIONAL CLIMATE

- Leadership patterns
- Organizational structures
- Physical environment
- Decision making procedure
- Communication
- System Values
- Process
- Rules & regulation
- Facilities available
- Relationships
- Level of tolerance & conflict

## MEASURES TO DEVELOP SOUND ORGANIZATIONAL CLIMATE

- Rewards
- Performance evaluation standards
- Employee participation
- Encouragement
- Fair dealings
- Amount of trust
- Positive attitude
- Fair working conditions

### *ORGANIZATIONAL CULTURE(Customs/tradition)*

- Organizational culture is the acquisition of values, belief, attitudes, expectations, etc by employees of the organization.
- It is intangible and functions like invisible hands which guide the employees of an organization for better performance and more satisfaction.
- It influences everybody and is also influenced by everybody's thinking and action
- It is the environment under which an employee deals with its organization and an organization deals with its employees.

## DEFINITION OF ORGANISATIONAL CULTURE

- **According to O'Reilly,** "Organizational culture is the set of assumptions, beliefs, values, and norms that are shared by an organization's members".

## DETERMINANTS OF ORGANIZATION CULTURES

- Extent of responsibility & freedom given to employees
- Degree of co-ordination between different departments

- Extent to which the employees are encouraged to be creative
- Top management support
- Rules & regulations of the organization
- Reward system

- System of communication
- Way the employees identify themselves

## FUNCTIONS OF CULTURES

- It distinguishes one organization from another
- Conveys sense of identity
- It enhances stability of social systems
- It controls mechanism that guides & shapes the attitude & behavior of employees
- Having stronger commitment

## TYPES OF ORGANIZATION CULTURE

- **Strong culture** ( *core values are widely shared by all the members of the organization*)
- **Weak culture**
- **Participative culture** ( *subordinates are motivated*)
- **National culture** ( *holidays declared, Festival celebrations, etc*)
- **Authoritarian culture** ( *The leader of the organization exercises full control over the subordinates*)
- **Sub-culture** ( *set of values that are shared by the employees of a particular department in the organization*)
- **Dominant culture** ( *set of values that are shared by all the members of an organization*)

### **ORGANIZATIONAL CONFLICT**

Organizational Conflict Organizational Conflict also known as workplace conflict, is described as the state of disagreement or misunderstanding by individuals or groups within the organization resulting from opposing needs, ideas, beliefs, values, or goals.

At the workplace, whenever, two or more persons interact, conflict occurs when opinions with respect to any task or decision are in contradiction. A common example of organizational conflict occurs when workers advocate for higher pay and the business owner or management wants pay levels to remain the same

#### ***Factors Influencing Organizational Conflict***

1. **Unclear Responsibility:** If there is lack of clarity, regarding who is responsible for which section of a task or project, conflict takes place. And, to avoid this situation, the roles and responsibility of the team members should be stated clearly and also agreed upon by all.

2. **Interpersonal Relationship:** Conflicts at the workplace are often caused by interpersonal issues between the members of the organization. Every member of an organization possesses different personality, which plays a crucial role in resolving conflict in an organization.

3. **Scarcity of Resources:** One of the main reasons for occurrence of conflict in an

organization is the inadequacy of resources like time, money, materials etc. due to which members of the organization compete with each other, leading to conflict between them.

**4. Conflict of Interest:** When there is a disorientation between the personal goals of the individual and the goals of the organization, conflict of interest arises, as the individual may fight for his personal goals, which hinders the overall success of the project.

### *Types of Organizational Conflict*

**1. Intra-individual/Intra-personal Conflict** Conflict can be intra-personal, where an individual's objective and vision differs from his/her company's overall vision. Intrapersonal conflict occurs within an individual. The experience takes place in the person's mind. Hence, it is a type of conflict that is psychological involving the individual's thoughts, values, principles and emotions. For example, a secretary may have to lie on instructions that her boss is not in the office to avoid an unwanted visitor or an unwanted telephone call. This may cause a conflict within the mind of the secretary who may have developed an ethic of telling the truth. In addition to these value conflicts, a person may be faced with a role conflict. For example, a police officer may be invited to his brother's wedding where he may find that some guests are using drugs which are against the law. It may cause conflict in his mind as to which role he should play – as of a brother or as of a police officer.

2. **Inter-personal conflict** Interpersonal conflict is the conflict between two individuals of the organization. Basically, this occurs because of some differences in people. We have varied personalities which usually lead to incompatible choices and opinions. This may involve conflict between two managers who are competing for limited capital and manpower resources. If there are two equally deserving professors and they are both up for promotion, but only one of them can be promoted because of budget and positional constraints, then this could result in interpersonal conflict between the two professors. Another type of interpersonal conflict can relate to disagreements over goals and objectives of the organization

3. ***Intra-group Conflict***

Intragroup conflict occurs among individuals within a team. These are conflicts that typically involve more than one person within a group. The incompatibilities and misunderstandings between team members lead to intragroup conflict. It starts from interpersonal disagreements like team members have different personalities which may lead to tension or differences in views and ideas. For example, in some restaurants, all tips are shared equally by all waiters and waitresses. Some particular waitress who may be overly polite and efficient may feel that she deserves more, thus causing conflict between her and the group. Similarly, if a group is going on strike for some reasons, some members of the group may not agree with these reasons or simply may not be economically able to afford to go on strike, thus causing conflict with the group.

3. ***Inter-group conflict***

Intergroup conflict occurs when a misunderstanding arises among different teams within an organization. This is due to the varied sets of goals and interests of these different groups. In addition, competition also contributes for intergroup conflict to arise. There

are other factors which fuel this type of conflict. Some of these factors may include a

rivalry in resources or the boundaries set by a group to others which establishes their own identity as a team.

For example, sales people who depend upon their commission as a reward for their efforts may promise their customers certain quantity of the product and delivery times which the production department may find impossible to meet thus causing conflict between the two units.

#### 4. *Inter-organizational Conflict Inter-organizational conflict*

Is the conflict that arises across different organizations. When different businesses are competing against one another, this is an example of inter-organizational conflict. Conflict also occurs between organizations which are dependent upon each other in some way. This conflict may be between buyer organizations and supplier organizations about quantity, quality and delivery times of raw materials and other policy issues.

#### *Causes of Organizational Conflict*

**1. Managerial Expectations:** Every employee is expected to meet the target imposed by his/her superior and when these expectations are misunderstood or not fulfilled within the stipulated time, conflicts arises.

**Communication Disruption:** One of the major causes of conflict at the workplace is disruption in the communication, i.e. if one employee requires certain information from another, who does not respond properly, conflict sparks in the organization.

**Misunderstanding:** Misunderstanding of information, can also alleviate dispute in organization, in the sense that if one person misinterpret some information, it can lead to series of conflicts.

**Lack of accountability:** If in a project, responsibilities are not clear and some mistake has arisen, of which no member of the team wants to take responsibility can also become a cause of conflict in the organization.

**Stages of Conflict** There are five stages in a conflict.

**1. Latent Stage:** In the “Latent Stage,” the first stage in the five stages of conflict, people may be in conflict without being aware that they are in conflict. An example of this could be that a server at a restaurant may have inputted an order incorrectly and the food being made for a table is the wrong food. The manager and table do not know this yet and conflict has not arisen yet.

**2. Perceived Stage:** The “Perceived Stage” is when the people involved in a conflict become fully aware that there is a conflict, so the table has now been made aware and complained to management. Management will now go over to speak with the employee about it.

**3. Felt Stage:** During the “Felt Stage” stress and anxiety are felt by one or more of the participants due to the conflict, the manager does not enjoy causing conflict and the employee does not enjoy being under scrutiny.

**4. Manifest:** This will undoubtedly lead to the “Manifest Stage,” during which the conflict can be observed. The Manifest Stage can take a number of shapes including: e-mails, phone calls, phone messages, face-to-face meetings, or any situation in which the conflict could be observed. When the manager pulls the employee aside to speak with him or her, others perceive the conflict and it has manifested.

**5. Aftermath:** The final stage is the “Aftermath Stage,” which takes place when there is some outcome of the conflict, such as a resolution to, or dissolution of, the problem. When the manager corrects the mistake with the customer and takes appropriate steps to ensure the server is more careful in the future.

