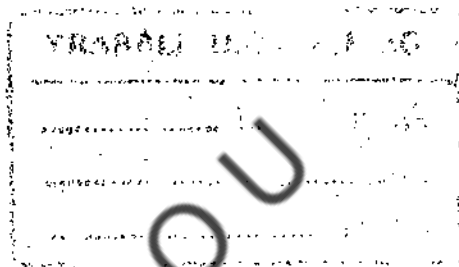
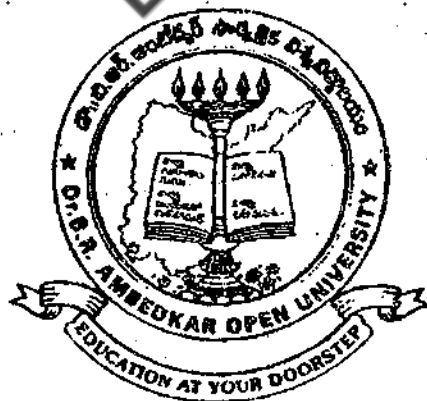


# ORGANIZATION THEORY AND BEHAVIOUR



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**DR. B. R. AMBEDKAR OPEN UNIVERSITY  
HYDERABAD**

**2004**

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### ORGANIZATION THEORY AND BEHAVIOUR

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## **BLOCK - I : ORGANISATION THEORY**

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This block introduces to you the basic concepts and theory of organisation. These concepts and theories are important to know whether you work in the private or public sector organisation; a small or big organisation engaged in manufacturing or providing services, or in a commercial or non-commercial organisations.

The course on Organisation Theory and Behaviour starts with this block entitled organisation theory. In this block there are 4 units. Unit-1 introduces the basic concepts of organisation, nature and various types of organisation. Unit-2 discusses the theories of organisation such as classical, motivational and Bureaucracy Theory. While unit-3 takes you to Neo-classical theory, Hawthorn experiments and its findings, unit-4 covers the systems and contingency theories and their applicability to organisation.

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# UNIT – 1: ORGANISATION CONCEPT

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## Aims and Objectives

The main aim of this unit is to explain the concept of organization, nature of modern organizations, and also discuss the various types of organizations.

After studying this Unit, you should be able to:

- understand the concept of organisation;
- explain the characteristics of modern organisation;
- discuss the different types of organisations; and
- understand formal and informal, their distinct features and effects.

## Structure

- 1.0 Introduction
- 1.1 Meaning of Organisation
- 1.2 Characteristics of modern organisations
- 1.3 Types of organisation
  - 1.3.1 Based on functions
  - 1.3.2 Based on beneficiary
  - 1.3.3 Based on formality
- 1.4 Summary
- 1.5 Self Assessment Questions
- 1.6 Further Readings
- 1.7 Keywords

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## 1.0 INTRODUCTION

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Organisation is the result of process of organising (bringing together) different things for achieving some purpose. This process was initiated by the human beings since their existence, but it has been changing with the changes in the environment. This has resulted in formation of different organisations, which have significant effect on individuals and society. Since then the study of organisation, its influencing factors, types have become important aspect of management of organisations and understanding organisational behaviour. This unit helps us understand the meaning of organisations and characteristics of modern organisations. The formation of different types and their effects can be understood from the later part of the discussion in this unit.

cooperation and in a productive and integrated manner for the mutual benefit of all is not an easy task because of high level of complexity.

### 5. Virtuality

Companies come together quickly to exploit opportunities and share costs, skills and access to global market. Virtual organisation contract out manufacturing, distribution, marketing or any other business activity where management feels that others can do better or more cheaply.

### 6. Boundarylessness

Today's organizations have no boundaries. Their resources are drawn from any corner of the globe and their products are sold worldwide. It is no surprise that pickles made by Priya are found in the retail outlets of the U.S.

### 7. Mutual entities

The traditional organisations were generally single entities and often represented owner's interest. But modern organisations are more often multiple entities. They represent the interest of various stakeholders viz; shareholders, employees, customers and suppliers. An organisation manufacturing products has to think not only of profit for shareholders but also good working conditions for workers and the quality of the products for the customers.

### 8. Learning organisation

The information technology revolution has provided an opportunity to access worldwide knowledge. In the present global competitive environment the organisation which have abilities to learn, create, codify and utilize knowledge faster than its competitors and quicker than the environment changes will sustain forever.

#### Activity - I

What is an organisation and list out the characteristics possessed by that organisation?

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## 1.3 TYPES OF ORGANISATION

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There are different types of organization as described in this section.

### 1.3.1 BASED ON FUNCTIONS

The existence of society requires different types of activities; these activities are having different characteristics and requiring different efforts on the part of individuals undertaking these activities. In the organized society these functions are grouped on the bases of the characteristics and these group functions are performed by social institutions and form as organisations. Thus many organisations with different purposes and functions exist. Four such basic functions have been identified, these are economic, political, integrative and

#### 4. Common weal organisations

The basic characteristic of common weal organisation is that the public at large is the prime beneficiary. Organisation like post-office, military service, police service and other government agencies are considered as the common weal organisations.

### 1.3.3 BASED ON FORMALITY

Depending on their criterion, organisations may be classified as formal or informal.

#### 1. Formal organisations

A formal organisation is formed with a group of people to work together cooperatively by following definite measures of authority, responsibility and accountability for attaining the objectives of the organisation. The formal organisation has certain features such as definite objective specialized function, formal structure, and unified command.

#### 2. Informal organisations

Informal organisation is an association of persons without any formality and having no building rules. Persons having common characteristics and motives form informal organisations. The common characteristics are based on likes, dislikes, religions, caste, language etc, unlike in formal organisations where the emphasis is on status, power and politics. The interactions between the members arise spontaneously and are not prescribed by the formal structure. (See also Table 1.1).

Table 1.1: Characters and differences between formal and informal organizations

Point of Analysis	Formal Organization	Informal Organization
1. Origin	It is deliberate and planned	It is voluntary and spontaneous.
2. Purpose	It serves as means to formal ends	It provides social satisfaction
3. Goals	Profit/service to society	Member satisfaction
4. Structure	Planned, rational and stable	Spontaneous, emotional and dynamic
5. Focus	Job	Role
6. Authority	Positional, flows top down	Depends on persons, flows bottom up
7. Communication	Well defined formal routes and flow of information one way and often slow	Grapevine; channels, unspecified and information flow two way and very fast
8. Control System	Promotions or demotions based on performance	Norms regulate behaviour
9. Behaviour	Rules and regulations govern behaviour	Work group norms, values govern behaviour.
10. Size	Formal groups are quite large	Informal groups tend to be small in order to be manageable.

## **v. Protection to Members**

Informal organisations protect members from social uncertainties, economic fluctuations, psychological problems and physically unsafe conditions. Informal organisations also protect the members from the top management's autocratic and bureaucratic decisions.

## **vi. Effective Communication**

Communication flows freely through all directions in informal organisations. In addition, members send and receive communication with an open mind. Thus, the communication would be effective in informal organisations.

## **vii. Improved Productivity**

Informal organisations improve employee commitment, loyalty and understanding. In addition, members contribute their resources to the maximum extent, which in turn maximize employee productivity.

Most of the companies experienced these favourable outcomes and realized that the informal organisations provide maximum contribution to the organisational goals. As such, these companies allowed the formation of informal organisations within the formal organisations, work in coordination with them, which result in collaboration between both these groups.

## **B) Dysfunctional effects**

As indicated earlier, informal organisations are not only functional but also dysfunctional. The dysfunctional aspects of informal organisations create hindrances in the organisational process. They include:

### **1. Challenge the Formal Authority**

Employees derive power from the informal organisations. They challenge the formal authority of their superiors with the help of power they derive from the informal organisations. This may result in insubordination.

### **2. Challenge the Formal Leadership**

Formal leaders direct and influence their subordinates. They also lead and motivate the members of the formal organisations. The same members also belong to the informal organisations and the informal leader also leads them. In most of such cases, the employees prefer the informal leader rather than the formal leader. Thus, the informal leader challenges the formal leader.

### **3. Role Conflict**

Members of the informal organisations are also the members of the formal organisations and they may play conflicting roles. Thus, informal organisations may result in role conflict.

### **4. Rumours**

Members of informal organisations sometimes create rumors and may fail to communicate the correct message.

5. Explain the need for understanding the different types of organisation and the bases for their classification.

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## 1.6 FURTHER READINGS

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- Prasad, L.M : **Organisational Behaviour**, Sultan Chand and Sons, New Delhi – 2001.
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## 1.7 KEYWORDS

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- Organisation** : Efforts of two or more people bringing together for common purpose.
- Economic organisation** : Primarily concerned with producing goods and services required to satisfy human needs.
- Political organisation** : Concerned with changing or adopting circumstances to attain valued goals.
- Integrative organisation** : Concerned with social control and maintenance.
- Pattern maintenance Organization** : Educational institutions, research institutions, clubs and other religious institutions etc. concerned with long term interest of society such as culture, values etc.
- Mutual benefit associations** : Mutual benefit associations come into existence to serve the interest of the members. Trade unions, political parties, professional bodies etc. will come under this category.

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## UNIT - 2: ORGANIZATION THEORY-1

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### Aims and Objectives

The main aim of this unit is to explain various theories of an organization, various factors influencing the development of each theory and also discuss relative merits and demerits of each theory.

After studying this Unit, you should be able to:

- understand developments of organizational theories;
- discuss the factors influencing the development of theories of organization;
- explain different principles involved in each theory;
- learn the merits and demerits of each theory; and
- know the implications and application of these theories in managing organization.

### Structure

- 2.0 Introduction
- 2.1 Classical Organizational Theory
- 2.2 Bureaucracy Theory
- 2.3 Scientific Management Theory
- 2.4 Administrative Theory
- 2.5 Principles of Classical Organizational Theory
- 2.6 Summary
- 2.7 Self Assessment Questions
- 2.8 Further Readings
- 2.9 Keywords.

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## 2.0 INTRODUCTION

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An understanding of organizational theory is helpful to design organization structure in such a way that people's behaviour is desirable for contributing to organizational effectiveness. Organizational theory can be understood as a set of variables and their interrelatedness which present behaviour of individuals, groups and sub-groups with the intent of achieving a goal. The organizational theory may also be understood as a way of thinking about organizations.

The most popular theories of organisation include:

- a) Classical,
- b) Neoclassical,
- c) Modern.

## Activity – I

Identify the features of bureaucratic theory in any organisation and explain the role of these features in functioning of the organisation.

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## 2.3 SCIENTIFIC MANAGEMENT THEORY

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The Scientific Management theory was propounded by F.W.Taylor (1856-1915). The major theme of scientific management theory was that work could be studied scientifically. Taylor relentlessly pursued the idea that efficiency at work could be improved through careful scientific analysis. He therefore tried to find out the basic principles of management by using time and work study, detailed analysis, investigation and planning of work allocation.

### i) Scientific selection of personnel

F.W.Taylor places great emphasis on the scientific selection and training of workers. His theory stresses on selecting suitable persons for the jobs. All persons cannot perform particular jobs. People have different capacities and attitudes and therefore are selected for the job best suited to them.

### ii) Incentives

Workers are inspired to perform if they are paid according to their contributions. Taylor has, therefore, suggested a differential piece rate system for wage determination. It requires planning, analysis, preparing and inspecting work performance and determination of standard production in a specific time. If a worker performs better than the standard, he will be paid at a higher rate.

### iii) Functional foremanship

Workers themselves become supervisors because the worker performing the function is interested in getting more wages by producing more units. The supervisor has functional authority. He guides and directs the way of performing the job. Many supervisors based on different jobs are guiding persons to perform their jobs effectively and efficiently.

### iv) Specialization

Specialization is developed in scientific management. It points out the managerial and non-managerial functions. Persons capable of managing functions are given the jobs of planning and control, while workers with the capacity to work performance are put on production.

### v) Coordination

Since the jobs are performed by different specialized persons, coordination of their activities becomes essential. The management should organize the activities in such a way that it can perform its activities effectively. Coordination between workers and managers as well as amongst themselves is ensured in scientific management.

### e) Shop management techniques

Through his stress on efficiency at the shop-level, Taylor caused attention to be drawn so completely to the shop that the study of management became in effect the study of shop management while the more general aspects were overlooked.

### f) A bag of unoriginal ideas

People like Hoagland questioned the originality of Taylor's ideas and felt that his contributions have been somewhat overrated and overemphasized.

### Activity - II

Give some incidents where the Scientific Management principles have been applied in the organisation with which you are familiar.

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## 2.4 ADMINISTRATIVE THEORY

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Henry Fayol was the father of administrative management theory; it also referred as functional or process management theory. Fayol (1841-1925), a French mining engineer published his work in French in 1916 but it was available in English only in 1949 under the title of **General and Industrial Administration**. Fayol proposed that all operations in business organisations may be placed into the five primary elements of planning, organising, commanding, co-ordination and control. These five elements have become the foundation for considering the basic functions of management. He has given fourteen principals through which these activities can be performed. These principles are as follows:

### 1. Division of work

The object of division of work is derived from the principles of specialization. The whole process is divided into small fragments in a way to perform the activities effectively and efficiently. People can easily specialize in these small-fragmented activities and these are assigned to specialised persons.

### 2. Authority and responsibility

The authority and responsibility are related to one another. Responsibility is an obligation to complete the given task whereas the authority is the right given-how to do, what to do and with whom the work has to be done. The management has the authority to issue orders. Sub-ordinate has to follow the orders of the superiors who take the responsibilities of the getting work done through the sub-ordinates.

### 3. Discipline

Discipline means the order to be followed to achieve specified purpose. This is possible only when the obedience and the rules and regulations are followed by the employees as required for the process of management. All the personnel serving in the organisation should be disciplined. The discipline can be classified into two types: a) self imposed

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or decentralization of authority is determined by individual circumstances and should be based on optimum utilization of all resources.

### 13. Espritdecorps

This is the principle of "union is strength": Team work is exercised for getting the objectives fulfilled efficiently and effectively.

### Assessment of Administrative Theory

It is a normative rather than empirical theory: it says what ought to be rather than what is. Administrative theory has not been verified under controlled, repeatable scientific situations. It suffers from superficiality, oversimplification and does not tell realism. Some of the principles contradict others and it is impossible to observe them all. For example, the unity of command is incompatible with the principle of specialization. Same is the case of centralization and decentralization.

### Activity – III

Give one example for each principle of administrative management theory from your experiences with organisations.

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## 2.5 PRINCIPLES OF CLASSICAL ORGANIZATION THEORY

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According to Scott and Mitchell, the classical organisation theory is based on the four pillars, viz, division of labour, departmentation, structure and span of control.

### 1. Division of labour

The division of work implies that the work must be divided to obtain a clear-cut specialization with a view to improving the performance of the organisation. This principle is stemming from economic notions of efficiency. The classical approach rests firmly on the assumption that, the more a particular job can be fragmented into its simplest component parts, the more specialised and consequently the more a worker becomes in fulfilling his particular job. Fayol has identified 6 such functions: technical, commercial, financial, security, accounting and managerial. However, out of these, first five are horizontal functional differentials. Division of work is involved to accomplish an objective. Each differentiated task can be handled separately, either by different individuals or of the same individuals at different times.