**Conflict resolution** Conflict resolution is a way for two or more parties to find a peaceful solution to a disagreement among them. From a conflict resolution perspective, conflicts can and must be resolved by taking into account the needs of the people affected by the conflict.

*Conflict resolution is only a five-step process:*

**Step 1: Identify the source of the conflict.** The more information we have about the

cause of the conflict, the more easily we can help to resolve it. To get the information we need, use a series of questions to identify the cause, like, “How did this incident begin?” As a manager or supervisor, we need to give both parties the chance to share their side of the story. It will give us a better understanding of the situation.

**Step 2: Look beyond the incident.** The source of the conflict might be a minor problem that occurred months before, but the level of stress has grown to the point where the two parties have begun attacking each other personally instead of addressing the real problem. In the calm of our office, we can get them to look beyond the triggering incident to see the real cause. Once again, probing questions will help.

**Step 3: Request solutions.** After getting each party’s viewpoint on the conflict, the next step is to get each to identify how the situation could be changed. Again, question the parties to solicit their ideas: “How can you make things better between you?”

**Step 4: Identify solutions both disputants can support.** We are listening for the most acceptable course of action. Point out the merits of various ideas, not only from each

other’s perspective, but in terms of the benefits to the organization. For instance, we might point to the need for greater cooperation and collaboration to effectively address team issues and departmental problems.

**Step 5: Agreement.** The mediator needs to get the two parties to shake hands and agree to one of the alternatives identified in Step 4. Some mediators go as far as to write up a contract in which actions and time frames are specified.

## *Conflict Resolution Strategies*

There are five common methods to resolve conflicts in the workplace:

- Accommodating
- Avoiding
- Compromising
- Collaborating
- Competing

### **1. Accommodating**

This method of conflict resolution, also known as smoothing, involves one party acquiescing, giving the opposing party exactly what it needs to resolve the problem.

In some cases, accommodating can be an appropriate resolution to conflict. For example, if your opinion on the matter is not very strong, it is often easier to comply. This method allows you the chance to resolve a problem in the short term while working toward a long-term solution.

### **2. Avoiding**

This method involves simply ignoring the fact that there may be a conflict. People tend to avoid conflict when they do not wish to engage in it. Avoiding allows them to ignore that there is a problem. There are situations in which avoiding conflict can be an appropriate response, such as when there is no clear solution or a frustrated party needs time to calm down before confrontation. However, avoidance can require more effort than merely facing the problem and can cause friction between the disagreeing parties.

### **3. Compromising**

Also known as reconciling, compromising seeks a mutual agreement to settle a dispute. Both parties willingly forfeit some of their conditions in the interest of reaching an agreement. This can be a quick way to resolve a conflict without it becoming a bigger issue. Compromise can also be used as a temporary method to avoid conflict until the parties involved can implement a more permanent solution.

It is appropriate to compromise when it would not be possible to make both sides completely happy while still moving forward.

### **4. Collaborating**

Like the compromising method, collaboration involves working with the other party to find a mutually agreeable solution to a problem. For example, a salesperson and client may work together to negotiate contract terms until both parties find it agreeable.

### **5. Competing**

Competing is an uncooperative, overly assertive method used by people who insist on winning the dispute at all costs. This method is not often identified as bringing satisfactory resolutions, as it doesn't allow for collaborative problem-solving.

## ORGANISATIONAL CHANGE(OC)

- It refers to any alteration that occurs in total work environment.

- Change with reference to work environment, means any alteration that requires the people doing work to make certain adjustments.
- OC should benefit the organisation a whole
- Organisational changes are the changes of attitude, nature and interest of employees, technological and environmental changes related to an organisation and changes in rules and regulations affecting the organisation.

## DEFINITION OF OC

According to Van de Ven and Poole, “Organizational change was expressed as an empirical observation of difference in form, quality, or state over time in an organizational entity. The entity may be an individual’s job, a work group, an organizational strategy, a programme, a product, or the overall organization”.

## NATURE OF ORGANISATIONAL CHANGE

- Change disturbs old equilibrium
- Change is a continuous process
- Change is perceptual and behavioural
- Change is Natural, as is death
- Change may be incremental or transformational
- Change affects whole organization
- Change may be Reactive or Proactive
- Change affects individuals in the multiple roles
- Change may be planned or unplanned
- Change may originate in response to internal needs

## OBJECTIVES OF OC

- Survival and Growth of organisation.
- Organizational Development
- Mould and modify the behavioral pattern of employees

## IMPORTANCE OF OC

- **Change in environment** (due to economic and market change, technological change, legal changes, resource availability changes)
- **Change in Managerial level** – Human resources ( due to retirement of managers at different levels, promotion, demotion, dismissal, resignation or turnover of managers)
- **Deficiency in present organization** (due to shortcomings, defect, duplication of work, resource, time and effects, working procedure, managing process, lack of cooperation, increasing conflict, decreasing productivity, increasing cost and scrap losses, barriers in communication process)
- **Check the growth of inflexibility**

## LEVELS OF OC

- Individual level change
- Group level change
- Organizational level change

## STABILITY vs. CHANGE

- Organizations handle the stability-change dilemma depending on the amount and type of innovation required.
- The organic organization e.g. is suitable when frequent technological changes are required
- The organic organization is always oriented towards change rather than stability.
- Stability helps organization to understand its identity, but does not help in growing the organization.
- While the ability to change enables organization to adapt to its experiences and also helps in growing organization.

## PROACTIVE VS. REACTIVE CHANGES

- Proactive/Positive/Practical change: (Planned-Preventive action)
  - It takes place when some forces to change lead an organization to conclude that a particular change is desirable
  - It involves actively attempting to make alterations to the work place and its practices.
  - Companies that take a proactive approach to change are often trying to avoid a potential future threat
  - It is futuristic in nature. Strategies are formulated and the changes are made to happen, in the prediction of the changes in environment.
  - It occurs when management initiates changes to achieve an organizational goal or objective.
- Reactive/Unthinking change: (Unplanned-Corrective action)
  - It occurs when these forces to change make it necessary for a change to be implemented.
  - It occurs when an organization makes changes in its practices after some threat or opportunity has already occurred.
  - It lives in past, these organizations do not anticipate changes in the environment.
  - When the environment changes then the organization is forced to develop the strategies in response to the changes.
  - It brings in the change to achieve the organizational goals.

## FACTORS INFLUENCING ORGANIZATIONAL CHANGE

### a) Internal factors

1. Human resources
2. Functional resources
3. Managerial behavior
4. Policy decisions
5. Attitude of employees
6. Availability of funds
7. Level of efficiency

8. Trade union demands

**b) External factors**

1. Government regulations

2. Technological advancement
3. Economic conditions
4. Changes in law
5. Competitive pressure
6. Changes in buyer preference
7. Market situation
8. Political pressure

## TYPES/DIMENSIONS OF OC

- a) Structural change
- b) Technical change
- c) Behavioral change
- d) Happened change
- e) Anticipatory change
- f) Incremental change
- g) People oriented change
- h) Directional change
- i) Total change
- j) Revolutionary/Innovative/New change
- k) Reactive/Unthinking change(Unplanned-Corrective action)
- l) Proactive/Positive/Practical Change (planned-Preventive action)
- m) Strategic/Calculated change
- n) Process oriented changed
- o) Operational/Ready to use change
- p) Transformational/Conversion/Substitution change
- q) Recreational/Pleasure/Relaxation change

## ORGANISATIONAL CHANGE PROCESS

- Problem Recognition
- Identifying the causes of problems
- Implementing the change
- Generating motivation for change
- Managing the Transition state
- Supporting the change
- Evaluating the change

## FORCES OF OC

- A. **External Forces:** - Technology, Marketing conditions, social changes, political forces, globalization, workforce diversity, changing economic conditions, etc.
- B. **Internal Forces:**-Changes in Managerial personnel, operative personnel, Employee expectations, work climate, Deficiencies in Existing structure, etc.

## RESISTANCE/OPPOSING/FIGHTING TO CHANGE

- It involves employees' behavior designed to discredit, delay or prevent the changes introduced for the development of an organization.

- They resist because they are afraid of their job security, working conditions, status, regression and other factors.
- They complain about the ineffectiveness of changes which may harm them more than benefiting the organization.
- It is clear that all employees do not resist the changes because they are benefited by such changes.

## DEFINITION OF RESISTANCE TO CHANGE

**According to Ansoff,** “Resistance to change is a multifaceted phenomenon, which introduces unanticipated delays, costs, and instabilities into the process of strategic change”.

## CAUSES OF RESISTANCE TO CHANGE

- Threat to job security
- Fear of losing job
- Fear of monetary loss
- Increase in work burden
- Fear of demotions
- Loss of promotional opportunities
- Fear of transfer
- Loss of social security benefits
- Loss of leave benefits

## TYPES OF RESISTANCE TO CHANGE

1. **Psychological resistance** (Sentimental, perceptual and emotional)
2. **Sociological Resistance** (Group/Society feels changes are non-essential and useless and against the norms of social system)
3. **Logical resistance** (Changes are not desirable at present, may be beneficial in the future and **apply cost-benefit** of changes)

## OVERCOMING RESISTANCE TO CHANGE (MANAGING CHANGE)

- Securing the participation of employees
- Involving trade unions
- Planning the change
- Proper motivation of employees
- Protecting the interest of employees
- Sharing the benefits of the change with the employees
- Provision of suitable training facilities
- Change must be logical and socially acceptable
- Change must be beneficial to organ, employees and society.

## CHANGE MANAGEMENT

### DEFINITION OF CHANGE MANAGEMENT

**According to Gabler,** “Change management is the strategy of planned and systematic change, which achieved by the influence of organisational structure, corporate culture and individual behaviour, under the greatest possible participation of the employees”.

## KURT LEWIN'S THREE STEP MODEL: APPROACHES TO MANAGING CHANGE

1. **Unfreezing:** Reducing/Removing the forces/restrictions for status quo. (e.g. Removing restriction on wages, hiring, prices, rents, etc.)
2. **Moving/Changing:** Developing new attitudes, values and behaviors (Emotional Reaction)
3. **Refreezing:** Reinforcing/Strengthen/Support new values, attitudes and behaviors

## ORGANIZATION DEVELOPMENT (OD)

- It is the process of **bringing change in the entire aspects of the organization.**
- It is an educational approach/strategy which focuses on the **whole culture of the organization** in order to bring about planned change.
- It seeks to change in beliefs, attitudes, values and structure – entire culture of the organization.
- It is a body of knowledge and practice that **enhances organizational performance and individual development.**

## DEFINITION OF OD

**According to Newstrom, Davis,** “Organizational Development is the systematic application of behavioral science knowledge at various levels, such as group, inter-group, organization, etc., to bring about planned change”.

**According to Lippitt G.L.,** “OD is the strengthening of those human processes in organizations, which improve the functioning of the organic systems, so as to achieve its objectives”.

## OBJECTIVES Of OD

1. **To build and enhance interpersonal trust, communication, cooperation** and support among all individuals and groups throughout the organization at all levels.
2. **To encourage an analytical approach to problem solving in a team spirit and open manner,** where the problems and differences are confronted and resolved instead of problem-avoiding or decision-postponing approach or "sweeping problems under the rug", as they say it.
3. **To increase a sense of belonging to the organization** so that the organizational goals become the goals of the members of the organization.
4. **To assign decision making and problem solving responsibilities** to skilled and knowledgeable persons who are closer to the scene of operations and the sources of information, rather than to a person with a particular role or at a particular hierarchical level.
5. **To increase personal responsibility** for planning; implementing the plans and be aware and responsible for the consequences.
6. **To help managers to manage** according to the relevant objectives, rather than depending upon "past practices".

## CHARACTERISTICS OF ORGANIZATIONAL DEVELOPMENT

- Planned strategy to bring about organisational change
- Involves a collaborative approach to change
- Includes an emphasis on ways to improve and enhance performance
- Relies on a set of humanistic values about people and organisations

- Represents a systems approach
- Scientific approaches to increase organisational effectiveness

## BENEFITS OF OD

- It mainly tries to deal with the changes throughout the organization.
- Provides recognition
- Increase Effectiveness
- It develops greater motivation.
- It increases productivity.
- A better quality of work.
- It creates higher job satisfaction
- Team work is improved and encouraged
- It finds better solution for conflicts
- Commitment to objectives
- Increases the willingness to change
- Absenteeism is reduced.
- Turnover is lower
- Appraisal, Helps in Analysis

## LIMITATIONS OF OD

- Organizational development is long-way process and requires more time.
- It consists of substantial expense, delayed payoff periods
- Failures are possible
- Possibility for invasion of privacy
- Possible for psychological harms
- It emphasizes only in group process compared to performance
- Conceptual ambiguity is possible.

## PROCESS OF ORGANISATIONAL DEVELOPMENT

- Initial Diagnosis
- Data collection
- Data feedback and confrontation
- Selection and Design of interventions
- Implementation of intervention
- Action planning and problem-solving
- Team-Building
- Inter-Group Development
- Evaluation and Follow - up

## METHODS/TECHNIQUES OF OD INTERVENTION

- Survey Feedback(Study the employees attitudes through questionnaire)
- MBO(Joint goal settings)

- Quality Programme (Product and service excellence)
- Team Building (Improve effectiveness of work group)
- Large Group Interventions(Bring all members together)

- Process consultations(Improve the process in orgn.)
- Skills Training (To improve skills)
- Sensitivity Training (Understand how my behaviour affect others)
- Management Development Training(To enhance Skills)
- Role Negotiation(Understanding his role in orgn.)
- Job re-design(To fit between his skills and job demands)
- Health promotion programme
- Career Planning

## MAJOR THEORIES OF OD AND THEIR PURPOSES

### A. Maslow's need hierarchy theory

The needs, listed from basic (lowest, earliest) to most complex (highest, latest) are as follows:

- Physiological need
- Safety and security need
- Social need
- Self esteem need
- Self actualization need

### B. Other Theories

- Herzberg's two factor theory
- Alderfer's ERG theory
- Cognitive dissonance
- Self-determination theory
- McClelland's achievement motivation theory
- Goal-setting theory

## OD SERVICES

### A. Organization Effectiveness/Value

- Conflict Management
  - Action Research
  - Executive Development
  - Goal Setting
  - Group Facilitation
  - Managing Resistance to Change
  - Organizational Restructuring
  - Project Management
  - Self-Directed Work Teams
  - Socio-technical Systems Design
  - Strategic Planning
  - Teambuilding
  - Total Quality Management

### B. Employees Effectiveness/Value

- Career Counseling
- Coordination & Management of Multi-Disciplinary Consultants
- Creative Problem Solving

- Customer Service Training
- Developmental Education

- Interpersonal Communication Skills
- Human Resource Management
- Labor Relations
- Leadership Development
- Management Development
- Outplacement
- Sales Training, Stress Management
- Technical Training, Time Management
- Training Evaluation , Workforce Diversity

## ORGANISATIONAL EFFECTIVENESS

- It is the **extent to which an organisation achieves its goals** with the given resources and means.
- An organisation is **said to be effective**, if it is **able to achieve its goals**
- The goals must be achieved **within the constraints of limited resources**.
- The **level of output an organisation achieves with its limited resources** determines its efficiency and the extent to which it is successful in doing what is set out to do determine its effectiveness.
- **Efficient:** He is very efficient as he has completed his task with lot of constraints/limitations/difficulties/limited resources.
- **Effective:** The scheme is very effective as it is very useful/helpful/beneficial to many people.

## DEFINITION OF ORGANISATIONAL EFFECTIVENESS

According to Price, “Organisational effectiveness is the degree of achievement of multiple goals”.

## LEVELS OF ORGANISATIONAL EFFECTIVENESS

- **Individual effectiveness** (Depends upon ability, aptitude, skills, knowledge, attitude, emotions, motivation, stress)
- **Group Effectiveness** (Depends upon cohesiveness, leadership, group structure, status, roles, norms)
- **Organisational Effectiveness** (Depends upon environment, technology, strategic choice, organ structure, processes, organ culture)

## INDICATORS OF ORGANISATIONAL EFFECTIVENESS

- Innovation (Make meaningful change to increase market share)
- Results (Outputs & Outcomes by orgn)
- Productivity (Overall)
- Absence rate
- Staff turnover
- Fiscal Indicators (Profit, financial turnover, ROI, Market share)

- Perceptions of corporate performance by top management
- Balanced scorecard (Assessing performance)

## ACHIEVING ORGANISATIONAL EFFECTIVENESS

- Goal attainment approach
- Systems approach
- Strategic Constituencies Approach
- Competing-values approach

## HISTORICAL OPINIONS ABOUT ORGANIZATIONAL EFFECTIVENESS

1. Frederick Taylor
2. Henri Fayol
3. Elton Mayo

➤ FREDERICK TAYLOR

Effectiveness was determined by factors such as Production Maximization, Cost Minimization, Technological Excellence, etc.