### 2. Departmentation

After the work has been divided into specialised tasks, they are grouped according to similar work characteristics. This is called the principle of departmentation. There are five alternative bases for grouping work: purpose, process, cliental, place and time.

## Activity – IV

State the principles of classical theory of organisation.

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## 2.5 SUMMARY

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An understanding of organisational theory is helpful to design organisation structure in such a way that people's behaviour is desirable for contributing to organisational effectiveness. Organisational theory can be defined as a set of variables and their interrelatedness which present a behaviour of individuals, groups and sub – groups with the intend of achieving a goal.

Organisational theories may be classified into classical, neoclassical and modern. This classification is based on the nature of organisations, structure, processes and interdependence as perceived by the different persons who propounded different organisational theories.

On the basis of the emphasis, the classical organisation theory is broadly divided into bureaucracy theory, scientific management theory and administrative management theory. **Marx Weber** (1864 – 1920), a German social scientist, is regarded as the father of the concept of bureaucracy. Bureaucracy is an ideal administrative model, emphasized a detailed control, a rigid hierarchy and highly specialized functions operated by experts. This model is for achieving perfect rationality and efficiency on the basis of reasoning rather than empherical evidence. The following are the features of bureaucratic theory: division of labour, hierarchy of authority, rules, regulations and procedures, impersonality of interpersonal relations and rigidity and uniformity.

The Scientific Management theory was proposed by **F.W. Taylor** (1856 – 1915). The major theme of scientific management theory was that work could be studied scientifically. Taylor relentlessly perused the idea that efficiency at work could be improved through careful scientific analysis.

Henry Fayol was the Father of Administrative Management theory also referred to as functional or process management theory. Fayol proposed that all operations in business into five primary elements of planning, organising, command, co – ordination and control. These five elements have become the foundation for considering the basic functions of management.

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## 2.6 SELF ASSESSMENT QUESTIONS

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### I. Short Answer Questions

1. What is the concept of Organization Theory?
2. Explain the principles of Bureaucracy Theory?

- Departmentation** : After the work has been divided into specialized tasks, these tasks are grouped according to similar work characteristics. This is called the principle of departmentation.
- Structure** : Structure is the framework of the formal relationships among tasks, various activities and people in the organisation.
- Span of control** : The span of control concept relates to the number of sub-ordinates a manager can effectively supervise.

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### 3.1 NEO-CLASSICAL THEORY

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The behavioural scientists enquired into the reasons for the failure of the classical organization theory in producing the desired results. They investigated the human behaviour at work. They found that the human behaviour is influenced not only by physiological factors but also by various other factors. The research studies unearthed the new dimensions of human behaviour in the organizations. Human relationists focused on the human aspect, which was hitherto neglected by the classical theorists. They tried to identify the weaknesses of classical theory through empirical research. The research studies are referred to as behavioural theories or human relations approach in the organization. These approaches are also termed as new-classical theories of organization. Mary Parker Follett, Chester I Barnard and Elton Mayo and his associates developed the neo-classical approach to organizational design.

Most of the criticism against classical theory emerged through Hawthorne Experiments. Elton Mayo is generally recognized as the father of the Human Relations School. Elton Mayo and his associates discovered that:

- The amount of work carried out by a worker is not determined by his physical capacity but by his social "capacity";
- Non-economic rewards play an important role in determining the motivational level and happiness of the worker;
- The highest specialization is by no means the most efficient form of division of labour; and
- Workers do not react to management and its norms and rewards as individuals but as members of groups.

Elton Mayo pointed out that the techniques of scientific management are not adequate and they do not contribute to achieve individual and organizational goals. The essence of human relations approach is that workers should be treated as human beings but not as mere factors of production. Workers' needs, feelings, attitudes, values and desires are extremely important in this approach. The theme of human relations approach is that (i) organizational situation should be viewed in social terms as well as in economic and technical terms, and (ii) the social process of group behaviour can be understood in terms of the clinical method analogous to the doctor's diagnosis of the human organism.

The neo-classicists view organization as a combination of formal and informal relationships. The informal content of the organization was missing in classical approach while it was the very basis of new-classical theory. The human relations school also introduced the behavioural science to diagnose the human behaviour and showed how the pillars of classical theory like division of labour, functional processes, structure and scalar chain, are affected and modified by human relations.

The human relationists modified the classical theory by emphasizing the fact that organization is a social system and the human factor is the most important element within it. Behaviourists did not prescribe any one form of organization structure but proposed that it can be improved by modifying it in accordance with informal structure through narrow

An intensive and systematic analysis of human factor in the organization was made. Series of experiments conducted at Hawthorne may be classified as:

- Illumination Experiments, 1924-1927.
- Relay Assembly Test Room Experiments, 1927-32.
- Interviewing Programme.
- Bank Wiring Observation Room Experiments, 1927-32.

### **Phase 1: Illumination Experiments**

Before the Hawthorne studies officially started, Elton Mayo headed a research team, which was investigating the causes of very high turnover in the mule-spinning department of a textile mill in Philadelphia during 1923 and 1924. After interviewing and consulting the workers, the team set up a series of rest pauses, which resulted in greatly reduced turnover and more positive worker attitudes and morale.

About the same time that Mayo and his group were conducting the Philadelphia study, a typical scientific management study, sponsored by the National Research Council, was being made at Hawthorne. This latter study was attempting to determine experimentally the effects that varying degrees of illumination had on worker productivity.

To study the effects of changing lighting conditions, the light experiments were conducted on female workers, with an underlying assumption that better light would make for better work. For the purpose of the experiment the workers were divided into two groups – an experimental group and a control group. The experimental group was placed in a test room where the intensity of illumination was varied, and the other group (i.e. the control group) worked in a control room with supposedly constant conditions. The results were baffling to the researchers. Productivity increased in both the rooms. When the illumination was improved, the output of the experimental group improved markedly. But the unexpected also happened. Output of the control group, who worked under constant conditions, also increased markedly. Furthermore, in the test room no correlation developed. The production of the women continually increased whether the foot-candles of light were raised, retained at the original level, or even brought down to moonlight intensity so that the workers could barely see. From this it was understood that, some other variables, which were not being held constant or under control, besides the level of illumination were causing the change in productivity. This something, of course, was the complex human variable. To find out more about the factors, which were supposedly responsible for increase in productivity of the workers, further experiments were conducted.

**Exercise:** Conduct experiments similar to that of illumination experiments in the organization in which you are associated with.

### **Phase 2: Relay Assembly Test Group**

In 1927, the relay room experiments commenced. These experiments represent the actual beginning of the Hawthorne studies attributed to Elton Mayo. This team of researchers utilized their earlier experience with rest pauses at the Philadelphia textile company. Taking a cue from the earlier illumination experiment at the plant, the researchers attempted to set up the test room so that there would be more control over the independent variables. As part of these experiments, Mayo and his colleagues selected two girls and asked them to form their own work group of six by choosing four other girls. The group worked at the assembly of small, intricate telephone relays comprising about forty separate parts. The girls sat at a long bench and dropped the finished relays through a chute where they were automatically counted. The rate of production was recorded at the start of the experiment and changes in

In the relay test room, the female assemblers were insulated from the traditional restrictions of management. In total, they were treated and recognized as individuals with something to contribute.

The results in the relay room were practically identical with those in the illumination experiment. Each test period yielded higher productivity than the previous one had done. Even when the women were subjected to the original conditions of the experiment, productivity increased. The conclusion was that the independent variables (rest pauses and so forth) were not by themselves causing the change in the dependent variable (output). As in the illumination experiment, something was still not being controlled.

F.J.Roethlisberger remarked "such factors as hours of work and wage incentives were not things in themselves having an independent effect on employee efficiency". In the study the investigators had made the girls feel important, and improved performance was at least partly a result of psychological factors. Mayo and his associates discovered that small social groups in the factory were able to influence the behaviour of individuals to a considerable degree.

The relay room experiment was followed by a second relay room experiment and the mica splitting test room study. The results of these two studies were judged to be inconclusive.

**Exercise:** Conduct experiments similar to that of relay room experiments in the organization with which you are associated and record the observations.

### Phase 3: Interviewing Programme

Next, Mayo initiated a three-year long interviewing programme in 1928 covering more than 21,000 employees to find out the causes for increased productivity. These interviews generated a great amount of information. The emphasis of this phase was on human relations rather than on working conditions. This programme initially proved to be useless as employees often gave stereotyped responses. This led the interviewers toward asking indirect questions. Then the employees began to air their feelings freely. Table 3.2 depicts the actual topics that were discussed. Out of these data, a great deal of insight into employee attitudes and group dynamics evolved. Specifically, the insights into the impact that informal work groups have on restriction of output led to the last major research effort in the Hawthorne studies.

**Table 3.2 Topics Discussed in the Mass Interviewing Program at Hawthorne**

Absence	Interviewing program	Smoke and fumes
Advancement	Light	Social contacts
Aisles	Lockers	Steady work
Bogey	Material	Supervision
Club activities	- Quality	Temperature
General	- Quantity	Thrift
- Entertainment	- Finished product	- Stock purchase plan
- Club store	- Miscellaneous	- Building and loan
- Educational	Monotony	- Life insurance
- Sports	Noise	- Ready money plan
Dirt	Payment	- General

Work group norms, beliefs, sentiments had a greater impact on individual behaviour than the monetary incentive offered by the management. Thus Hawthorne experiments indicated that employees were not only economic beings but also social and psychological beings.

The researchers concluded that employees would work better had they believed management was concerned about their welfare and supervisors paid special attention to them. This phenomenon, (subsequently labeled the Hawthorne effect), has remained quite controversial to this day.

The concept social man, according to Mayo-motivated by social needs, wanting rewarding on-the-job relationships, and responding more to work-group pressures than to management control-was necessary to complement the old concept of rational man motivated by personal economic needs.

**Exercise:** Test whether the sentiments discussed above are true or not in the organization in which you are associated with.

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### 3.3 FINDINGS OF HAWTHORNE EXPERIMENTS

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Major findings and conclusions of Hawthorne Experiments are given hereunder:

- a) The level of production is set by social norms but not by physiological capacities: This point has already been illustrated by the studies of illumination and fatigue.
- b) Non-economic rewards and sanctions significantly affect the behaviour of the workers and largely limit the effect of economic incentive plans: Workers who produced significantly more (or less) than the socially determined norm lost the affection and respect of their co-workers and friends. All the workers in the wiring room clearly preferred maintaining amicable relations with their friends to making more money.
- c) Workers do not act or react as individuals: Often workers do not act or react as individuals but as members of groups. An individual does not feel free to set up for himself a production target. It is set and enforced by the group in which he is a member. Co-workers penalize a worker who deviates from the group norms significantly in either direction. Individual behaviour depends on the group norms. A person who resists pressure to change his behaviour as an individual often changes it quite readily if the group of which he is a member changes its behaviour.
- d) Informal leadership sets and enforces the group norms: Scientific Management assumes that the foreman or supervisor provides leadership to the workers, at least in regard to matters concerning production. It has been disproved by the Hawthorne Experiments. In the Bank Wiring Room Study, one of the workers emerged as an informal leader of the group. He was the best-liked man in the room and the one who best embodied the norms of his group. His advice was highly solicited and he had the control over the behaviour of his group. He was admired for his ability to "get things done," and he was, to a certain extent, the spokesman of the group. In short, he helped the workers to function as a social group.
- e) Communication between ranks: The Human Relations approach emphasized the importance of communication between the ranks, need for transparency in decision-

- j) **Relationship between the work, organizational structure and social needs of the employees:** The Human Relations School is of the opinion that it is necessary to relate the work and the organizational structure to the social needs of the employees. This makes the employees happy and the employees extend their full cooperation and put in their best for increasing organizational efficiency.

### Activity – II

Explain the assumptions of neo-classical theory.

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## 3.5 CRITICISM AGAINST NEO-CLASSICAL THEORY

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William G. Scott has criticized that like classical theory; neo-classical theory also suffers from incompetence, a shortsighted perspective and lack of integration among many facets of human behaviour. Some of the modern thinkers also opine that this theory is bankrupt and unable to suggest any new thing.

The criticisms range from 'human relations as a tool for cynical puppeteering of people' to 'human relations are no more than a trifling body of empirical and descriptive information'. Trade unionists ridiculed it as a form of 'cow psychology'. Human relationists are also nicknamed as 'happiness boys' who ignored the economic realities.

The neo-classical theory has been criticized on the following grounds:

- a) **Lack of Scientific Validity:** The human relationists drew conclusions from Hawthorne studies. These studies were based on clinical insight rather than on scientific evidence. Representative character of the groups chosen for study is also doubtful. The findings are based on temporary groups but not on the groups that have continuing relationship with one another. Moreover the experiments were conducted on operative employees only.
- b) **Invalid Assumptions:** Neo-classical theory is based on certain assumptions. Some of the assumptions on which the neo-classical theory is based do not seem to be true. For example, the assumption that there is a solution for every problem, which satisfies everyone in the organization, is not true. Often there may be conflicts of interests among various groups in the organization that are structural and not merely psychological in nature.
- c) **Limited Application:** The various structures of organization given by neo-classicists are not universal. Their application is limited. There is no particular structure, which serves the purpose of all the organizations. The relationists overlooked some of the environmental constraints, which managers cannot ignore. This lapse makes the practicability of the theory limited.
- d) **Limited Focus on Work:** It lacks adequate focus on work. Human relations approach puts all the emphasis on interpersonal relations and on the informal group. It tends to over emphasize the psychological aspects at the cost of the structural and technical aspects.

Techniques of scientific management are not adequate and they do not contribute to achieve individual and organizational goals. The essence of human relations approach is that workers should be treated as human beings but not as mere factors of production.

The theme of human relations approach is that (i) organizational situation should be viewed in social terms as well as in economic and technical terms, and (ii) the social process of group behaviour can be understood in terms of the clinical method analogous to the doctor's diagnosis of the human organism.

The neo-classicists view organization as a combination of formal and informal relationships.

Organization is a social system and the human factor is the most important element within it. Behaviourists did not prescribe any one form of organization structure but proposed that it can be improved by modifying it in accordance with informal structure through narrow specialization and less emphasis on hierarchy, by encouraging participation in decision-making at lower levels, and by following a more people oriented approach by managers at all levels.

Neo-classical approach did not abandon the principles of classical theory altogether. That is why it is called neo-classical theory. The neo-classical theorists include Simon, Thomson, Mayo, Lewin, etc. These are also called human relationists.

Depression and the labour movement were important indirect causes of the practice of human relations.

The Western Electric Company, with the cooperation of the National Academy of Sciences arranged to have Mayo and his associates to carry out a major study in its Hawthorne Works in Chicago.

According to the norms of the day the company was providing many benefits such as pension plans, recreational facilities, and so on. But the company had noted a good deal of dissatisfaction among its 29,000 employees.