➤ HENRI FAYOL

Effectiveness is a function of clear Authority and Discipline within an Organization

➤ ELTON MAYO

Effectiveness is a function of Productivity resulting from Employee Satisfaction

## APPROACHES TO MEASURING ORGANIZATIONAL EFFECTIVENESS

- **Goal Approach:** Effectiveness is the ability to excel at one or more output goals.
- **Internal Process Approach:** Effectiveness is the ability to excel at internal efficiency, coordination, motivation, and employee satisfaction.
- **System Resource Approach:** Effectiveness is the ability to acquire scarce and valued resources from the environment.
- **Constituency Approach:** Effectiveness is the ability to satisfy multiple strategic constituencies both within and outside the organization.
- **Domain Approach:** Effectiveness is the ability to excel in one or more among several domains as selected by senior managers.

## OE CRITERIAS FOR SELECTED CONSTITUENCIES

<i>Constituency</i>	<i>Typical Criteria's</i>
Owners	-Return on Investment; growth in earnings
Employees	-Compensation; fringe benefits; job satisfaction
Customers	-price, quality, service
Suppliers	-payments, future sales
Creditors	-debt payments
Unions	-competitive wages & benefits; -working conditions, fairness in bargaining
Local Communities	-Involvement in local affairs; environmental damage
Government Agencies	- Compliance w/laws, avoidance of penalties

## FOUR MODELS OF EFFECTIVENESS

### *Quadrant I : Human Relations Model – Internal Focus and Flexible structure.*

#### **Primary Goal**

Management concern is on the development of human resources. Employees are given opportunities for autonomy and development.

#### **Sub-goals**

Management works toward sub-goals of cohesion, morale, and training opportunities. Organizations using this are more concerned with employees than the environment.

### *Quadrant II: Open Systems Model – Combination of external focus and flexible structure.*

#### **Primary goal**

Management's goals are primarily growth and resource acquisition.

**Sub-goals** are flexibility, readiness, and positive evaluation by the external environment. Dominant value is establishing a good relationship with the external environment to grow and acquire resources. Similar to the Systems Resource Model.

Quadrant III: Internal Process Model – Reflects the values of internal focus and structural control.

**Primary goal**

Seeks a stable organizational setting that maintains itself in an orderly way. Well established in environment and just wish to keep their current position.

**Sub-goals** include mechanisms for efficient communication, information management, and decision-making.

Quadrant IV: Rational Goal Model – Reflects Management values of structural control and external focus.

**Primary goals** are productivity, efficiency, and profit. Organization wants to achieve output goals in a controlled way.

**Sub-goals** include internal planning and goal-setting, which are rational management tools. Similar to the Goal Approach.

## UNIT-5

### MANAGEMENT STYLES:

There are different management philosophy and principles developed by management specialists in different ages to be a successful manager. With the change of world and views of people these philosophy are changed and are changing continuously. With the changing nature best thinker of management and successful manager of developed country introduced different management styles those are considered as a proven method of organizational success. Now the following distinct management styles are well known in the globalize world and their applications have distinctness in different culture:

- I) Japanese management styles
- II) American management style
- III) Chinese management style

Since their style of management is different from each other, management values of those are not indifferent. Practices of the above mentioned management styles discussed with their characteristics below (Rahman & Islam, 2010)

#### Japanese Management Style

The socio cultural traits of Japanese people have imbued in them a perception, a belief and a behavior at workplace congenial for high productivity, fast industrialization and innovation. In contrast to the western individualism, the “Groupism” of the Japanese makes them more cooperative, contributive, supportive to the others in the group and hence the organization (Chang, 1982). General characteristics of Japanese management are: “Japanese accepts ambiguity, uncertainty, and imperfection as much more of a given organization life (Pascale and Athos, 1981).” Another specialist group concluded that Japanese management was based on the philosophy and organization culture that emphasize Lee,1987). Hard work for common goals, Consultative decision making, Two way communication, Long term planning, Sharing of overall objectives of the organization by the employees at all levels, Establishing harmony and loyalty between works and management, and showing a degree of concern for people and their values.

Another contemporary management specialist identified some characteristics of Japanese management style, these are:

**Planning: Long term oriented.** **Decision making:** Collectively, flow of decision is top to bottom (in case of critical decision), flow of decision is bottom to top (in case of non critical decision), process of decision making slow but implementation is swift.

**Organizing :** Informal organizational structure, well known common organizational culture, collective responsibility and accountability.

**Staffing:** Recruitment takes place at entry level, life time employment common in companies, promotion based on long term performance, loyalty to the company.

**Leading:** Paternalistic style of leadership is applicable, leader acting as a social facilitator and a group member. **Controlling:** Control by peers, focus on group performance, and extensive use of Quality control circles (Rahman & Islam, 2010).

#### American Management Style

American management style can be described as individualistic in approach, in so far as managers are accountable for the decisions made within their areas of responsibility. Although important decisions might be discussed in open forum, the ultimate responsibility for the consequences of the decision lies with the boss — support or seeming consensus will evaporate when things go wrong.

Therefore, American managers are more likely to disregard the opinions of subordinates than managers in other, more consensus or compromise- oriented cultures. This can obviously lead to frustrations, which can sometimes seem to boil over in meeting situations .

The quality movement in the west began in the United States at the turn of the 20th century. One of the first attempts of the movement was done by Frederick Winslow Taylor who introduced new approach to improve the work of unskilled workers in industrial organizations known as father of scientific management (Weihrich and Koontz, 2000). The western management style is not static at all. It characterized by different views which are currently applicable in different organizations. D.M Flynn has made comparison between the characteristics of the top management in Japan and the U.S.A, as given below:

Characteristics of Top Management : A Comparison

Organic Type-Japan	System Type-U.S.A
Facilitator	Decision maker
Social leader	Professional
Group Strength	Individual initiative and creativity
Emphasis on human relations	Emphasis on functional relations
Management by consensus	Management by objectives
Leader adapts to change	Systems adapt to change.

Source: Flynn et. Al. (1982)

**Planning: Short term oriented;** Decision making: Emphasis individual decision making, decision initiated at the top and flowing down, process of decision making swift but implementation process is slow. **Organizing:** Formal bureaucratic organizational structure, individual responsibility and accountability; **Staffing:** Job is not secured; promotion based on short term performance, primarily based on individual performance, loyalty to the profession; **Leading:** Directive style of leadership is applicable, leader acting as a decision maker and head of the group; **Controlling:** Control by superior, Focus on individual performance, Limited use of quality control circles.

### Chinese Management Style

Now China is considered as an emerging tiger in the globalize world among the truly developed country. Behind the success of the Chinese there have some management factors which played an important role for assisting Chinese to be unique one in the modern competitive world. Management style of Chinese is not characterized as an exclusive one but the combination of Japanese and American. The following characteristics of Chinese management style are discovered by (Weihrich and Koontz, 2000).

**Planning: Long term and short term orientation ;**

**Decision making: Decision making by the committees;** at the top often individual, flow of decision is top to bottom, process of decision making slow and implementation process also slow compare with Japanese and American management style. **Organizing:** Formal bureaucratic organizational structure, collective and individual responsibility and accountability; **Staffing:** Job secured, promotion based on performance, potential ability, and performance, lack of loyalty to the company and profession; **Leading:** Directive style of leadership is applicable (parent child relations), Leader acting as a head of the group (committee); **Controlling:** Control by group leader (Superior), focus on group as well as individual performance, limited use of

quality control circles. Though all traditional management styles are not same but views are not different at all. Every style has common a goal to increase productivity through the proper utilization of human resources known as internal people of the firm. Practices of management depend on culture of the specific region. With the changes of time traditional management also amend their views to cope with the changes and changing will continue even in the future to get a greater satisfaction (Rahman & Islam, 2010).