Efficiency experts had attempted to reduce dissatisfaction among the employees and increase production by changing working hours, rest periods and environmental conditions such as intensity of lighting; and by simplifying and improving work methods, and so on. But the results were not satisfactory.

Mayo, Roethlisberger and their associates started the Hawthorne experiments on the basis of the industrial psychology of Gilbreth. They first assumed that:

- Each worker was an isolated unit, a human machine; whose actions and performance could be measured and adjusted.
- Chief factors governing a worker's low productivity were the wrong physical environment, such as excessive humidity, inadequate heating bad lighting, too much noise, and so on.

- The Human Relations School is of the opinion that it is necessary to relate the work and the organizational structure to the social needs of the employees.

Major findings and conclusions of Hawthorne Experiments are given hereunder:

- The level of production is set by social norms but not by physiological capacities.
- Non-economic rewards and sanctions significantly affect the behaviour of the workers and largely limit the effect of economic incentive plans.
- Often workers do not act or react as individuals but as members of groups.
- Informal leadership sets and enforces the group norms.
- The Human Relations approach emphasized the importance of communication between the ranks, need for transparency in decision making, importance of participation in decision-making, and the virtues of democratic leadership.

The neo-classical theory has been criticized on the following grounds:

- These studies were based on clinical insight rather than on scientific evidence.
- Some of the assumptions on which the neo-classical theory is based do not seem to be true.
- The various structures of organization given by neo-classicists are not universal. Their application is limited.
- It lacks adequate focus on work.
- Neoclassicists have been criticized for single minded attention to the concept of 'happiness' of employees.
- The neo-classical theory does not have a unified and total approach.
- Neo-classical theory is criticized for its excessive emphasis on social and psychological factors.
- Like classical theory this theory also has ignored the influence of external environmental factors in designing the organization.
- Neo-classical theory lays more emphasis on the human behaviour in designing organization.

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### **3.7 SELF ASSESSMENT QUESTIONS**

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#### **I. Short Answer Questions**

1. Explain the features of Neo-Classical Theory.
2. What are the various elements of neo-classical organization theory? Discuss in brief.
3. What are the fundamental concepts of Human Relations approach?
4. Identify and briefly summarize the major historical contributions to the human relations movement.
5. Discuss in detail the Hawthorne Experiments.
6. What are the findings of Hawthorne Experiments?

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### 3.9 KEY WORDS

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- Neo-classical theory** : It gives the human behaviour is influenced not only by physiological factors but also other factors on an individual.
- Human Relations Approach** : The way in which managers interact with their subordinates. When moral efficiency deteriorate H.R in the organization.
- Interview Programme** : It proved to be useless as employees often gave stereotyped responses.

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There is no one best way to motivate, to lead, and to make decisions. That is there is no one best approach to achieve the desirable behaviour in human beings. The processes involved are too complex in nature. Behaviour in work settings is the complex result of many interacting forces. This fact is recognized in what is known as the contingency approach, an orientation that is a hallmark of modern OB. Consider, for example, how an individual's personal characteristics (e.g., personal attitudes and beliefs) may work in conjunction with situational factors (e.g., an organization's climate or relations between co-workers) which may all work together when it comes to influencing how a particular individual is likely to behave on the job.

As the behaviour of employees on the job becomes more and more complex, it becomes difficult, if not impossible, to give "straight answers". Then it is necessary to report that people will do certain things "under some conditions" or "when all other factors are equal". Such phrases provide a clear indication that the contingency approach is being used. They tell us that certain behaviour is contingent on the existence of certain conditions-hence, the name. There are no simple cookbook formulas to predict and explain behaviour.

Systems and Contingency Theory is also called Modern Organisation Theory. It is a systems analysis of organizations. It developed during 1950s. It considers the whole organization as well as its component parts i.e., all the elements of the organisation. Systems theory views an organization as an adaptive and open system in active exchange with their surrounding environments. If it is to survive, it must adjust to changes in the environment. It also views the organization and its environment as interdependent. Each depends on the other for resources.

In fact 'Systems' and 'Contingency' are two different approaches of Modern Organization Theory. This theory has developed consequent upon the limitations of and criticisms against the classical and neo-classical theories. Modern organization theory combines social and psychological issues with the classical model.

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## 4.1 DEFINITION OF SYSTEM

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Fagen defines *system* as "a set of objects together with relationships between the objects and between their attributes."

Kast and Rosenzweig define a system as "an organized, unitary whole composed of two or more interdependent parts, components, or subsystems, and delineated by identifiable boundaries from its environmental suprasystem."

Hanna says: "A *system* is an arrangement of interrelated parts. The words *arrangement* and *interrelated* describe interdependent elements forming an entity that is the system. Thus, when taking a systems approach, one begins by identifying the individual parts and then seeks to understand the nature of their collective interaction."

"A system is composed of related and dependent elements which, when in interaction, form a unitary whole. It is simply assemblage or combination of things or parts, forming a complex whole. Its important feature is that it is composed of a hierarchy of sub-systems." For example the world as a whole can be considered as a system in which various national economies are subsystems. In turn each national economy is composed of various industries, each industry is composed of different firms, and firm can be considered as a

distinguished from the other in terms of objectives, processes, roles, structures and norms of operations.

- d) **Systems are processors:** A system is engaged in processing or in the transformation of inputs into output. A system receives inputs from the other subsystems of the internal environment and external environment. The system processes the inputs and converts them into output and supplies the output to other subsystems of the internal environment and to the systems in the external environment.
- e) **A system acts upon its environment and is also acted upon by its environment:** An organization is an open system. A system acts upon its environment and is also acted upon by its environment. In other words, a system influences the other systems and subsystems and is influenced by them. For example the subsystem of product design is influenced by the market information system.
- f) **System arranges the parts in a related manner:** A system is not a mere group of parts. It is a group of related parts arranged in a sequential order. The sequential arrangement is based on the purpose.
- g) **A system has boundaries:** Every system has boundaries. Physical systems have fixed boundaries whereas social and psychological systems have flexible boundaries. An organization system is composed of physical, social and psychological systems. Therefore, organizational system's boundaries are partly fixed and partly variable.
- h) **Systems may be open and close systems:** Systems are categorized into two categories viz., open and closed systems. Open systems influence and are influenced by other systems whereas closed systems do not influence and are not influenced by the other systems.
- i) **The system is goal oriented.**
- j) **The whole is more than the sum of all parts in a system.**

#### Activity – I

Define the term 'System'.

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## 4.2 TYPES OF INTERDEPENDENCE OF SYSTEMS

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As stated earlier, each system consists of several sub-systems and all the subsystems are interrelated and interconnected. They influence the other subsystems and are influenced by them. Different types of interdependence can be stated thus.

- a) **Pooled Interdependence:** When the subsystems are dependent on each other indirectly, it is called "pooled interdependency". For example, international branches, which are the subsystems of a company, are allowed to procure their resources and sell their products independently but they are governed by common rules, regulations, policies, procedures and norms. They draw financial resources from and supply the net profit to the head office. The kind of relationship that exists between different international branches of the company is called "Pooled Interdependence".

- and energy between system and environment. The environment is everything outside the system.
- c) **Open systems have purposes and goals**, the reasons for their existence. It is important to note that these purposes must align with purposes or needs in the environment; for example, the organisation's purposes will be reflected in its outputs, and if the environment does not want the outputs, the organization will cease to exist.
  - d) **The law of entropy states that all systems "run down" and disintegrate unless they reverse the entropy process by importing more energy than they use.** Organisations receive *negative entropy* when they are able to exchange their outputs for enough inputs to keep the system from running down. *Information* is important to systems. *Feedback* is information from the environment about system performance. Feedback is of two types, negative and positive. Negative feedback measures whether or not the output is on course with the purpose and goals. It is also known as deviation-correcting feedback. Positive feedback measures whether or not the purpose and goals are aligned with environmental needs. It is sometimes called deviation-amplifying feedback. Negative feedback tells you if you are on track regarding your scheduled production / output. Positive feedback comes from the environment. The usefulness of the two concepts is that they demonstrate that it is not enough to merely measure our outputs versus the intended targets. Survival of the system is equally influenced by appropriateness of the targets.
  - e) **Systems are bombarded by all kinds of information, some information is useful, and some other is not useful.** So systems "code" useful information and incorporate it, while the useless information is left off.
  - f) **Another characteristic of open systems is steady state or dynamic homeostasis.** Systems achieve a steady state or equilibrium point and seek to maintain this equilibrium against disruptive forces. Disruptive forces may internal or external. Systems tend to get more elaborated, differentiated, specialized, and complex over time. This is called **differentiation**. Increased differentiation requires increased integration and coordination. Another characteristic of systems is **equifinality**. Equifinality is a principle, which says that there are multiple ways to arrive at a particular outcome or state. That is in systems there are multiple paths to achieve the goals. There can be subsystems within larger systems. Systems can be arranged into a hierarchy of systems moving from less important to more important.

These characteristics of open systems explain many phenomena, which exist in organizations and provide answers to certain pertinent questions. Opposite of an open system is a closed system. Closed systems do not interact with environment and other systems. They are self-contained, self-mentioned, rigid and static. They are also mechanical in character and like a closed loop.

Two major variations of open systems theory are: (i) Socio-technical Systems Theory (STS) and (ii) Open Systems Planning (OSP). They play an important role in Organization Development.

Eric Trist, Fred Emery, and others developed socio-technical systems theory at the Tavistock Institute in the 1950s. The thesis of STS is that all organizations are comprised of two interdependent systems, a social system and a technical system, and that changes in one system produce effects in the other system. To achieve high productivity and employee satisfaction, organizations must be structured to optimize both the systems. STS is the principal conceptual foundation for efforts in work redesign and organization restructuring, two very active segments of OD today.

- b) The systems concept takes into account not only the objectives and performance of different departments or sub-systems but also overall objectives and performance of the organization. The systems approach gives top priority to the overall effectiveness of the system rather than the effectiveness of different sub-systems.
- c) Systems theory provides a view, which is more consistent with the organisational life. Systems theory helps in generating coordinated efforts towards accomplishing goals. It also stresses the interdependence of the elements. Within organizations and the interaction of organizations themselves as part of a larger socio-economic system.
- d) The systems approach refers to both general and specialized systems. The general systems are primarily concerned with formal organizations and the concepts pertaining to techniques of psychology, sociology, and philosophy. Specific management systems include organizational structure, information, planning and control mechanisms, job design, etc.

### Activity – II

Explain the features of systems theory.

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## 4.5 ANALYSIS OF SYSTEMS

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Organisation analysis under the modern theory is based on the General Systems Theory. The aim of general systems theory is the creation of a science of organizational universals or a universal science-using the elements and processes common to all systems as a starting point. This synthesis, if accomplished, will be at a high level of abstraction.

Modern organization theory treats organization as a system of mutually dependent variables. The distinctive qualities of modern organization theory are:

- i) its conceptual analytical base,
- ii) its reliance on empirical research data and,
- iii) above all, its integrating nature.

These qualities are framed in a philosophy, which accepts the premise, that the only meaningful way to study organization is to study it as a system.

Modern organization theory asks a range of inter-related questions which are not seriously considered by the classical and neoclassical theories. The important questions are:

- i) What are the strategic parts of the system?
- ii) What is the nature of their mutual dependency?
- iii) What are the main processes in the system, which link the parts together, and facilitate their adjustment to each other?
- iv) What are the goals sought by the system?

- e) **Physical Setting:** The physical setting in which a job is performed is also very important. Interactions present in the complex man-machine systems need to be carefully studied. The human engineer cannot approach this problem in a purely technical fashion. He has to take the help of social theorists like psychologists and sociologists.

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## 4.6 SUBSYSTEMS

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An organization is composed of many mutually dependent sub-systems. These sub-systems interact and create new patterns of behaviour that are separate from, but related to, the pattern specified by the original system. The system behaviour is emerged one. A change in one of the sub-systems creates changes in the other sub-systems. Johan A. Seiler identified the subsystems such as human inputs, technological inputs, organizational inputs, social structure and norms. Kast and Rosenzweig identified five subsystems. They are: goals and values subsystem, technological subsystem, structural subsystem and managerial subsystem. Katz and Kahn have identified five subsystems. They are: technical subsystem, supportive subsystem, maintenance subsystem, adaptive subsystem and managerial subsystem. Carzo and Yunouzas have identified three subsystems. They are: technical subsystem, social subsystem and power subsystem. On a perusal of all these it can be said the subsystems, which may present in the organizations are: (i) Technical subsystem, (ii) Social subsystem, (iii) Power subsystem, (iv) Structural subsystem and (v) Managerial subsystem.

### i) Technical Subsystem

Technical means application of knowledge. Technical subsystem means a subsystem, which includes the knowledge and techniques of doing the work. That means application of knowledge in the process of converting the inputs into output. The **basic component** of a technical subsystem is 'job'. A 'job' means a group of tasks or activities that are performed by an individual. Technical subsystem constitutes formal organization, i.e., inter-relationship of the jobs, which make up the structure; rules, regulations and procedures of the organization. The technical subsystem deals with designing the factory layout, selection of the appropriate technology, processes, policies, procedures, rules and regulations. It also deals with determination of organizational hierarchy, authority and responsibility. It decides upon jobs involved in the processes, selection of employees, assignment of duties, working hours, decision points, communication patterns, coordination and leadership.

The system also deals with behavioural implications. Behaviour of the individuals under this system is regulated by rules, procedures, policies and regulations. However, behaviour of the individuals in the organization is not explained completely by the technical subsystem alone because of inherent conflict between the organizational demands and demands of the individuals. The behaviour required by the technical subsystem is modified by the social subsystem.

The objective of the technical subsystem is to make necessary imports from the environment, transform them into products or services and export them back to the environment. For this purpose, it involves decisions, communication, action and balance processes. Through the decision process, three main problems of what to produce, for whom to produce and how to produce are resolved. The decisions are based on information gathered from various sources. Such information is communicated through the communication process to action centers to implement them. Through balance process, an administrative balance is obtained so that all parts may be coordinated and no one part can

power. Power structure and power relations influence the power subsystem. They determine how and what decisions are taken and how the decisions are to be implemented.

The organizational power system influences the individual and group relations, their performance patterns and organizational performance and behaviour. In addition, the power system interacts with and interferes in the activities of technical and social subsystems. The interactive and coordinated influence of technical, social and power subsystems forms the organizational system.

#### iv) Structural Subsystem

It refers to the patterns of interrelationships among people. It aims at achieving coordination among the organizational members. It also includes physical setting of the environment in which the work is performed.

#### v) Managerial Subsystems

Managerial subsystem operates to bring about coordination in the total system to achieve its goals. In managing a system, two processes are involved. They are **operation and control** and **review and coordination**. **Operation** refers to conversion of inputs into outputs and **control** refers to comparing the actual performance with the standards and activating various elements to correct deficiencies. **Review and evaluation** pertains to ascertain how well the system has performed. It is different from control as control refers to operational efficiency while review and evaluation refer to functioning of the entire system in relation to its objectives.

#### Activity – III

State the subsystems:

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### 4.7 INTERACTION BETWEEN THE SUBSYSTEMS (LINKING PROCESSES)

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Various parts of a system are interwoven or interlinked. Three linking processes, namely, communication, balance and decision-making achieve this interlinking.