## **ORGANISATIONAL CREATIVITY**

Creativity is regarded as “one of the most complex and fascinating dimensions of human potential”.

Reviewing the history of creativity research, Sawyer (2012) identified three major waves of creativity studies: The first wave was in 1950s and 1960s when the focus of the study was on the personality of exceptional creators. The second wave was in 1970s and 1980s, when the focus of the study was shifted to the cognitive aspects (i.e., internal mental processes) of creative behavior. The third wave was in the 1980s and 1990s, when the cognitive approach was extended to the creative social system (i.e., groups of people in social and cultural contexts).

Each of these approaches has its own distinctive analytic focus and each of them defines creativity slightly differently, which he summarized into two major definitions of creativity. The first definition is the so-called “individualist definition”. This definition combines the first wave personality psychology with the second wave experimental cognitive psychology and underlines the personality traits, thinking, perception, and learning behavior of the creative person.

The individual definition that Sawyer (2012, p. 7) proposed is “Creativity is a new mental combination that is expressed in the world”.

Three distinct features characterize this definition:

- (1) Creativity must be something new, novel, or original;
- (2) Creativity involves a combination of two or more thoughts or concepts that have never been combined before by the individual;
- (3) Creativity must be expressed in a certain way in the world. Unexpressed and uncommunicated personal concepts or thoughts

## **FACTORS INFLUENCING CREATIVITY AND INNOVATION**

organic structures that promote innovation are: □

- Freedom from rules; □
- Participative and informal; □
- Many views aired and considered; □
- Face to face communication; little red tape; □
- Inter-disciplinary teams; breaking down departmental barriers; □
- Emphasis on creative interaction and aims; □
- Outward looking; willingness to take on external ideas; □
- Flexibility with respect to changing needs; □
- Non-hierarchical; □
- Information flow - downwards as well as upwards; □
- Decision making responsibility at lower levels;
- Decentralized procedures; □ Freedom to act;

**Structures that hinder innovation include:** □

- Rigid departmental separation and functional specialization; □
- Hierarchical; □

- Bureaucratic; □
- Many rules and set procedures; □
- Formal reporting; □
- Long decision chains and slow decision making; □
- Little individual freedom of action; □
- Communication via the written word; □
- Much information flow upwards; directives flow downwards.

**Attributes of organizations that reward innovation include:** □

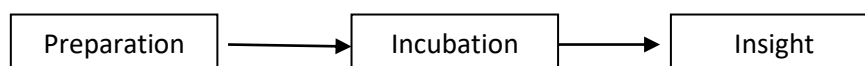
- Ideas are valued; □
- Attention and support of Top Management; □
- Respect for new ideas; □
- Celebration of accomplishments, e.g. awards; □
- Implementation of suggestions; □
- Encouragement.

**Characteristics that distinguish highly innovative firms against less innovative companies are as follows:** □

- Top management commits both financial and emotional support to innovation, and they promote innovation through champions and advocates for innovation. □
- Top management has to ensure that realistic and accurate assessments of the markets are made for the planned innovation.
- Highly innovative firms are close to the end users, and are accurately able to assess potential demand. □
- Top management ensures that innovation projects get the necessary support from all levels of the organization. □
- Top management ensures that structured methodology/systems are set in place so that each innovation goes through a careful screening process prior to actual implementation.

**Fostering Creativity And The Creative Process**

Creative behaviour is defined as production ideas that are both new and useful. Creative ability is the ability to produce ideas that are both new and useful. These definitions may seem constraining, since the usefulness of some truly creative alternative might not be immediately evident. One scholar has addressed this dilemma by differentiating between originality and creativity. Both motivation and a proper setting may be necessary if innate creative ability is to blossom into creative output. Creativity involves more than the sudden moment of inspiration in which an idea suddenly flashes in the brain. There are four stages to the creative process: preparation, incubation, insight, and verification.



Preparation involves gathering, sorting, and integrating information and other materials to provide a solid base for a later breakthrough. The discoveries of penicillin, the benzene ring, or gravity, while each involved a moment of insight, would have been impossible without a firm grasp of related information. During the incubation stage, the mind is not consciously focused on the problem. The individual may be relaxed, asleep, reflective, or otherwise involved. The insight (“Eureka!”) stage is the familiar, sudden moment of inspiration. While this is what we

often think of as creativity, it is only one step in the creative process. Finally, verification is necessary. Here, the individual carries out the chores involved in carefully checking facts to support the insight, carrying out research to determine that the DNA molecule is in fact a double helix or that a meteorite did really create a dust cloud that led to the extinction of the dinosaurs. This process further supports the contention that creativity does not just happen. It is a thorough and often-painstaking activity.

### Techniques For Enhancing Creativity

- **Gordon Technique**  
Gordon technique uses an initial focus on function. Rather than being told to build a better mousetrap, the group might first be told that the focus was capturing. Instead of the group being instructed to design an improved knife, the function could be given as severing.
- **Synectics**  
Synectics means, “the joining of apparently unrelated elements.” First, very different sorts of people are put together in synectics groups in order to get a real diversity of perspectives. Second, synectics relies heavily on the use of analogies. Synectics techniques have been widely adopted by both businesses and educational institutions. Three synectics tools according to Gordon are direct analogy, personal analogy, and fantasy analogy.
- **Direct Analogy:** This involves looking for parallel facts, knowledge, or technology in a different domain from the one being worked on. For instance, can we think of anything similar that occurs in nature?
- **Personal Analogy:** With this approach, synectics group members try to identify psychologically with key parts of the problem. In one case, for example, the group was asked to design a mechanism that would run a shaft turning at 400 to 4000 rpm so that the power-takeoff end of the shaft would turn at a constant 400rpm. To address this question, members of the group metaphorically entered the box and tried to use their bodies to attain the required speed without undue friction.
- **Fantasy Analogy:** Sigmund Freud saw creativity as the fulfillment of a wish or fantasy. Fantasy analogy asks how in many wildest dreams can I make this happen? Gordon gives the example of a synectics group with the task of inventing a vapourproof closure for space suits. Their solution was a spring mechanism based on the fantasy analogy of rows of trained insects clasping claws to hold shut the closure.
- **Idea Checklists** Several idea checklists have been developed to enhance creativity. These involve asking a series of questions about how we might use something that we already have. For example, one checklist of idea-spurring questions is called SCAMPER (Substitute? Combine? Adapt? Modify or magnify? Put to other uses? Eliminate or reduce? Reverse or rearrange?)
- **Attribute Listing** According to the developer of attribute listing, Robert Crawford, “Each time we take a step we do it by changing an attribute or a quality of something, or else by applying that same quality or attribute to some other things. There are two forms of attribute listing: attribute modifying and attribute transferring.
- **Checkerboard Method** The checkerboard method, also called morphological analysis, is an extension of attribute modifying. Specific ideas for one attribute or problem dimension are listed along one axis of a matrix. Ideas for a second attribute are listed along the other axis. If desired, a third axis (and attribute) can be added. Figure 13.3 shows the checkerboard.

- **Retroduction** : It involves changing an assumption. This may serve two purposes. First, our assumptions may be wrong. Second, even if our assumptions are correct we may gain valuable new perspectives from looking at things from a different angle.

### **Building Creative Organizations**

- **Venture Teams** A venture team is a temporary grouping of organization members for generating new ideas. So that creative thinking is not stifled, team members are freed of the organization's bureaucracy and in many cases have a separate location and facilities. These separate entities are known as skunk works
- **Idea Champions** An idea champion is a member of the organization who is assigned responsibility for the successful implementation of a change. The idea champion may be a senior manager or a non-manager, such as the inventor of the idea that has prompted the change. An idea champion will fight resistance to change and will actively pursue resources necessary to carry out the change.
- **Intrapreneurship**: is the name given to intrapreneurial activities within a larger organization, and intrapreneurs are essentially internal entrepreneurs
- **Creativity and Diversity** People referring in gender, age, race, disability, status and sexual orientation bring to organizations a variety of attitudes, values, and perspectives as well as a broad and rich base of experience to address a problem.