- i) **Communication:** The neoclassicists studied various forms of communication, i.e., formal and informal, vertical and horizontal, and line and staff. The mechanism of communication, i.e., Communication network has been studied by the modern organization theory. Communication is viewed as the method by which action is evoked from the parts of the system. Communication acts as a stimuli resulting in action, and as a control and coordination mechanism linking the decision centers in the system in a synchronized pattern.
- ii) **Balance:** Balance refers to an equilibrating mechanism, which maintains a harmoniously structured relationship between various parts of the system. This ensures system integrity in the face of changing environment. Balance is of two types: (i) quasi-automatic, and (ii) innovative. Quasi-automatic balance means that the system has built-in propensities to maintain steady states. If human organisations are open self-

The characteristics of open systems are:

- a) All open systems are *input-throughput-output* mechanisms;
- b) Every system has a *boundary* that separates it from its *environment*;
- c) Open systems have purposes and goals;
- d) The law of entropy states that all systems “run down” and disintegrate unless they reverse the entropy process by importing more energy than they use;
- e) Systems are bombarded by all kinds of information, some information is useful, and some other is not useful; and
- f) Another characteristic of open systems is steady state or dynamic homeostasis.

Modern organization theory asks a range of inter-related questions which are not seriously considered by the classical and neoclassical theories. The important questions are:

- a) What are the strategic parts of the system?
- b) What is the nature of their mutual dependency?
- c) What are the main processes in the system, which link the parts together, and facilitate their adjustment to each other?
- d) What are the goals sought by the system?

The goals of the system are stability, growth and interaction.

Five parts of the system as are: (i) Individual, (ii) Individual and his personality structure (motives and attitudes), (iii) Formal Organisation and (iv) Informal Organization and (v) Fusion Process. (vi) Physical Setting.

**Sub-Systems:** An organization is composed of many mutually dependent sub-systems. These sub-systems interact and create new patterns of behaviour that are separate from, but related to, the pattern specified by the original system. There are five subsystems. They are: (i) Technical subsystem, (ii) Social subsystem, (iii) Power subsystem, (iv) Structural subsystem and (v) Managerial subsystem. Technical subsystem means a subsystem, which includes the knowledge and techniques of doing the work. Social system represents individuals and patterns of interactions among them.

Various parts of a system are interwoven or interlinked. Three linking processes, namely, communication, balance and decision-making achieve this interlinking. Modern organisation theory is useful in many ways. But it is not free from criticism.

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## 4.10 SELF ASSESSMENT QUESTIONS

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### I. Short Answer Questions

1. Define the term system?
2. What are the different types of inter dependence of the subsystems?
3. Explain the features of the systems theory.
4. What is the analysis of system?
5. What are the different parts of a system?

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## 4.12 KEYWORDS

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- System** : It is a simply assemblage or combination of things or parts, framing a complex whole.
- Open System** : Interact with environment and other systems with a flexible and dynamic in nature.
- Systems Analysis** : Represents the total system and the circles stands for the parts of the system.

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## **BLOCK – II : INTRODUCTION TO ORGANISATIONAL BEHAVIOUR**

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After going through Block-I, you have got familiarity with the basic concepts of organisation. Organisational behaviour refers to the study of organisational components, and their impact on human behaviour and organisational performance in achieving individual and group goals.

This block consists of 2 units. Unit-5 of this block explains the meaning, characteristics of organisational behaviour and also factors influencing organisational behaviour. Whereas unit-6 explains various models to study organisational behaviour such as Autocratic, Custodial, Supportive model.

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## **UNIT - 5: ORGANIZATIONAL BEHAVIOUR**

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### **Aims and Objectives**

The main aim of this unit is to explain the concept of organisational behaviour, need for studying organisational behaviour, evolution of organisational behaviour and also discuss the approaches to study organisational behaviour.

After studying this Unit, you should be able to:

- understand the concept of organizational behaviour;
- explain the need for understanding OB;
- discuss the historical evolution of OB;
- explain the scope of OB; and
- describe the approaches to studying of OB.

### **Structure**

- 5.0 Introduction
- 5.1 Need for understanding organizational behavior
- 5.2 Historical Evolution of organizational behavior
- 5.3 Scope of organizational behavior
- 5.4 Inter disciplinary Influences
- 5.5 Approaches to the study of organizational behavior
- 5.6 Summary
- 5.7 Self Assessment Questions
- 5.8 Further Readings
- 5.9 Key Words

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## **5.0 INTRODUCTION**

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Understanding of the subject is complete when all the three are studied carefully. Study of the individual behavior alone is incomplete because the actions of the employee influences and are influenced by the organization where he or he works. Again,, studying only organizations without learning about the people, mounts to looking at only, and part of the picture. The influence of the environment on the interface between the individuals and the organizations cannot be overlooked.

"Organizational behavior is the study and application of knowledge about how people act within organizations. It is a human tool for human benefit. It applies broadly to the behavior of people in all types of organizations such as business, government, schools and service organizations".

- v) People who are mistreated by their supervisors on the job have more mental and physical illness than those who are treated with kindness, dignity and respect.
- vi) Organizations that treat employees well with respect to pay/benefits, opportunities, job security, friendliness, fairness, and pride in the company are on average twice as profitable as the Standard & Poor's 500 companies.
- vii) Companies that offer good employee benefits and that have friendly conditions are more profitable than those that are less people oriented.

**Activity – I**

Discuss the need for organisational behaviour.

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**5.2 HISTORICAL EVOLUTION OF O.B.**

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With regard to organizational behavior, its history tells how the subject has evolved, over a period of time, to its present stage. It will help us understand for instance, how management came to impose rules and regulations on employees, why many employees in organizations do standardized and repetitive tasks on assembly lines and why a number of organizations in recent years have replaced their assembly lines with team-based work units.

Interestingly, contemporary managers today have come to appreciate the value of history. For example, managers glean insights from Mahabharata, Iliad and other great works. And some organizations such as Tatas, Godrej and Salgocars have corporate historians, others such as Coca-Cola openly proclaim their heritage as part of their employee orientation programmes.

Concern for the welfare of the workers in management of business enterprises has been in existence since ages. Kautilya's Arthashastra states that there existed a sound base for systematic management of human resources as early as the 4th century B.C. itself. The government then, took an active interest in the operation of public and private sector enterprises and provided systematic procedures for regulating employer-employee relationships. Elsewhere, human resource in organizations received management's attention much earlier. As early as 18-B.C. itself, 'minimum wage rate' and 'incentive wage plan' was included in the Babylonian code of Hammurabi.

But experts of human behavior have tried to chronicle the growth of the subject only from the beginning of the 19th century. The early part of the 19th century is significant because it was during this period that the Industrial Revolution took place that resulted in the total transformation of the then industrial environment.

The stock exchange crash of 1929 in America marked the beginning of the great Depression. The consequences of the Depression were wide spread unemployment, decline of purchasing power, collapse of markets, and lowering of the standard of living of people. This phenomenon was world wide and not confined to America alone.

One positive outcome of the Depression was that management began to realize that production alone could not be its major function. Marketing, finance and personnel were also required in order for a business to survive and grow. The Depression's aftermath of unemployment and insecurity brought to the surface, human problems that managers were now forced to recognize and cope with. Personnel departments were either created or given more emphasis, and most managers now began to develop a new, awakened view of the human aspects of work. Human relations took an increased significance as an indirect, and in some cases, direct result of the Depression.

Mere creation or strengthening of personnel departments did not improve the plight of workers. Production still preceded people in order of importance in organizations. Decent hours of work, fair wages, and adequate working conditions were sacrificed for more production. There were people like Taylor, Ford, and Sloan who sincerely believed in giving labor due share. Such noble hearted souls were few and far between. In general exploitation of labor continued.

Continued exploitation made workers realize that their protection lay in their own hands. They formed strong unions and this had the desired effect on management. Management began to place primary emphasis on employee relations, and secondary attention was given to wages, hours of work, and conditions of employment.

Unfortunately, the human relations role also often came about for wrong reasons. In too many cases, it was forced on managers by labor, threatening them with consequences of non-compliance. Ideally, it would have been better had human relations developed because of intrinsic motivation of practicing managers, to better understand and provide for the welfare of their employees.

### **iii) Organizational Behavior**

The human relations movement thus started, continued and flourished for a long time. Unfortunately, the movement grew so fast that much faddism and shallowness developed. Some practitioners began to emphasize the big smile, 'being nice to people', and 'keep them happy', while subtly trying to manipulate employees. Naturally, the human relations movement received serious criticism.

In course of time, the term 'human relations' lost its flavor, although it continues to be used, especially at the operating level-because of its appropriateness. As the field became more mature and research based, the new term that arose to describe it was 'organizational behavior'. Experts trace this development to the late 195-s and early 1960s. Organizational behavior has made considerable strides since 1960s, although there have been occasional steps backward as well. Managers increasingly recognize the value of human resources and strive to better understand people and their role in complex organization and competitive business situations. This realization has come to the subject, organizational behavior.

closely related, that group influences were significant in affecting individual behavior, that group standards were highly effective in establishing individual worker output, and that money was a lesser factor in determining worker output than group standards, sentiments and security.

The Hawthorne studies have been severely criticized particularly by Australian and English researchers as being inadequately controlled and interpreted. Despite some obvious methodological limitations, there are some interesting insights from the experiments that contribute to the better understanding of human behavior in organizations. In particular, the experiments showed that the worker is not a simple tool but a complex personality interacting in a group situation that often is difficult to understand. The study revealed the importance of the social factor - the degree to social relationships within which he operated. As more studies on organizations were carried out, it became evident that the informal associations to be found in almost every organization profoundly affect an individual's motivation to work, level of output and quality of performance.

These studies added much to our knowledge of human behavior in organizations and created pressure for management to change the traditional ways of managing human resources. The Human Relations Movement pushed managers toward gaining participative support of lower levels of the organization in solving organization problems. The Movement also fostered a more open and trusting environment and a greater emphasis on groups rather than just individuals.

### Key Findings

- Economic incentives are less potent than generally believed.
- Dealing with human problems is complicated and challenging.
- Leadership practices and work-group pressures strongly influence productivity, satisfaction, and performance.
- Personal problems influence worker productivity.
- Effective communication is critical to success.
- Factors embedded in the social system influence behavior.

### Activity – II

Explain the Hawthorne studies in Chicago.

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2. **A whole person** : When an individual is appointed, his/her skill alone is not hired, his/her social background-likes and dislikes, pride and prejudices are also hired. A person's family life cannot be separated from factory life. It is for this reason that, managers shall endeavor to make factory, a home away from home. They not only strive to develop better employee out of a worker. But also a better person in terms of growth and fulfillment.

3. **Caused Behaviour** : Behaviour of an employee is caused not random. The behaviour is directed towards some end that the employees believes, rightly or wrongly, is in his/her best interest. Thus, when a worker comes late to his work, pelts stones at a running bus, or abuses the supervisor, there is a cause behind. The manager must realize this basic principle and to solve the problem of late coming or stone pelting, he/she must discover the cause behind the behaviour and tackle the issue at its root.

4. **Human Dignity** : This concept is of a different order from the other three because it is more an ethical philosophy than a scientific conclusion. It confirms that people are to be treated differently from other factors of production because they are of a higher order in the universe. It recognizes human dignity because people are of higher order, they want to be treated with respect and dignity and should be treated this way. Every job, however simple, entitles the people who do it to proper respect and recognition of their unique aspirations and abilities. The concept of human dignity rejects the old idea of using employees as economic tools.

Ethical philosophy is reflected in the conscience of human kind, confirmed by the experience of people in all ages. It has to do with the consequences of our acts to us and to others. It recognizes that life has an overall purpose and accepts the inner integrity of each individual. Since organizational behaviour always involves people, ethical philosophy is involved in one way or another in each action. Human decision cannot and should not be made apart from values.

5. **Organizations are social systems** : From sociology we learn that, organizations are social systems; consequently, social laws as well as psychological laws therein govern activities. Just as people have psychological needs, they also have social roles and status. Their behaviour is influenced by their group as well as by their individual drives. In fact, the two types of social systems exist side by side in organizations. One is the formal system and the other is the formal social system.

The existence of a social system implies that the organizational environment is one of dynamic change, rather than as a static set of relations as revealed in an organization chart. All parts of the system are interdependent and are subject to influence by any other part. Everything is related to everything else.

6. **Mutuality of Interest** : The statement that "organizations need people and people also need organizations" presents mutual interest. Organizations have a human purpose. They are formed and maintained on the basis of some mutuality of interest among their participants. People see organizations as means to help them reach their goals, while at the same time, organizations need people to help reach organizational objectives. If mutuality is lacking, it makes no sense to try to assemble a group and develop co-operation, because there is no common base on which to build. Mutual interest provides a super ordinate goal that unites the

### iii) Social psychology

It borrows concepts from both psychology and sociology. It focuses on the influence of people on one another. One of the areas receiving considerable attention from social psychology is change-how to reduce its resistance and implement it successfully. Additionally, social psychology is useful in the areas of measuring, understanding, and changing attitudes; communication patterns; the ways in which group activities can satisfy individual needs; and group decision-making process.

### iv) Anthropology

It is understood as the study of man and his works. In particular, anthropologists study culture. Culture has significant influence on human behavior. It dictates what people learn and how they behave. Every organization will have its own distinct culture. Some organizations, particularly closely held ones, are secretive, publicity shy and are less inclined to encourage participative management. Some organizations, Tatas, for example, take employee welfare and social responsibility as their main goals. The culture of the organization will have an influence on an employee. His attire, his direction about things good and things bad, and his style of functioning are influenced by the culture of his organization.

### v) Political Science

Contributions from political scientists for better understanding of OB are significant. Political scientists study the behaviors of individuals and groups within a political environment. Specific topics of concern to political scientists include conflict resolution, group coalition, allocation of power, and how people manipulate power for individual self-interest.

In the past, the term 'politics' was considered to be a dirty word. Not anymore. Organizations are becoming political entities and better understanding about them cannot be obtained without lending political perspective.

### vi) Medicine

It is the applied science of healing or treatment of diseases to enhance an individual's health and well-being. Medicine embraces concern for both physical and psychological health, with the concern for industrial mental health dating back at least sixty years. More recently, as the war against acute diseases is being won, medical attention has shifted from the acute diseases, such as influenza, to the more chronic, such as hypertension. Attention has also been directed to occupational health and well being. Individual behavior and lifestyle pattern play a more important role in treating chronic diseases than in treating acute diseases. These trends have contributed to the growth of wellness programs in the context of corporate medicine, such as Johnson & Johnson's "Live for Life program" and Control Data Corporation's STAY-WELL program. These programs have led to the increasing attention to medicine in organizational behavior. The surge in health care costs through the past two decades has increased organizational concern with medicine and health care in the workplace.

### Benefits of studying Organizational Behaviour

- Develop skills to function effectively in the workplace.
- Grow personally through insight into human behaviour.

a community, a valuable social output occurs. Organizational behavioral decisions typically involve human, social, and/or economic issues, and so, productivity, usually a significant part of these decisions, is recognized and discussed extensively in the literature on OB.

#### 4. Systems Approach

Systems approach to OB view the organization as a united, purposeful system composed of interrelated parts. This approach gives managers a way of looking at the organizations as a whole, whole person, whole group, and the whole social system. In so doing, systems approach tells us the activity of any segment of an organization affects, in varying degrees, the activity of every other segment.

A system view should be the concern of every person in an organization. The clerk at the service counter, the machinist, and the manager-all work with the people and there-by influence the behavior equality of life in an organization and its outputs. Managers, however, tend to have larger responsibility, because they are the ones who make majority of the decisions affecting human issues, and most of their daily activities are people-oriented. The role of managers, then, is to use organizational behavior to help achieve individual organizational, and social goals. Managers help build an organizational culture in which, talents are utilized and further developed, people are motivated, teams become productive, organizations achieve their goals and society reaps the reward.

In this course, the student will explore and examine the interrelationships of individual personality and work, the characteristics of organizations and current organizational theory.

#### Today's Organizations

Today's organizational environment is markedly different from that of the past. Global competition, information technology, the quality service revolution, and diversity and ethics have forced management of all types of organizations to totally rethink their approach to both operations and human resources. Because of the paradigm shift, organizations are now more responsive to both their internal and external environments. State-of-the-art information technology, total quality management practices, and organizational learning characterize the new workplace.

#### Activity – IV

Explain the approaches available to study organisational behaviour.

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### 5.6 SUMMARY

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The unprecedented changes in the area of technology and economic scenario have brought into focus individuals and teams in the organizations and their key role for the success of the same. An understanding of the nature and scope of the organizations would definitely enhance individual and team performance. Organizations are not only complex, but also multidisciplinary in their functions. Knowledge of their backgrounds, and

<b>Team</b>	:	A number of people gathered for same purpose.
<b>Sociology</b>	:	Is the study or science of individual behavior.
<b>System</b>	:	Interacting components of an organization.
<b>Learning Organization</b>	:	Continuous experimentation & feed back from the tasks.
<b>Hawthorne Studies</b>	:	The studies undertaken at the work of the Western Electric Company in Chicago.
<b>Scientific Management</b>	:	The development of a set of principles of management based on a systematic study of the operations of production.

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## Trends in Organisational Behaviour

From	To
Closed systems	Open systems
Materialistic orientation	Human orientation
Centralized power	Distributed power
Extrinsic motivation	Intrinsic motivation
Negative attitudes about people	Positive attitudes about people
Focus on organization needs	Balanced focus on employee and organization needs
Imposed discipline	Self-discipline
Authoritarian managerial role	Managerial role of leadership and team support

Organizational environments are becoming increasingly competitive. The shape and operation of the organizations are marked by rapid and often unpredictable changes. The managers have to help the employees to cope with the ever-changing organisational environment. The managers have to see the organizations work better, and then explain it to others. Models of OB may help them in doing this. In this unit we review the basic organizational behaviour models.

### 6.1 MODELS OF ORGANISATIONAL BEHAVIOUR

Different systems are developed and maintained by the organizations. They differ in the quality. The results they achieve also differ. The variation in the results achieved by different organizations can largely be attributed to the difference in the models underlying the organizational behaviour. The models constitute the belief system that dominates management's thought and affects management's actions in each organization. "Models are really simplified images of what we think life is really like." "The term construct is used as a synonym for model". Concepts are primarily ideas upon which models and theory are built.

Therefore, it is highly important that the managers recognize the nature, significance, and effectiveness of the models of the organization behaviour. Douglas McGregor was one of the first management scientists to draw attention of the management students to the managerial models. In 1957, he presented a convincing argument that most management actions flow directly from whatever theory of human behaviour the managers hold. He said that the management philosophy controls practice. Management's human resource policies, decision-making styles, operating practices, and even organizational designs flow from key assumptions about human behaviour. The management's assumptions about human behaviour may be implicit or explicit. They can be inferred from observing the kinds of actions that managers take. Basically there are two sets of assumptions about human behaviour. They are Theory X and Theory Y Assumptions. Hence it is relevant here to know about those two sets of assumptions.

Thus no one model of organizational behaviour is sufficient to describe all that happens in an organization, but identifying a model can help distinguish one organizational life from another.

The selection of a model by a manager is determined by a number of factors. They are the prevailing philosophy, vision, mission, and goals of managers. These affect (and are affected by) their organizational behaviour model. In addition, environmental conditions help determine which model will be most effective. Need for quick decision-making and flexibility may drive firms toward the more collegial models. Behavioral models are not static and unchanging, but adapted across time.

As we learn more about human behaviour at work, we develop and apply improved models of organizational behaviour. Since the dawn of Industrial Revolution, managers of different organizations at different times have followed four models of organizational behaviour. These are autocratic, custodial, supportive and collegial. Supportive and the collegial models encourage partnerships, teamwork, self-discipline, and shared responsibility. How about autoesatic and custodial models?

The trend in organizational behaviour is toward more open, humane organizations. Generally, there is also a movement towards distribution of power, more intrinsic motivation, a more positive attitude toward people, and a better balance of concern for employee versus organizational needs. Discipline has become more a matter of self-discipline instead of being imposed from the outside. The managerial role has advanced from one of strict authority to one of leadership and team support.

#### Activity – I

Explain the assumptions of X & Y theory.

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## 6.2 AUTOCRATIC MODEL

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The autocratic model depends on “power” of the boss. Those who are in command have the power to demand. The employee who does not follow orders will be penalized.

In an autocratic environment the manager’s authority is formal. The manager acquires power from “official authority”. The authority is delegated by right of command over the people to whom it applies. Management believes that it knows what is best and that the employee’s obligation is to follow orders. It assumes that employees have to be directed, persuaded, and pushed into performance, and this is management’s task. Management does the thinking and expects the employees to obey the orders. This conventional view of management leads to tight control of employees at work. Autocracy often leads to the use of brutal force to get the things done. Hence employees dislike this unless they are ignorance and are bound by sentiments.

such as to ensure a maximum probability that in all interactions and all relationships with the organization each member will, in the light of his [or her] background, values, and expectations, view the experience as supportive and one which builds and maintains his [or her] sense of personal worth and importance." Likert's principle is similar to the human resources approach.

The supportive model depends on leadership instead of power or money. The leader assumes that the workers are not by nature passive and resistant to organizational needs, but they are made so by an inadequately supportive environment at work. Through leadership, management provides a climate to help employees grow and accomplish in the interests of the organization the things of which they are capable. The leader also assumes that the workers take responsibility, develop a drive to contribute, and improve themselves if management gives them a chance. Management's orientation, therefore, is to support the employee's job performance, rather than simply paying the wages, pension and other benefits to the employees as in the custodial approach.

Under the supportive model, the workers feel a sense of participation and task involvement in the organization. The manager's role is to help the employees in solving their problems and accomplishing tasks. The supportive model works well with all the employees, rank and file. This model is less successful in the societies where the employees' needs are not satisfied and is more successful, when the employees lower level needs are satisfied and are motivated by their higher level needs.

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## 6.5 COLLEGIAL MODEL

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The collegial model is basically an extension of the supportive model. The term "collegial" refers to a body of persons having a common purpose. It is a team concept. It was first experimented successfully in research laboratories and later it spread to other organizations too. It is more useful with unprogrammed work and in intellectual environment. The collegial model depends on management's building a feeling of partnership with employees. The result is that employees feel that they are useful and are no less important. They feel that managers are also contributing, so it is easy to accept and respect their roles in the organization. Workers see managers as joint contributors rather than as their bosses.

The managerial orientation under collegial model is one that of teamwork. In this approach the manager acts as a coach and a team builder. The employee response to this situation is responsibility. The employees take it as an obligation to produce quality products and to uphold quality standards that will bring credit to their company. The psychological result of the collegial model is self-discipline among the employees. In this kind of environment, employees normally feel some degree of fulfillment, worthwhile contribution, and self-actualization, even though the amount may be modest in some situations. This self-actualization will lead to moderate enthusiasm in performance.

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## 6.6 A COMPARISON

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A characteristic-wise comparison between the four organizational behaviour models - Autocratic, Custodial, Supportive and Collegial - is given hereunder in a tabular form for the sake convenience to the students.

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#### **a) There is no one best model**

No model is absolutely the best one. Every model has got its own advantages and disadvantages. No model lasts forever. As time passes, circumstances change, thinking of human beings changes, as the individual and group understanding of human behaviour increases or as new social conditions develop, we move towards newer models. Some of the managers in the past had a misconception about the autocratic and custodial models; as a result they became psychologically locked into those models and had difficulty altering their practices when conditions demanded it. In the same way so-called innovative supportive and collegial models also cannot be treated as best models. These models may prove to be inappropriate. Sometimes the autocratic and custodial models may yield good results. There is no one "best" model, because what is best is contingent on what is known about human behaviour.

#### **b) Difficult to identify the model, which is in use**

It is difficult to identify the model, which is actually in use in the organization. The managers profess publicly one model (supportive or collegial) and practice in private some other model (autocratic or custodial). When the identification itself is wrong how can they assess accurately effectiveness of the organizational behaviour model in use? As a result, a manager has two key tasks to perform. They are: (i) to acquire a new set of values as models evolve and (ii) to learn and apply the behavioural skills that are consistent with those values. These tasks are very difficult to accomplish.

#### **c) Different organizational behaviour models have been developed to serve different needs of the employees**

The third conclusion is that the four models given above are closely related to human needs. New models have been developed to serve the different needs that became important at the time. For example, autocratic model serves the subsistence needs of the individuals; the custodial model is directed towards satisfying employees' security needs; the supportive model is an effort to meet affiliation and esteem needs of the employees, which the custodial model is unable to serve; and the collegial model is intended to satisfy self-actualization needs of the employees.

#### **(d) Acceptance of one model is not rejection of the other models**

Laying emphasis on one model of organizational behaviour is not an automatic rejection of the other models of organizational behaviour. A comparison suggests that each model is built upon the accomplishments of the other. For example, adoption of a supportive approach does not mean abandonment of custodial practices that serve necessary employee security needs. What it means is that custodial practices are given secondary emphasis, because employees have progressed to a condition in which newer needs dominate. In other words, the supportive model is the appropriate model to use because subsistence and security needs are already reasonably met by a suitable structure and security system. If a manager abandons these basic organizational needs, the system would move back quickly to seek structure and security in order to satisfy those needs for its people.

#### **(e) Increasing use of some models**

Managers cannot be authoritarian in the traditional sense and also be effective. They are often forced to literally redefine the old psychological contract and embrace a newer, more participative one. In addition, many employees are not readily motivated towards creative and intellectual duties by the autocratic model. Only the newer models can offer the

- c) The **supportive model** of organizational behaviour had its origin in the “**principle of supportive relationships**”. The supportive model depends on leadership instead of power or money. Through leadership, management provides an environment to help employees grow and accomplish in the interest of the organization the things of which they are capable.
- d) The **collegial model** is basically an extension of the supportive model. The collegial model depends on management’s building a feeling of partnership with employees. The result is that employees feel useful.
- e) Several conclusions can be drawn about the organizational behaviour models. They are: (a) there is no single best model, (b) Difficult to identify the model, which is in use, (c) Different organizational behaviour models have been developed to serve different needs of the employees, (d) acceptance of one model is not rejection of the other models, (e) Increasing use of some models, (f) more advanced models will have growing use as progress is made, and (g) managerial flexibility.

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## 6.9 SELF ASSESSMENT QUESTIONS

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### I. Short Answer Questions

1. What model of organizational behaviour would be most appropriate in each of the following situations?
  - a) Class IV employees in a special grade municipal office
  - b) Clerical staff in a nationalized bank
  - c) Servers and cleaners in a big hostel
  - d) Salesclerks in a large department store
  - e) Non-teaching staff in a university

### II. Long Answer Questions

1. Discuss why the supportive and collegial models of organizational behaviour are especially appropriate for use in the more affluent nation.
2. Interview a supervisor or manager to identify the model of organizational behaviour that person believes in. Explain why you think that the supervisor’s or manager’s behaviour would or would not reflect those beliefs.
3. Examine the trends in the models of organizational behaviour as they have developed over a period of time. Why have the trends moved in this direction?
4. Assume that a friend of yours contends that “the collegial model is obviously ‘best’ to use with all employees, or it wouldn’t have been placed on the right side of the figure.” How would you respond?
5. Consider an organization where you now work (or where you have worked). What model (paradigm) of organizational behaviour does (did) your supervisor follow? Is (Was) it the same as top management’s model?
6. Discuss similarities and differences among the four models of organizational behaviour.

- Model** : Models are really simplified images of what we think life is really like. The term construct is used as a synonym for model. Concepts are primarily ideas upon which models and theory are built.
- Paradigms** : Models such as Theory X and Theory Y are also called **paradigms**, or frameworks of possible explanations about how things work.
- Supportive model** : The supportive model of organizational behaviour had its origin in the "principle of supportive relationships". The supportive model depends on leadership instead of power or money.
- Theory X** : Theory X is a traditional set of assumptions about people. The assumptions are: The typical person dislikes work and will avoid it if possible, the typical person lacks responsibility, has little ambition, and seeks security above all and most people must be coerced, controlled, and threatened with punishment to get them to work.
- Theory Y** : Theory Y is another set of assumptions about the people. They imply a more humanistic and supportive approach to management of the people. Theory Y assumes that people are not inherently lazy and if the management provides proper environment to release their potential, work will become as natural to them as recreational play or rest and relaxation.

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## **BLOCK – III : INDIVIDUAL BEHAVIOUR**

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In this block, you will learn about individual behaviour. The nature and goals of individual groups influenced by various models of man, personality and their attitude perception.

This block consists of 5 units. Unit-7 discusses individual and organisational goals, authority and its functions, power, etc. While unit-8 describes various models of man, similarities and dissimilarities among individuals, unit-9 explains the nature of personality, determinants of personality. Besides it discusses various theories of personality. Unit-10 helps you to know about perception and attitude and how to bring change for developing positive perception and attitude. The last unit i.e. unit-11 explains you the learning process and the theories of learning.

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## UNIT – 7: INDIVIDUAL Vs. ORGANISATIONAL GOALS

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### Aims and Objectives

The main aim of this unit is to explain the individual group goals to be achieved in an organization.

After studying this Unit, you should be able to:

- understand the concepts of goal congruence, authority and power;
- explain the nature of authority and power;
- discuss the various types of authority;
- understand the kinds of power; and
- explain the functions of authority and power.

### Structure

- 7.0 Introduction
- 7.1 Organizational Goals
- 7.2 Goal Congruence
- 7.3 Different Viewpoints on Goal in Congruence
- 7.4 Authority
- 7.5 Power
- 7.6 Traits of Successful Power Users
- 7.7 Summary
- 7.8 Self Assessment Questions
- 7.9 Further Readings
- 7.10 Key Words

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## 7.0 INTRODUCTION

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Goal is something that **one hopes to achieve in the future**. It is an aim. Goal can be either short-term goal or long-term goal. Short-term goal is something, which one wants to achieve in a short time. On the other hand long-term goal is something which one wants to achieve in the long run. Human behaviour is goal oriented. Goals set by the individuals for themselves are individual goals. Goals set for the organization are called organizational goals.