## **Cross Cultural Organization Behaviour**

Cross culture often refers to a company's initiatives to increase understanding of different groups. Understanding leads to stronger more productive communication and marketing aims to reach clients outside of the company's traditional market. Healthy cross-culture interactions of people from varying backgrounds are vital in international business.

Cross culture is becoming increasingly important with the globalization of businesses. Many companies devote substantial resources to training employees how to communicate and interact effectively with those from different cultures. Cross culture can develop through personal experiences. For example, if an employee of an international company transfers to another country, they may experience the cross culture. To assimilate, they must learn the language, understand the culture, and adapt or conform to social norms.

Cross culture initiatives are imperative to implement for employees acting in managerial capacities. Failures of effective communication with, or understand their subordinates' actions, may lead to cascading problems within the business. Failing to adapt and adequately communicate results in a slowing of production, loss of credibility, and stifles progress.

## Considerations in Cross Culture

Culture is immeasurably valuable because it shapes how social, societal, and professional behaviors are interpreted. It defines cultural norms and anathemas. Cultures can be hierarchical, matriarchal, or have flat social structures. The levels and types of interactions between managers and employees will vary among the different cultural forms. For example, some cultures view the association between a manager and a subordinate as a symbiotic relationship. In other cultures, the manager rules bureaucratically.

Cross culture also extends to body language, physical contact, and personal space. In cultures where the adherence to strict religious practices and values is standard, interactions between members of the opposite sex, even in the business sphere, may be complicated. Body language, such as using the hands while talking, may be frowned upon or gestures may have different meanings. In cultures where community, harmony, and nature are valued, touching during interactions may be encouraged.

### Example of Cross Culture

Simple practices and behaviors may be viewed quite differently in various cultures. Accepting a business card from a Japanese businessperson, for example, is more ceremonial in the Japanese culture than you would find in the American culture. The person presenting the card will bow and present the card with both hands. The receiver should take it with both hands to show respect. Contrastingly, in many western societies, such as the United States, business cards are exchanged freely with little consideration. Understanding these small, yet significant, differences help enhance relationships between members of different cultures.

### Cross Cultural Management and its importance

Adler (2008) defined cross-cultural management as the people's behavior in organizations worldwide that reflects how people or employees with different cultural backgrounds work in an organization and the service they will extend to the clientele. There is an urgent concern to manage the employees with different cultural orientations as an important ingredients of achieving a successful organization. Accordingly, managing cross-cultural workforce is very important that, companies from different parts of the globe should take into consideration because it is a known reality that cultural conflicts may arise for failure of companies to address the many issues that contributes to such conflict. Furthermore, the cooperation between different countries is equally important especially in establishing conflict resolution whenever conflicts arise.

### Why Culture Matters in International Business?

Effective handling of the cross- cultural interface is a critical source of a firm's competitive advantage. Managers need to develop not only empathy and tolerance toward cultural differences, but also acquire a sufficient degree of factual knowledge about the beliefs and values of foreign counterparts. Cross-cultural proficiency is paramount in many managerial tasks, including:

- Developing products and services
- Communicating and interacting with foreign business partners
- Screening and selecting foreign distributors and other partners
- Negotiating and structuring international business ventures

- Interacting with current and potential customers from abroad
- Preparing for overseas trade fairs and exhibitions
- Preparing advertising and promotional materials

### **Managing Culturally Diverse Workforce**

When an organization tries to expand its operation geographically to more than one country, it tends to become a multicultural organization. The biggest challenge to be faced by the organizations then will be blending employees from different cultural backgrounds. When employees from two or more cultures interact with each other on a regular basis, it results into multiculturalism. The employees entering to another nation needs to adjust their leadership styles, communication patterns and various other practices to fit with the styles of the host nation. Sometimes the employees from the parent country nationals from the nation in which the home office is located and sometimes they belongs to a third country. Both of these categories of employees are called expatriates, as they belong to other countries. What the organization wants is the fusion of cultures of these employees so that greater productivity is ensured.

### **Cultural issues and Barriers**

Global managers are often confronted with many issues in managing the global workforce. This is due to the fact that, employees across borders have their own cultures that may affect the business operation and performance. Some of the known cultural issues and barriers that hinders cultural adaptation are mentioned as follows:

#### **1. Parochialism**

People might think that organizations from the country where they originate operates with the same scope of responsibilities and operation with the international businesses that they are newly engaging in. But the reality is, the international business operation has wider scope and responsibilities than domestic corporations and the social system is different from the previous organization. So, the employees tend to be narrow- minded and they failed to realize the differences between their own culture and other cultures and remain to behave with their own culture over the new culture brought by internationalization. And, they perceived the insignificance of their culture and the new culture resulting to non-recognition of the new culture.

#### **2. individualism**

Many workers become individualistic rather than collective. So, the idea of teamwork seems difficult to attain because the employee do not aspire to be a team builder but the attitude is more inclined on self- interest and self- gratification. Hence, they are guided by the saying that “self-first before others”.

#### **3. ethnocentrism**

Another issue that poses barrier to cultural acceptance is the idea of ethnocentrism. This holds the fact that employees from their homeland tend to apply their own

culture to the international environment and workplace. They always believed that the culture, conditions, and working environment in their country is far better than the new environment which hinder them to adapt the new culture. Moreover, their judgment and perception are based on self-criterion that eventually affects negatively their productivity and performance. So, the need to understand other culture and temporarily forget the native homeland's culture.

#### **4. Cultural Distance**

Cultural distance plays an important role in assessing the amount of cultural adaptation that employees can achieve in moving from homeland to another country. Cultural distance impacts the feedback and responses of employees in the business. The difficulty of employees to distinguish the homeland's culture to the new culture signifies the higher degree of cultural distance that might result to being ethnocentric. So, managing this problem is important to erase cultural barriers.

#### **5. Culture shock**

Culture shock can be described as a condition that employees experienced by having the difficulty to adapt the new culture because of insecurities and disorientations facing totally different culture (Chaney & Martin, 2011). Employees might not know how to react or respond to the conditions. They lose self-confidence and may emotionally be upset. Although it is a universal condition, many people are struggling much that may result for others to isolate themselves or even plan to go back home because they have not overcome their fears and insecurities. Some of the reasons for

cultural shock can be derived from the following: different management philosophies; language; food, dress, driving patterns; attitude towards work and productivity; separation from friend and colleagues; and others.

#### **Overcoming Barriers to Cultural adaptations**

There are a number of steps that the organization can undertake to prevent cultural shock and reduce the impact of the other barriers listed above. Some of them are given below

- **Careful selection**

Employees can be selected who are low in ethnocentrism and other possibly troublesome characteristics. The desire to experience other culture and live in another nation and learning the attitude of employees spouse towards the assignment may also be an important prerequisite attitude worth assessing.

- **Compatible assignments**

- The adjustment to new country becomes easy for the employees especially on their first international assignment, if they are sent to the countries that are similar to their own .

- **Pre-departure training**

Many organizations try to hasten adjustment to a host nation by encouraging employees to learn local language. They offer training prior to assignments. It often includes orientation to the geography, customs, culture and political environment in which the employees will be living. orientation and the

support In the new country Adjustment is further encouraged after arrival in the new country if there is a special effort made to help the employee and family get settled, this may include assistance with housing, transportation and shopping. It is especially helpful if a mentor can be assigned to ease the transition.

- **Incentives And Guarantees**

Another problem that can arise when employees transfer to another culture is that their need satisfactions are not as great as those of comparable employees who remain at home. Although a move to another nation may be an exciting opportunity that provides new challenges, responsibilities, and recognition, an international job assignment may bring about financial difficulties, inconveniences, insecurities, and separation from relatives and friends. In order to motivate such employees to accept such assignments in other nations, organizations frequently should give them extra pay and fringe benefits to compensate for the problems they may experience. They should also be assured for better position in the organization upon their return to the home country, which could help them to relieve their job insecurities.

- **Preparation for reentry**

Employees who return to their home country after foreign assignment tends to suffer cultural shock in their own country. This is sometimes called cross-cultural reentry, and may cause reverse cultural shock. After adjusting to the culture of another nation and enjoying its uniqueness, it is difficult for employees to readjust to the surroundings of the home country. This situation is made more difficult by the multitude of changes that have occurred since they departed.