Organizations are social units, which pursue specific goals. Etzioni defined organizational goals as the **desired state of affairs, which an organization attempts to realize**. They are the endpoints towards which the activities of the enterprise are aimed. They provide direction to various activities of the organization. They also serve as the benchmark for measuring the efficiency and effectiveness of the enterprise. Organizational goals are

understand and remember what is important and why certain tasks, although they may be unpleasant, are necessary.

- ii) **Helps in Planning:** Goals facilitate the difficult task of organizational planning. Good planning is dependent upon good goal setting or, putting it another way-good goal setting facilitates good planning, and good planning facilitates good goal setting.
- iii) **Helps in Decision Making:** The process of goal setting provides a clear definition of what the organization wishes to accomplish. In the process, it provides the management team with the rationale necessary to make consistent and interrelated decisions that assure that the organization's policies, procedures, and rules will be compatible with desired outcomes.
- iv) **Source of Motivation:** Goals that are clear and challenging can serve as strong motivators to spur the performance of all organizational members. Once the goals are understood, they may become a source of motivation and commitment to the organization and what it is attempting to achieve. Members may put forth extra effort in order to help the organization reach its goals, especially if individual rewards can also be achieved at the same time.
- v) **Aid to Control:** Goals serve as standards against which actual outcomes are compared, performance evaluated and award of reward decided. Goals provide a valuable control mechanism to assure that organizational efforts are effectively achieving the desired goals.

## 2. Kinds of Organizational Goals

Organizational goals have been divided into four kinds on the basis of the four basic organizational levels at which they are set. They are:

- i) **Mission Goals:** Mission goals are basic reasons for existence of an organization. They should be stated in external human terms.
- ii) **Strategic Goals:** Strategic goals are broad statements defining where the organization chooses to be at some point in the future. The top management for the overall organization establishes them. Sometimes strategic goals are called official goals. They reflect the intentions of the top management as to what the organization should accomplish.
- iii) **Tactical Goals:** Tactical goals are established by middle managers and focus on how to operationalize organizational efforts necessary to achieve strategic goals. They define the target results for operating divisions and / or departments to achieve in order for the total organization to realize strategic goal achievement.
- iv) **Operational Goals:** Operational goals are established by lower-level managers and set forth the specific results that are to be accomplished by departments, work groups, and individuals. Of all the organizational goals, operational goals tend to be the most specific and measurable. Operational goals can be established by different operational areas of the organization or by different time frames.

1. **Human Relationists Viewpoint of Goal Incongruence:** The human relations school considered incongruency between individual and organizational goals as inevitable. To avoid such incongruency, they have suggested that organizations should take care of human relations aspect. They have also suggested that workers should be given adequate freedom to decide their work-teams and satisfy their social needs, so that their morale is high and they contribute willingly towards the organizational goals.
2. **Personality Advocate's Viewpoint: Chris Argyris** contended that it is the organization that is to be blamed for incongruity in goals. Every individual has a unique set of needs and aspirations. The formal organization demands a given level of efficiency in the pursuit of its major goals. The basic structure, which an organization provides is not compatible with the needs of individuals. As a result a perceived built in and almost irreconcilable conflict exists between the organization and the individual. Argyris further states that the incongruency between the individual and formal organization increases
  - a) With the increase in the levels of maturity of individuals,
  - b) By making formal structure more tight and rule bound emphasizing dehumanization, and
  - c) As jobs become more and more mechanized.

The absence of congruency results in frustration, failure and conflict. Argyris further contends that under these conditions, employees try to maintain self-integrity by resorting to such abnormal behaviours as leaving the organization manifesting some defense reactions like regression, projection, day-dreaming and aggression etc.

3. **Organization Proponents View on Goal Incongruence:** Contrary to the opinion expressed by Argyris, George Strauss and other supporters of the organization contended that personality of individuals is responsible for incongruity between the goals of the organization and that of the individuals. According to them most of the employees have a tendency to follow orders and instructions from their superiors. Especially for people at lower levels, freedom is a burden and self-actualization is a myth. They want to be directed. Money is an important means of motivation. They may get themselves alienated from the organization goals, because of poor pay and low status both on and off the job. This is the reason for incongruity between the goals of the individuals and the organization.
4. **Reconciliatory View: Robert Dubin** felt that the problem does not lie either in the personality of the individual or in the formal structure of the organization but lies in their mutual adaptation. According to Dubin, an individual participates in different institutions like family, temple, club, work place etc and the intensity of his participation in all these institutions need not be the same. He cannot participate in all these institutions with the same intensity. The intensity of participation in different institutions depends on his perceived priorities and value systems. The individual concentrates more in one or some of these institutions and in others he just participates in terms of minimum required behaviour in them. For example those who are not very much interested in work place may just fulfill the minimum production requirements and get the rewards. Because of varied interest in different institutions incongruity may exist between the goals of the organization and that of individuals. Robert Dubin, further says that inspite of goal incongruence organizations and individuals survive happily. However, in real life situations, no organization and individual has completely opposite or completely identical goals. In other words some integration will always be there between individual and organizational goals. Higher degree of integration and

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## 7.5 POWER

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The term power can be understood as the ability to exert influence or "the ability or the potential ability of a person or a group to influence another person or group". A key component of this definition is the concept of influence as the means for affecting others. Another critical aspect of the definition is the 'ability' or 'potential ability' to influence another person or a group of persons. This means that a person or a group of persons may have ability to influence others but may not actually choose to influence others. Power is found in individuals who are managers or informal leaders.

If a person has power, it means that he is able to change the behaviour or attitudes of other individuals. "In one's role as a supervisor, a manager's power may be seen as the ability to cause subordinates to do what the manager wishes him to do. A manager's power may be measured in terms of the ability to (i) give rewards, (ii) promise rewards, (iii) threaten to withdraw current rewards, (iv) withdraw current rewards, (v) threaten punishment, and (vi) punish."

### **Distinction between Power and Authority**

Sometimes, the terms 'power' and 'authority' are used synonymously. They are only closely related concepts but not one and the same. Hence there is a need to know the differences between the terms 'power' and 'authority'.

Henry Fayol defined 'authority' as the right to give orders and the 'power' to exact obedience. For example, a manager has a right to assign tasks to subordinates and expect satisfactory performance from them. But, the manager may not have the means (or power) to enforce this right. Thus, whether a manager can enforce his rights is a question of power. Similarly, there may be a situation where a person has a power to do something, but lacks authority to do it. In other words, authority is one type of power, and it is based on the recognition of the lawfulness of the attempt to exert influence. This power or right arises from the formal position in the organization.

### **Legitimacy as a Power Attribute**

Whether a manager can enforce his rights is a question of power. There may be a situation where a person has a power to do something, but lacks authority to do it or vice versa. Such situations may cause conflicts in organizations. Therefore, for organizational stability, power and authority should be equated. When power and authority for a given person of position are roughly equated, we have a condition of legitimate power.

The traditional concept of hierarchy, finds its rationale in the idea that someone has the right to command and that the subordinate has the duty to obey that command. This is implied in the notion of official legitimacy, legal in nature rather than social and informal. However, the right to command does not necessarily connote the capacity to command.

### **Sources of Power**

There are two principal bases of power. They are: (i) Position power and (ii) Personal power. John French and Bertram Raven (1959) identified five major bases or sources of power. Three of those five power bases are related to the person's position: They are: 89

## Some Observations About the Power

- i) There is no evidence about the use of power unless it is exercised.
- ii) The purpose of power is to influence over other for getting certain things done.
- iii) Power is stronger than influence.
- iv) It is the ability to bring about potential acts by commanding or exerting influence.
- v) Influence is a psycho-logical force. In exerting influence, a person tries to influence the behaviour of the other.
- vi) The effect of power is reduced when it is exercised outside its perceived limits.
- vii) Ability to reward, ability to punish, lawful entitlement or formal authority, possession of relevant expertise or specialized knowledge and existence of exemplary characteristic features or charisma are five power bases.
- viii) Reward power, coercive power and legitimate power are situational whereas legitimate power and referent power are personal in nature.
- ix) The stronger the power base, the greater is the power.
- x) The strongest power base is legitimacy (or formal authority) and the weakest is coercion.
- xi) A person difficult to be replaced has more power than the others.
- xii) If a low ranking employee has more knowledge than his superiors, he is likely to have more personal power.
- xiii) The person who tries to influence the behaviour of the other by using power is called **agent** or the **influencer**. That other person who is influenced in the process of exercise of power is called **target** or the **influence**. The process of exercise of power is called the **influence attempt**.
- xiv) The outcomes of an influence attempt are affected by the situational factors and characteristics of the agent and the target.
- xv) Situational factors of the target or the influence are: dependency, uncertainty and culture.
- xvi) Personal characteristics of the target or the influence are: personal traits, intelligence and sex.
- xvii) Outcomes of the influence attempt are conformity, no response and rebellion.

### Activity – III

- i) Carefully observe some of the important people, who are able to influence the behaviour of others and decide the type of power base they have.

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- ii) Carefully observe some of the managers/officers/executives in the organization in which you are working or with which you are concerned and list out the sources of power they enjoy in addition to formal authority.

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specify ends or results sought by the organization. Objectives should be in congruence with the mission that the organization sets for itself.

Every organization has goals. Goals determine the course of the future. Organizational goals can be divided into two types: official goals and actual operational goals. 'Official goals' are stated in broad and ambiguous terms to justify the activities of the organization. Where as, the 'operational goals' are those, which are actually pursued.

The extent to which individual and organizational goals are integrated affects the degree of organizational effectiveness. Since individuals are the instruments through which the organization achieves its objectives, it is necessary that the goals of the two be properly integrated. In practice, individual and organizational goals may show a number of alternatives ranging from totally opposing to perfectly identical. In between these two points, there may be several combinations of goal incongruity.

That right to take decisions, to give orders and to get them executed by the subordinates, in an organizational context, is called authority. Louis A. Allen has defined authority as the sum of the powers and rights entrusted to make possible the performance of the work delegated. The purpose of using the authority is to influence the behavior of the subordinates in terms of doing right things so as to achieve organizational goals. The term authority should not be confused with the other terms like suggestion, persuasion, conviction and power as all these may influence the behaviour of a person.

The term power has been defined as the ability or the potential ability of a person or a group to influence another person or group. Henry Fayol defined 'authority' as the right to give orders and the 'power' to exact obedience. When power and authority for a given person or position are roughly equated, we have a condition of legitimate power. Ability to reward, ability to punish, lawful entitlement or formal authority, possession of relevant expertise or specialized knowledge and existence of exemplary characteristic features or charisma are five power bases.

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## 7.8 SELF ASSESSMENT QUESTIONS

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### I. Short Answer Questions

1. What do mean by the terms 'mission', 'purpose', 'goals' and 'objectives'?
2. What are the three purposes served by goals?
3. What do you mean by organization goals?
4. What are the purposes of organizational goals?
5. What are the different kinds of organizational goals?
6. What is meant by goal congruence? Explain in detail.
7. Discuss the traits of successful power users.

### II. Long Answer Questions

1. Discuss the different viewpoints on goal congruence.
2. Discuss the viewpoints of Human Relationists and Personality advocates regarding the incongruity between individual and organizational goals.
3. Is it necessary to obtain a congruency of individual interests and organizational interests? Give arguments in support of your answer.

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- Robins, Stephen, P. : **Organisational Behaviour**, New Delhi, Prentice-Hall of India, 1985.
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- Wendell L. French & Cecil H. Bell, Jr. : **Organization Development**, Prentice-Hall of India, New Delhi, 1997.

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## 7.10 KEYWORDS

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- Goal** : Is something that one can hope to achieve in the future.
- Goal Congruence** : Fitting together wells of individual and organizational goals.
- Power** : The ability to influence and ability to make things happen.
- Reward Power** : The ability to reward someone for carrying out the orders.

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## 8.1 NATURE OF MAN

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In his quest to understand the universe in which he lives, man is confronted with three fundamental facts of nature: the existence of matter, of life and consciousness. In response to the first of these phenomena, he developed the sciences of physics and chemistry; in response to the second, he developed the science of biology; in response to the third, he developed the science of psychology. The job of the biologist is simpler than that of the psychologist because a conscious living organism such as man exhibits a complexity and variety of behaviour greater than that exhibited by any other entity, living or nonliving.

The science of psychology made a lot of effort to arrive at nature of man or accurate portrait of man. Many premises and functions were challenged. It had to address premise that human nature is biological, anti-intellectual, behaviour is automatic in nature. Man was understood as an instinct manipulated puppet according to psychoanalysis school of thought and stimulus - response machine as per behaviouristia view. However, enquiry and instigations into man's nature led to countless questions and redefinitions of (the views held regarding his nature. Today Man is understood as an organism, as a biological entity uniquely characterized by the power of conceptual thought, prepositional speech, explicit reasoning and self-awareness.

Keeping in view the descriptions and definitions of man and his nature several models of man, in the context of organization, have been conceived. Associations about human nature and its relevance to organization have been investigated extensively. Some of the important models with managerial implications are given below.

### Activity - I

There is a shift in understanding about nature of man from past to recent times explain.

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## 8.2 MODELS OF MAN

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In an organization every manager makes assumptions about people. His effectiveness as a manager will depend on the degree to which his assumptions fit empirical reality. The four sets of assumption are presented briefly in the order of their historical appearance: 1. Rational-economic man; 2. Social man; 3. Self-actualizing man; 4. Complex man.

### 8.2.1 RATIONAL - ECONOMIC MAN

The assumptions that underlie the doctrine of rational-economic man argued that man calculates the actions that will maximize his self-interest and behaves accordingly. The general line of thought in reference to employees can be described as follows:

- i) Man is primarily motivated by economic incentives and will do that which gets him the greatest economic gain.

## Evidence For Rational-Economic Man

The best evidence for this image of man comes from our own day-to-day experience. The assumptions about man and the management principles, which follow from them, *work* in many different kinds of situations. For example, the concept of the assembly line as an efficient way to produce has proven itself over and over again. Money and individual incentives have proven to be successful motivators of human effort in many kinds of organizations. The fact that the employee's emotional needs were not fulfilled on the job was of little consequence because he often did not expect them to be fulfilled. He had learned from his parents what life in organizations was like and behaved accordingly.

### Activity – II

If manager in an organization assumes that employees are rational-economic type, what would be his responsibilities?

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### 8.2.2 SOCIAL MAN

Social man model shifts its emphasis from individual to groups and society in which he functions. Generally this model lies at other opposite extreme of rational model. According to social man model, individual is motivated by his surrounding / social needs and he tries his level best to maintain relationship with groups in society.