### **Managerial Guidelines For Cross-Cultural Success**

Although every culture is unique, certain basic guidelines are appropriate for consistent cross-cultural success. Let's review three guidelines managers can follow in preparing for successful cross-cultural encounters.

#### **Guideline 1**

Successful managers acquire a base of knowledge about the values, attitudes, and lifestyles of the cultures with which they interact. Managers study the political and economic background of target countries—their history, current national affairs, and perceptions about other cultures. Such knowledge facilitates understanding about the partner's mindset, organization, and objectives. Decisions and events become substantially easier to interpret. Higher levels of language proficiency pave the way for acquiring competitive advantages. In the long run, managers who can converse in multiple languages are more likely to negotiate successfully and have positive business interactions than managers who speak only one language.

#### **Guideline 2**

Avoid cultural bias. Perhaps the leading cause of culture-related problems is the ethnocentric assumptions managers may unconsciously hold. Problems arise when managers assume that foreigners think and behave just like the folks back

home. They distort communications with foreigners. They may perceive the other's behavior as odd and perhaps improper. For example, it is easy to be offended when our foreign counterpart does not appreciate our food, history, sports, or entertainment, or is otherwise inconsiderate. This situation may interfere with the manager's ability to interact effectively with the foreigner, even leading to communication breakdown. In this way, cultural bias can be a significant barrier to successful interpersonal communication. Most people view their own culture as the norm— everything else may seem strange. This is known as the self-reference criterion—the tendency to view other cultures through the lens of one's own culture. Understanding the self-reference criterion is a critical first step to avoiding cultural bias and ethnocentric reactions. Critical incident analysis (CIA) refers to an analytical method for analyzing awkward situations in cross-cultural interactions by developing empathy for other points of view. It is an approach to avoiding the trap of self-reference criterion in cross-cultural encounters.

### **Guideline 3**

**Develop cross-cultural skills.** Working effectively with counterparts from other cultures requires an investment in your professional development. Each culture has its

own ways of carrying out business transactions, negotiations, and dispute resolution. Cross-cultural proficiency is characterized by four key personality traits: Tolerance for ambiguity—the ability to tolerate uncertainty and apparent lack of clarity in the thinking and actions of others.

Perceptiveness—the ability to closely observe and appreciate subtle information in the speech and behavior of others.

Valuing personal relationships— the ability to recognize the importance of interpersonal relationships, which are often much more important than achieving one-time goals or winning arguments.

Flexibility and adaptability—the ability to be creative in devising innovative solutions, to be open-minded about outcomes, and to show grace under pressure.

### **Managing an international workforce**

Whenever the geographical boundaries of an organization spans over two or more countries, it will then face the challenge of blending various cultures. Multiculturalism occurs when the employees in two or more cultures interact with each other in a regular basis. Expatriates ( both parent country nationals from the nation in which home office is located or third country nationals from some other nations) need to adjust their leadership styles, communication patterns and other practices to fit the culture of their host country

An expatriate manager may find several obstacles to a smooth adaptation to a new culture. An early requirement for overcoming such obstacles is to acquire cultural awareness of

the multiple ways in which cultures differ.

### **Individual differences**

Five major dimensions that result in sharpest differences among employees include individualism/collectivism, power distance, uncertainty avoidance, masculinity /femininity and time orientation. Cultures that emphasize individualism tend to accent individual rights and freedoms, have very closely knit social networks and place considerable attention on self respect.

Collectivism heavily accents the group and values harmony among members. Individual feelings are subordinated to the group's overall good. Face saving(maintaining one's self image in front of others) is highly important in collectivistic cultures. Power distance refers to the belief that strong and legitimate decision making rights separate managers and employees in different cultures.

Uncertainty avoidance is the value for clarity and preference to avoid ambiguity at work in different cultures. Masculinity and femininity is the way of defining gender roles in more traditional and stereotypical ways or having a broader viewpoint on the great variety of roles that both males and females can play in the workplace and at home in different cultures. Time orientation is the accent cultures place on necessity of preparing for future or valuing the past and emphasizing on present.

Individual differences also occur due to the differences in culture on the emphasis it places on using situational cues to develop a complete portrait of a visitor. High context cultures tend to emphasize personal relations, place high value on trust, focus on nonverbal cues and accent the need to attend to social needs before business matters. Low context cultures tend to rely on written rules and legal documents, conduct business first and value expertise and performance. In addition to individual differences, parochialism, ethnocentrism, cultural distance and cultural shock can also have an impact on cultural adaptation.

Parochialism is the predisposition of expatriate managers to see situations around them from their own perspective i.e. the culture of the home country in which the organization is based and not from the perspective of the culture of the host country in which the international operation is spread.

Ethnocentrism or self reference is the predisposition of the expatriate managers to believe that their homeland conditions are the best. Expatriate employees need to develop cultural empathy to integrate the imported and local social systems. Cultural empathy is the awareness of differences across cultures, an understanding of the ways in which those differences can affect business relationships, and the appreciation of the contributions each culture makes to overall success. Cultural empathy when demonstrated consistently will result in geocentric organizations which largely ignore a person's nationality while accenting employee ability in selection, assignment and promotional decisions.

Cultural Distance is the amount of difference between any two social systems and range from minimal to substantial.

Cultural shock is the feeling of confusion, insecurity and anxiety caused by a strange new environment. They are rightfully concerned about not knowing how to act and about losing their

self confidence when wrong responses are made. When employees enter another nation, they may experience several reactions in a series of four phases as follows;

In the first phase they are often excited and stimulated by the challenge of the new job, home and culture. Each day is filled with new discoveries.

The positive attitude is soon followed by a second phase of disillusionment as they discover various problems they had not anticipated before.

In the third and most critical phase they tend to suffer culture shock, which is insecurity and disorientation caused by encountering all parts of a different culture. Culture shock may result from encountering different management philosophies, an unfamiliar language, new foods, dress, driving patterns etc, unfamiliar currency system, reduced availability of goods, different attitudes toward work and productivity and separation from friends and work colleagues.

Reverse culture shock which occurs when the expatriate comes back to the home country after staying for a considerable period of time in the host country may result from encountering a loss

of decision making authority, a loss of responsibility, changes in one's level of status in the organization, changes in personal lifestyle and technological and organizational changes.

The fourth phase is that of adaptation where the employees accept new culture, regain a sense of self esteem and respond constructively to their new surroundings at work and at home.

### **Overcoming barriers to cultural adaptation**

For overcoming the barriers to cultural adaptations the following actions are useful:

1. Careful selection of employees who are low in ethnocentrism, have a desire to experience another culture and stay in another culture, have a knowledge of the foreign language of the host country, have experience of traveling to the host country previously, family members of the employee have a positive attitude to the assignment and employee have a high cultural intelligence (CQ). Cultural intelligence consists of the cognitive strategies for learning about new cultures at both surface and deeper levels; an intuitive sense of what is happening and why it is happening; confidence that one can fit into the new culture and motivation to do so and the translation of knowledge, intuition, confidence and motivation into appropriate cultural action.
2. Compatible assignments of employees within similar sociocultural clusters at the initial stages
3. Predeparture training in the local language
4. Orientation and support in the new country to get settled there and include assistance with housing, transportation, shopping etc. Organizational support is also required in the form of assurance that the expatriates on their return to the homeland will get a better or comparable position in their organization and their foreign experience will be valued.
5. Preparation for reentry - a process which is called repatriation and people face reverse culture shock.

### **Productivity and Cultural contingencies**

Productivity is achieving quantity and quality of results while controlling inputs. The productive practices for a particular nation depends heavily on its culture-this is called cultural contingency. The ideas that work in home nation's culture must be blended with the culture of

the host country and integration of the most workable ideas from both the nations should take place.

Cultural contingencies are illustrated by Theory Z proposed by William Ouchi. Theory Z

provides examples in which behavioural prescriptions for management must be adapted to fit the organization's cultural environment. Theory Z selectively adapts some Japanese practices to the American culture. The idea of cultural contingency suggests that expatriate managers must learn to operate effectively in a new environment. Although they must operate within the limits of most home-office policies, managers must be flexible enough to respond to local conditions. \Once managers are on location in a host country, their attention needs to be directed toward integrating the technological approaches with the local cultures involved.