According to **Elton Mayo**, the evidence of the Hawthorne studies and the subsequent data obtained in interviews with workers were convincing proof that industrial life had taken the meaning out of work and had frustrated man's basic social needs. In interviews, so many workers complained of a feeling of alienation and a loss of sense of identity, that Mayo developed a set of assumptions about the nature of man, which are quite different from those concerning rational-economic man:

- i) Man is basically motivated by social needs and obtains his basic sense of identity through relationships with others.
- ii) As a result of the industrial revolution and the rationalization of work, meaning has gone out of work itself and must therefore be sought in the social relationships on the job.
- iii) Man is more responsive to the social forces of the peer group than to the incentives and controls of management.
- iv) Man is responsive to management to the extent that a supervisor can meet a subordinate's social needs and needs for acceptance.

that most jobs in modern industry are so specialized or fragmented that they neither permit the worker to use his capacities nor enable him to see the relationship between what he is doing and the total organizational mission. The kinds of assumptions, which are implied about the nature of man, can be stated as follows:

- i) Man's motives fall into five classes, which are arranged in a hierarchy: 1. Simple needs for survival, safety and security; 2. Social and affiliative needs; 3. Ego-satisfaction and self-esteem needs; 4. Needs for autonomy and independence; and 5. Self-actualization needs. As the lower-level needs are satisfied, they release some of the higher-level motives. Every man seeks self-actualization, a sense of meaning and accomplishment in his work, if his other needs are more or less fulfilled.
- ii) Man seeks to be mature on the job and is capable of being so. This means the exercise of a certain amount of autonomy and independence, the adoption of a long-range perspective, the development of special capacities and skills and greater flexibility in adapting to circumstances.
- iii) Man is primarily self-motivated and self-controlled; externally imposed incentives and controls are likely to threaten the person and reduce him to a less mature adjustment
- iv) There is no inherent conflict between self-actualization and more effective organizational performance. If given a chance, man will voluntarily integrate his own goals with those of the organization.

### **Implied Managerial Strategy**

For one thing, Self-actualizing man will worry less about being considerate to employees and more about how to make their work intrinsically more challenging and meaningful. The issue is not whether the employee can fulfill his social needs; the issue is whether he can find in his work meaning, which gives him a sense of pride and self-esteem.

The manager may find himself often in the role of interviewer, attempting to determine what will challenge a particular worker. He will be a catalyst and facilitator rather than a motivator and controller. Above all, he will be a delegator in the sense of giving his subordinates just as much responsibility as he feels they can handle.

Authority shifts from being in the office or in the man to being basically in the task itself. The manager is the agent through whom task requirements are communicated, but if man responds to challenge, seeks autonomy, and is capable of disciplining himself, he himself (the subordinate) will see to it that the task is adequately performed. The whole basis of motivation shifts from being extrinsic, in that the organization does something to arouse motivation to being intrinsic, in that the organization provides an opportunity for the employee's existing motivation to be harnessed to organizational goals.

### **Evidence For Self-Actualizing Man**

Argyris in his studies of various kinds of manufacturing organizations has found again and again that if the job itself thwarts an employee of being too limiting or meaningless, he will create meaning and challenge in outwitting management or in banding together with others in groups. Lot of creativity has been observed over and over again among production workers when they develop fancy rigs to make their work a little easier or develop complex schemes to enable them to avoid working. The interesting feature of these activities is that

but very nondirective at another time and with another employee. He may use pure engineering criteria in the design of some jobs, but let a worker group completely design another set of jobs. In other words, he will be flexible, and will be prepared to accept a variety of interpersonal relationships, patterns of authority, and psychological contracts.

### Evidence Of Complex Man

Motives such as the ones mentioned, has pointed out that even economic rewards can and do have vastly different meanings to different people. For some people, money represents basic security and love; for others, it represents power; for still others, it is a measure of their achievement in society; and for still others, it represents merely the means to the end of comfortable and sumptuous living. Thus it is difficult to judge, even in the case of a given motive, what all of its symbolic meanings are to the person and how it is connected to other motives.

It may be concluded that other models such as rational economic, social, self-actualizing man appear to have once simplified the relationship between man and organization. However, complex model emphasizes on mans motives, perceptions, degrees of effort and organizational experiences interact in a complex may produce a given level of performance and a degree of involvement in the organization.

### Activity – III

Man is complex. How do you understand this?

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## 8.3 SIMILARITIES AND DISSIMILARITIES AMONG INDIVIDUALS

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It is a known fact that behaviour of individuals differs from person to person. But this does not mean that all people differ from all others, at all times and in all situations. There is also a considerable degree of similarity in behaviour among people. For example, if a particle of dust falls into the eye of a person, he tries to remove it. This kind of behaviour is universally found. On the other hand, there are instances of behaviour where such universality is not found, but a large number of people are found to behave similarly. Imagine a school situation where the lunch bell has just rung and all the children come running out. A sweet's seller is standing outside, but his wares are not kept clean. Some children may buy the sweet and eat while another group takes a second look and remark, "this is dirty. We should not eat". Here we find groups reactions are similarly and yet differently from other people. Thus, we find not only individual differences but also group differences.

It is obvious that psychologists should understand and explain all these shades and degrees of similarities and differences. It will be possible to predict what people will do on a particular occasion only to the extent that we can understand and explain similarities. Here we can compare the position of a psychologist with that of a physicist or chemist. A physicist can safely say that a piece of iron when heated will expand. Similarly, a chemist

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## 8.5 SELF ASSESSMENT QUESTIONS

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### I. Short Answer Questions

1. Describe a rational economic type of man in the context of organization.
2. Man is basically motivated by social needs; support this statement with research studies.
3. Enumerate the characteristics of a self-actualized man.
4. Describe a complex man type of man in the context of Organization.
5. Write a brief note on the following:
  - a) Responsibilities of manager if a worker is rational economic type of a person.
  - b) Maslows hierarchy of needs.
  - c) Concept of self-actualization.
  - d) Qualities of a successful manager.
  - e) Example of differences in behaviour.

### II. Long Answer Questions

1. Discuss how the understanding about nature of man changed once a period of time.
2. Discuss the reasons behind why man is understood as rational economic.
3. Discuss the social factors influencing man in the context of organization.
4. What are the advantages and disadvantages of self actualizing models?
5. Explain with example similarities and differences in behaviour in the context of organization.

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## 8.6 FURTHER READINGS

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- Fred Luthans : **Organizational Behavior**, McGraw Hills Inc. Seventh Edition – 1999.
- Stephen P. Robbins : **Organizational Behaviour Concepts – Controversies - Applications**, Prentice Hall Pvt. Ltd, Eight Edition - 1998.
- Gregory B. North craft & A. Neale : **Organizational Behaviour. A Margaret Management Challenge**, The Dryden Press – 1999.
- Edgar. M. Schein : **Organizational Psychology**, Prentice Hall of India Pvt. Ltd, New Delhi, Second Edition – 1993.
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## 8.7 KEY WORDS

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- Stimulus** : An external or internal event that occasions on alteration in the behaviour of an organism. The alteration in the

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## UNIT – 9 : PERSONALITY

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### Aims and Objectives

The main aim of this unit is to explain the concept of personality, nature of personality, factors determining personality and also to discuss the theories of personality.

After reading this Unit, you should be able to:

- understand the nature and characteristics of personality;
- know factors determining personality;
- understand various stages in personality development; and
- know different theories of personality.

### Structure

- 9.0 Introduction
- 9.1 Characteristics of personality
- 9.2 Factors determining personality
- 9.3 Stages in personality development
- 9.4 Theories of personality
- 9.5 Summary
- 9.6 Self Assessment Questions
- 9.7 Further Readings
- 9.8 Key words.

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## 9.0 INTRODUCTION

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The term “personality” stems from the Latin word *Persona* which was the name given to the masks actors wore and the characters they portrayed. Watson (1930) the father of behaviourism, taking clues from the behavioural studies, tried to conclude “Personality is the sum of activities that can be discovered by actual observations over a long enough period of time to give reliable information”.

According to Allport, “Personality is a dynamic organization within the individual of those psycho-physical systems that determine his unique adjustments to his environment.”

Contemporary psychologists like R.B. Cattell and Eysenck feel very strongly that if personality cannot be demonstrated, measured and quantified it should be called philosophy or art and not personality theory in psychology.

According to Eysenck “Personality is more or less stable and enduring organization of a person’s character, temperament, intellect and physique which determine his unique adjustment to the environment”. By character Eysenck meant connective behaviour;

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## 9.1 CHARACTERISTICS OF PERSONALITY

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In addition to the above mentioned characteristics describing nature of personality few more specific ones are given below. The results of various experimental studies and observations have led to the identification of the following characteristics of personality.

1. The personality is something unique and specific. Every one of us is a unique pattern in ourselves. No two individuals not even identical twins, behave in precisely the same way over any period of time. Every one of us has specific characteristic for making adjustments.
2. Personality exhibits self-consciousness as one of its main characteristics. Man is described as a person or to have a personality when the idea of self enters into his consciousness.
3. Personality includes everything about a person. It is all that a person has about him. It includes all the behaviour patterns i.e. conative, cognitive and affective and covers not only the conscious activities but goes deeper to semi-conscious and unconscious also. It is not just a collection of so many traits of characteristics, which is known as personality. It is organization of some psychophysical systems or some behaviour characteristics and functions as a unified whole.
4. Personality is not static, it is dynamic and ever in process of change and modification. The process of making adjustment to environment is continuous. One has to struggle against the environmental as well as the inner faces throughout the span of his life. As a result one has to bring modification and change in one's personality patterns and it makes the nature of personality dynamic instead of static one.
5. Every personality is the product of heredity and environment. Both contribute significantly towards the development of the child's personality.
6. Learning and acquisition of experiences contribute towards the growth and development of personality. Every personality is the end product of this process of learning and acquisition.
7. Personality should not be equated with one's character. Character is an ethical concept. It represents a moral estimate of the individual while personality, as a psychological concept, is a more comprehensive term, which encircles in its sphere the character as one of the constituents of one's personality.
8. Personality may further be differentiated from temperament, which can be called a system of emotional disposition. This system of emotional disposition represents only the affective side of one's personality and so personality must be taken as much beyond that of one's temperament.
9. Personality should be viewed as different from the ego or the individual self. The word "ego" is generally used for that unified part of one's personality which in ordinary language we call "I".
10. Every person's personality has one more distinguishing feature that is arriving to an end - towards some specific goals. Adler asserts this view frankly in his book "Individual Psychology". He is of the opinion that a man's personality can be judged

In addition to variations between cultures, one also finds variations within cultures, socio-economic class differences have their own influences. Thus, one talks of middle-class morality, proletariat or making class values', etc. All these influence the personality of the individual.

The most important agency through which cultural and sub-cultural variations influence the developing personality is the home. The parents and the way in which they rear their children, in accordance with culturally fastened and supported norms, play the most important role. Child-rearing or child training styles have been mentioned as the single most powerful influence on the developing personality. Anthropological studies by Mead, Benedut and others have produced evidence to support this view. Psychological studies like those of Baldwin have also shown how variations in child training attitudes and behaviours influence personality. Parental attitudes, expectations and ways of dealing with children have been shown to be associated with a number of personality problems and disorders, which develop, in later years. A few aspects which may be mentioned here are the tendencies on the part of the parents to be dominant or punitive, to reject children or to be indifferent towards them or be overindulgent. It must, however, be pointed out that even child rearing attitudes and behaviours are to a considerable extent influenced and regulated by social and cultural factors. Nevertheless, we tried a lot of variations, which can be attributed to the unique situations of particular homes. These unique situations include the personalities of the parents themselves. Parental personalities, reflected through unique child-rearing practices, therefore, constitute yet another important influence on the developing personality.

### **Significant personal experiences**

In addition to general factors such as constitutional and socio-cultural factors, unique personal experiences also influence the development of the personality. In fact, these unique experiences provide the bases for the unique and individual aspects of the personality. Such personal experiences can be positive or negative. For example, prolonged and severe illness, accidents, traumatic experiences like loss of parents etc. are negative experiences that can adversely affect the development of personality, cases, they can also result in behavioural abnormalities. On the other hand, success, environment, thinking experiences like unexpected meetings can contribute to a better development of personality. There is no dearth of instances where a single positive experience has completely changed the course of development of a person's personality.

It may, therefore, be seen that 'Personality' is influenced and its development is determined by a number of factors. The personality of an individual is a product of continuous and cumulative situation among these various factors. This fact must always be borne in mind while one is trying to understand or compare the personalities of people and also while passing judgment on them.

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## **9.3 STAGES IN PERSONALITY DEVELOPMENT**

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The term development means a progressive series of changes that occur in our orderly, predictable pattern as a result of maturation and experience. Development is a complex process of integrating many structures and functions. Two essentially antagonistic processes in development take places simultaneously throughout life-growth are evolution and atrophy or involution. Both begin at conception and end at death. In the early years, growth predominates even though atrophic changes occur as early as embryonic life. In the later part of life, atrophy predominates though does not stop, hair continues to grow, and

the adolescent is seen to be very active and unstable as well as disturbed. He gives the impression of being somewhat lost and is subject to rapidly varying moods of dejection and elation, enthusiasm and deep lethargy etc. In the state of maturation he has calmed down a bit and shown signs of stability. He carves a niche for himself in his society and gradually his tendencies, habits and activities become stable and regular. Body changes during adolescence are height, weight, posture, and sex organs.

Concern about physical changes among girls which lead to physical discomforts such as cramps, weight gain, headaches, backaches, swollen ankles, and breast tenderness and experience emotional changes, such as mood swings, depression, restlessness, and a tendency to cry without apparent reason. Among boys there are changes in voice, muscles, hair and skin become coarse.

The combination of looks and grooming is of greater importance to a person's emotional health than any other trait in general appearance. One of the most difficult developmental tasks of adolescence relates to social adjustments. Peers would have a greater influence on adolescent attitudes, speech, interests, appearance and behavior than the family has.

### **Adulthood**

The word adult is derived from the Latin verb 'adults', which means 'growth to full size and strength' or has completed their growth and is ready to assume their status in society along with other adults. Different cultures have different ages at which children reach the adult status. During the long period of adulthood certain physical and psychological changes occur at predictable times. The outstanding characteristics of the years of adulthood are settling down, emotional tension, social isolation, commitments, value change, adjustment to new lifestyles, creative age. The developmental tasks of adulthood are getting started in an occupation, selecting a mate, learning to live with a marriage partner, starting a family, rearing children, managing a home, taking on a civic responsibility, finding a congenial social group.

### **Middle age**

In the development of man the age group from forty to sixty is considered the middle age. As in every other stage of development, the middle age has also got its peculiar characteristics, developmental problems and tasks, characteristic syndromes, change interest, problems of social adjustment and conditions conducive to good social functioning. According to Elizabeth B. Hurlock, "Middle age is generally considered to extend from age forty to age sixty. The onset is marked by physical and mental changes, as is the end. At sixty, there is usually a decline in physical vigor, after accompanied by a lessening of mental alertness. Although many adults experience these changes later now than in the past, the traditional boundary lines are still recognized. The increasing trend towards voluntary or involuntary retirement at age sixty rather than age sixty-five also justifies considering sixty to be boundary line between middle and old age.