The job of international managers is to try to retain in their management practices the essential elements of both familiar and new cultures so that their employees may work with the security of some familiar practices but also with greater productivity than the old culture normally has accomplished. Expatriate managers also need to consider what their role will be in a local community. Although they are generally respected figures with considerable economic powers, they are considered as guests and may not be absorbed into the social and power structure of a local community. Because of their marginal role and subsequent insulation from important insights, they risk misinterpreting much of the community's value structure.

### **Cross Cultural communication**

Expatriates also need to understand the differences in nonverbal communication across cultures. If they do not, they risk making serious errors that might damage their relationships with their employees, partners, customers and suppliers. Areas in which orientations to cross cultural communication may differ include contrasts in the relative value placed on time efficiency, thought patterns, values placed on seeing the future, the need for personal space, eye contact, physical appearance, posture, gesture, meaning of silence and legitimacy of touch. These factors make it challenging to communicate effectively with another person in an international setting.

As a consequence, they are important contingency factors that must be considered carefully by managers. When considerable attention is given to cultural preparation of expatriate employees, they develop into transcultural employees who operate effectively in several cultures as they are low in ethnocentrism, can communicate in more than one language and adapt readily to different cultures without major culture shock leading to effective functioning of multinational firms. For a firm which is truly multinational in character, its leaders look to the world as an economic and social unit, they recognize each local culture, respect its integrity, acknowledge its benefits and use its differences effectively in their organizations.

### **MANAGING DIVERSITY IN THE WORKPLACE**

Managing diversity means acknowledging people's differences and recognizing these differences as valuable; it enhances good management practices by preventing discrimination and promoting inclusiveness. Good management alone will not necessarily help you work effectively with a diverse workforce. It is often difficult to see what part diversity plays in a specific area of management.

#### **Benefits to having diversity in the workplace:**

- Employees from diverse backgrounds imbue organizations with creative new ideas and perspectives informed by their cultural experiences

- A diverse workplace will help organizations better understand target demographics and what moves them
- A diverse workplace can better align an organization's culture with the demographic make-up of America
- Increased customer satisfaction by improving how employees interact with a more diverse clientele and public

### ***How to Manage Diversity in the Workplace***

Managing diversity in the workplace presents a set of unique challenges for HR professionals. These challenges can be mitigated if an organization makes a concerted effort to encourage a more heterogeneous environment through promoting a culture of tolerance, open communication and creating conflict management strategies to address issues that may arise. For leadership to effectively manage diversity in the workplace, they need to understand their backgrounds and how their behavior and beliefs can affect their decision-making within a diverse environment.

#### **Tips for managing workplace diversity:**

- **Prioritize communication**

To manage a diverse workplace, organizations need to ensure that they effectively communicate with employees. Policies, procedures, safety rules and other important information should be designed to overcome language and cultural barriers by translating materials and using pictures and symbols whenever applicable.

- **Treat each employee as an individual**

Avoid making assumptions about employees from different backgrounds. Instead, look at each employee as an individual and judge successes and failures on the individual's merit rather than attributing actions to their background.

- **Encourage employees to work in diverse groups**

Diverse work teams let employees get to know and value one another on an individual basis and can help break down preconceived notions and cultural misunderstandings.

- **Base standards on objective criteria**

Set one standard of rules for all groups of employees regardless of background. Ensure that all employment actions, including discipline, follow this standardized criteria to make sure each employee is treated the same.

- **Be open-minded**

Recognize, and encourage employees to recognize, that one's own experience, background, and culture are not the only with value to the organization. Look for ways to incorporate a diverse range of perspectives and talents into efforts to achieve organizational goals.

- **Hiring**

To build a diverse workplace, it is crucial to recruit and hire talent from a variety of backgrounds. This requires leadership and others who make hiring decisions to overcome bias in interviewing and assessing talent. If organizations can break through bias and hire the most qualified people, those with the right education, credentials, experience and skill sets, a diverse workplace should be the natural result.

#### **Tips for hiring a diverse workforce:**

- Incorporate a diverse interview panel to ensure candidates are chosen solely based on suitability for the position.
- Managers should be trained on what can and cannot be asked in an interview. For example, questions about an applicant's personal life, such as which church they attend, their romantic life and political beliefs, are off-limits.

- Get creative when recruiting. For example, if an organization would like to hire more women in the engineering department, they could reach out to professional groups that cater to women in engineering and ask to advertise open positions in their newsletter or member communications.

### ***Policies and Practices***

Organizations that embrace diversity also need to ensure that there are policies and practices in place to protect employees' rights and stay compliant with government regulations. It is essential for an organization to think about the impact that company policies and practices have on a diverse group of employees. Companies should create a way for employees to give feedback with surveys and suggestion boxes to gain a better understanding of how employees feel about diversity policies. Any feedback received, both positive and negative, is valuable. Companies need to be ready to adapt and change policies that may be interpreted as obstructions or not helpful for employees.

In addition to the written policies, it is also essential to ensure that the non-official "rules" of an organization are thoroughly explained to all employees to communicate company values and culture to all workers effectively.

### **Documentation of Policies and Procedures**

Properly documenting diversity policies is an effective means of communicating an organization's stances on diversity. Once concrete plans are ready to be implemented, documents that outline each policy should be included in the employee handbook. Diversity policies should be reviewed with every new hire, and when updates to policies are made, they should be shared with current employees as well.

Employee handbooks should cover diversity in the following sections:

- Code of conduct should outline the company's policy toward diversity
- Non-discrimination policy lets employees know about diversity
- Compensation and benefits policy
- Employment conditions and termination

### **Zero-Tolerance Policy**

Having a diverse workplace means that off-color jokes about ethnicity, gender, sexual orientation or religion need to be met with zero-tolerance enforcement. Slurs, name-calling and bullying employees for any reason has no place in today's workplace. Policies should be put in place to handle misconduct and communicate to employees that this type of behavior will not be tolerated.

Organizations will also need to make sure employees feel safe reporting any instances of inappropriate behavior by co-workers by establishing a formal [complaint policy](#), so employees know how to report misconduct to the proper authority within an organization.

### **Sensitivity Training**

Employees need to be aware of how to coexist with a diverse range of people, as well as be cognizant of cultural sensitivity, to achieve harmony within a diverse workplace. Sensitivity training can help an organization manage diversity in the workplace by helping employees become more self-aware, which plays a vital role in helping employees understand their own cultural biases and prejudices.

### **Benefits of sensitivities training:**

- Helps employees examine and adjust their perspectives about people from different backgrounds
- Employees can learn to better appreciate the views of others

- Shows employees what actions are offensive and why they are perceived as such
- Teaches employees how to calmly communicate that a co-worker has offended them and how to resolve the conflict properly
- Explains to employees how to apologize to a co-worker if they have indeed offended them unknowingly
- All employees should be included in sensitivity training; adding specific training for managers makes it even more impactful. Some companies also offer sensitivity training online.

### **Stay Abreast of Diversity Laws**

Managing diversity in the workplace means that businesses need to keep abreast of changing employer-related laws and trends, especially diversity-related changes. Organizations should regularly review internal policies, especially those around harassment and equal opportunity, and make sure they reflect the most current laws and regulations.

If an organization has an international or multi-state presence, it is necessary to track regional changes to laws and regulations as they vary from country to county and state to state.

### **Strategies**

- Specify the need for skills to work effectively in a diverse environment in the job, for example: "demonstrated ability to work effectively in a diverse work environment."
- Make sure that good faith efforts are made to recruit a diverse applicant pool, particularly underutilized minorities and women.
- Focus on the job requirements in the interview, and assess experience but also consider transferable skills and demonstrated competencies, such as analytical, organizational, communication, coordination. Prior experience has not necessarily mean effectiveness or success on the job.
- Use a panel interview format. Ensure that the committee is diverse, unit affiliation, job classification, length of service, variety of life experiences, etc. to represent different perspectives and to eliminate bias from the selection process. Run questions and process by them to ensure there is no unintentional cultural or institutional bias.
- Ensure that appropriate accommodations are made for disabled applicants.
  - Know your own cultural biases. What stereotypes do you have of people from different groups and how well they may perform on the job? What communication styles do you prefer? Sometimes what we consider to be appropriate or desirable qualities in a candidate may reflect more about our personal preferences than *about the skills needed to perform the job*.