### **Old Age**

Old age is the closing period in the life span; it is the period when people 'move' away from previous, more desirable periods or times of 'usefulness'. As people move away from earlier periods of their lives, they often look back on them, usually regretfully, and tend to have in the present, ignoring the future as much as possible.

founder of psychoanalysis, based his psychodynamic concepts almost entirely on extreme clinical observation of neurotic patients as well as self-analysis.

Freud proposed three levels of consciousness – the conscious, preconscious and unconscious – to describe the degree to which mental processes vary in accessibility to awareness. The most significant mental events take place in the unconscious.

In Freudian theory, human personality is comprised of three structural components -id, ego and superego. The id, representing the instinctual core of the person, is primitive, impulsive and obedient to the pleasure principle, reflex actions and primary process thinking we used by the id in obtaining immediate gratification of instinctual urges. The ego represents the rational part of personality and is governed by the reality principle. Its task, through secondary process thinking is to provide the individual with an appropriate plan of action in order to satisfy the demands of the id within the constraints of the social world and the individual's conscience. The superego, the final structure developed, represents the moral branch of personality. It has two subsystems, the conscience and the ego ideal.

Freud's motivational theory is based on the concept of instinct, defined as an innate state of excitation, which seeks tension release. Two categories of instincts are recognized in psychoanalytic theory: life (Eros) and death (Thanatos). An instinct has four essential properties 1) source 2) aim 3) object and 4) impetus.

Applications of psychoanalytic concepts of everyday life are numerous. One of the most significant of those, psychoanalytic theory, uses well developed methods such as free association, interpretation of resistance, dream analysis and analysis of transference to probe the unconscious with the aim of making possible a deeper understanding of the self. These merely acquired self-insights are then correlated into a person's everyday life through the method of emotional reeducation. Recent changes in the practice of psychoanalysis include setting time limits on therapy, focusing on group on family dynamics and prescribing medication in conjunction with traditional assessment techniques.

### Activity – III

Some of the important concepts of psychoanalytic theory are:

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### Trait theories

Trait theories attempt to identify the behavioral traits that are the building blocks of personality. Two approaches to determining personality traits are the idiographic approach, which defines traits by studying individuals in depth to determine the distinctive qualities of their personalities and the nomothetic approach, which studies groups of people in the attempt to identify personality traits that tend to appear in clusters.

Allports application of the idiographic approach led to a description of three types of traits that operate to produce an individual's unique personality structure. A cardinal trait is a dominating behavioral predisposition that provides the pivotal point in person's life. Central traits are major characteristics of someone's personality, such as honesty or generosity.

## Activity – IV

Social learning approach to personality emphasizes on:

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## 9.5 SUMMARY

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Personality involves both environmental and hereditary factors. One comprehensive and useful definition of personality given by Eysenck is “personality is more or less stable and enduring organization of a person’s character, temperament, intellect and physique which determine his unique adjustment to the environment”. Aspects like growth, maturity, learning, stability and modification characterize personality. Personality is also influenced by factors like heredity, social, cultural. Personality develops in progressive changes from infancy – babyhood – childhood – adolescence – adulthood – old age. Personality as an area has been studied extensively and several theories have been framed to help in understanding and predicting human behaviour. Some of the important theories are Trait, Type, Psychoanalysis, Behaviouristic, Humanistic and Existential.

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## 9.6 SELF ASSESSMENT QUESTIONS

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### I. Short Answer Questions

1. Genetic and constitutional factors influencing personality.
2. What is babyhood? Describe its importance in personality.
3. Define growth and maturation
4. What are the three components of personality according to Sigmund Freud
5. Write a brief note on the following (2 to 3 sentences)
  - a) Definition of Personality
  - b) Any two characteristics of personality
  - c) Name four socio cultural factors influencing personality.
  - d) Super ego
  - e) Reinforcement

### II Long Answer Questions

1. Define personality and explain the nature of personality
2. Characteristics of personality are bipolar. Discuss
3. Describe Freud’s contribution to development of personality
4. What is adulthood? Describe how it unfolds.
5. Human being is a striving, developing and is in pursuit of realization. Do you agree? Substantiate your arguments with suitable theory.

**Trait** : A relatively enduring personality characteristic, which can be observed and or measured. A trait may be innate or acquired.

**Ego** : A very important psychoanalytic construct, ego is the organized psychological component of personality. Ego occupies the central position in personality standing between id, superego and the external world and tries to integrate the conflicting demands of these components. The ego is governed by reality principle through its agents, secondary process and reality testing.

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to set alarm. In both situations the sensation (the ring) was the same, but your interpretations changed because of other factors.

## Meaning

Perception can be defined as interpretation, organization and elaboration on the raw materials of stimulus. Perception is a cognitive process, which is influenced by higher mental processes such as memory, motives and expectations.

Let us understand few more definitions :

According to **E.G.Boring, H.S.Langfield & H.P. Weld** "perception is the first event in the chain which leads from the stimulus to action" (1948).

**R.E.Silverman** : "perception is an individuals awareness aspect of behaviour, for it is the way each person processes the raw data he or she receives from the environment, into, meaningful patterns" (1979).

From the above definitions following conclusions can be made about the nature of perception:

### i) Perception is a process

Perception is essentially a process rather than being a product or outcome of some psychological phenomenon. If we talk in terms of systems approach, then, sensory impressions, gathered through our sensory organs, may be termed as INPUT. The way in which we finally behave or react to this gathered necessary link in terms of PROCESS for converting input to the output by way of organizing and interpreting the sensory impressions.

### ii) Perception is the information extractor

Our sensory receptors are bombarded continuously by various stimuli present in our environment. It is difficult and rather impossible to react to all stimulation. A selection process is therefore essential. Perception performs this duty by extracting relevant information out of jumble of sensory impressions and converting them into some meaningful pattern.

### iii) Perception is preparation to response

Perception is the first step towards the active behavior of an organism. It is the preparatory stage that prepares an individual for action and response. Our sensory receptors are just the receiving and transmitting centers of the sensory information. How we should react and respond is ordered by our central nervous system through the involvement of some mediating activity known as perception.

### iv) Perception involves sensation

In simple and straightforward way, we may sense that sensation precedes perception. The relationships between sensation and perception are always direct, that is, what we do have in sensation is always a part of perception. Perception goes beyond sensation as it organizes, interprets and gives meaning to the result of sensations. Therefore, perception means assigning meaning to sensory stimuli.

#### 4. Perception is relational

A stimulus is perceived as a pattern of snake, not only because it has features of snake, but also because these features are related to one another in a coherent and consistent way. In the same way, the ability to perceive that someone is unusually tall requires that you see him or her in relation to more normally proportioned people.

#### 5. Perception is adaptive

Allowing people to focus on the most important information for handling a particular situation. For example, peripheral vision is very sensitive to moving stimuli. This is adaptive, in that it allows people to react quickly to potentially threatening motions across a wide range of space. Further, your perceptual apparatus focuses first on whether the stimulus you suddenly encounter is a snake or a rope, not on whether it is a king snake or a python.

#### 6. Many of the perceptual processes operate automatically

You do not have to stop and consciously ask yourself, "Is this a rope or a snake?". The question is asked and answered much more quickly – so quickly, in fact, that you are unaware of having done it.

#### Activity – I

Define perception. What are the characteristics of perception?

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### 10.2 PERCEPTUAL PROCESS

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During the perceptual process grouping of stimuli occurs. Animals and human beings are endowed with the capacity to organize and group stimuli, which are ambiguous, confusing and novel, thus making them meaningful and sensible. Gestalt psychologists have demonstrated the principles that affect and direct the organization in order to make the stimulus a meaningful whole within the perceptual field. Perceptual experience has properties, which cannot be predicted from a simple analysis of the components, that is, "whole is different from sum of its parts".

The principles of perceptual organization are:

**Figure and Ground:** The first basic perception we have when we see an object is making a distinction between figure and ground (fig 1). For example, when we see a 'picture' hanging on a 'wall' or words on a page, the picture and words are the figures and wall and the page are the background.

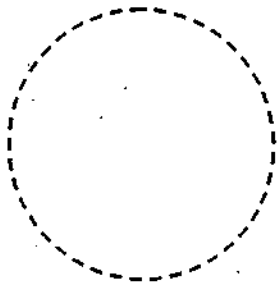


Fig.3



Fig. 4

Closure

In the above figures (3,4) we tend to fill in the gaps and perceive them as circle and square respectively.

**Law of similarity:** The tendency to perceive similar items as a group is law of similarity.

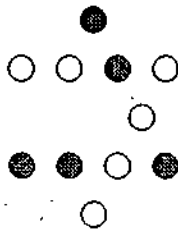


Fig. 5

Law of similarity

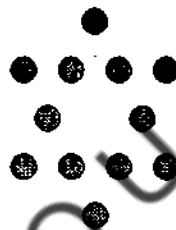


Fig. 6

In figure 5, we see that one triangle is formed by dots, with its apex at the top and another triangle formed by the rings, with its open at the bottom. We see two types of triangles because similar item – dots and rings tend to be organized together; otherwise we would perceive it as a hexagon or a six-pointed star (figure 6) if all were dots.

**Law of continuity:** Sensations that appear to create a continuous form are perceived as belonging together (figure 7).



Fig-7. Law of Continuity

**Law of inclusiveness:** Tendency to perceive the elements present in a given figure more readily than the other.

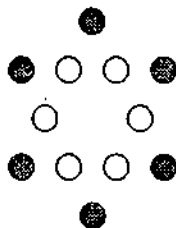


Fig-9.

## 2. Learning

Many aspects of perception also depend on learning. Studies on effects of learning on perception have been conducted with the creation of visual distortion with goggles or lenses that invert the image that falls on retina of the eyes. It was found that the subject (person) soon found to adjust and begin to function competently in the new environment for which he/she has had to forget or unlearn old learning and learn new ones. Such experiments indicate that people have remarkable learning abilities and that learning influences one's perception of his/her world.

## 3. Needs, motivations and emotions

Needs and motivations constantly interact and create emotions. It is difficult to separate the roles of these three factors, but there has been considerable research on how they work together to affect perception.

In one of the research, psychologists studied how financial needs affect the perception of coin size. Middle class college students were asked to adjust the size of a light to approximate the sizes of 10 paise, 25 paise, 50 paise and 1 rupee coins. Then students were then hypnotized and told they had a history of poverty. The hypnotist told that they even lacked even the basic necessities. While still under hypnosis the students were again asked to adjust the size of the light to the size of the same four coins. They adjusted the light to sizes significantly larger than each coin. During the second hypnosis session, the same students were told they had wealthy backgrounds and enjoyed many sumptuous luxuries. This time they adjusted the light to a smaller size than they had in their normal condition. Fig. 11 Shows the results of the experiment. Although it is impossible to separate the roles of needs, motivations and emotions in the perception of the subjects, it is clear that all three factors interacted to change the perception of coin size.

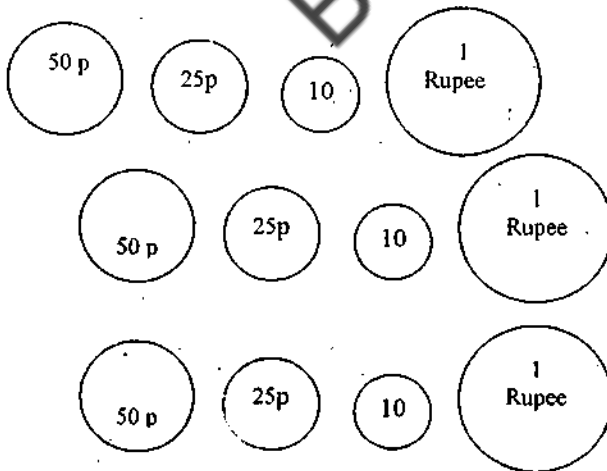


Fig-11.

Psychologists use perceptions to learn more about underlying emotional status and to analyze personalities. They use ambiguous pictures or inkblots and ask for the description of what is seen. Each person's perception is considered an expression of personal emotions, motivations and needs.

Consider the story of the man who stood on a bridge looking at some ducks swimming in a stream beneath him. There were two ducks in front, two in the middle, and two behind. How many ducks were there? The answer we would obviously expect is "six". Actually there were only four, as shown in fig 12.

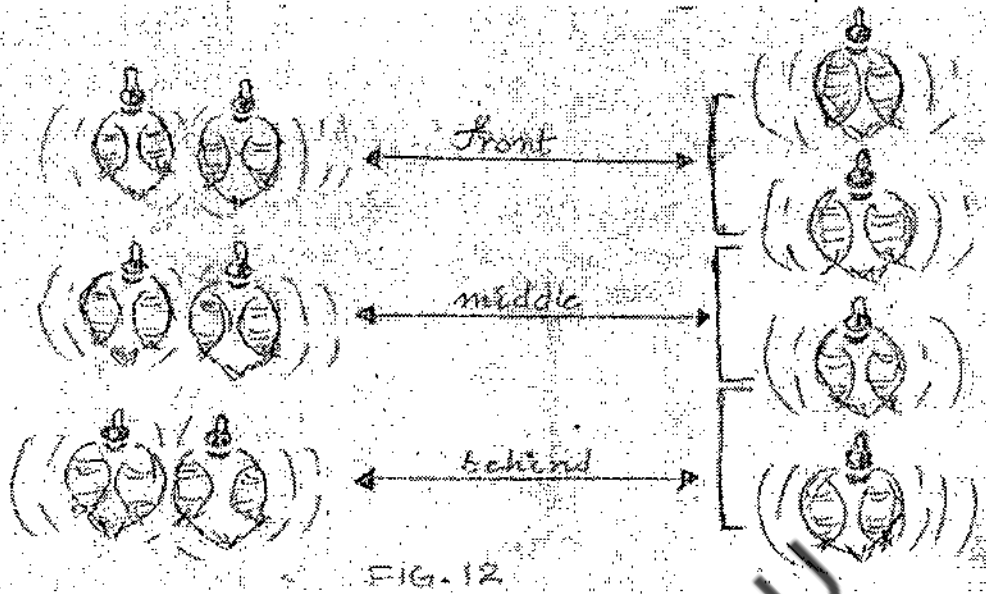


FIG. 12

The description of the situation was ambiguous. It did not supply enough information for us to answer the question "How many ducks were there?" Some people are readily trapped by this puzzle problem. Why? The answer lies in our persistent perceptual tendency to impose organization on the environment. Perception is first and foremost an organizing process. When the environment does not provide complete information, we fill in the missing parts. Ordinarily this is an adaptive act. But occasionally it gets us into trouble, as here. When asked "How many ducks were there?" the answer should have been withheld and more information requested, since the situation as described was ambiguous. But we are so used to supplying missing information in our attempts to organize the perceptual field that a puzzle problem traps us.

### Illusions in perception

On some occasions objects are perceived as different from their real shapes or sizes. Such incorrect perceptions called illusions are normal every day occurrences. Illusions are false perceptions of reality. There are illusions concerning most of the basic features of our physical world such as distance, motion, shape, size and direction. A common example, where a curved rope lying on the ground in dim light may be mistaken for a snake. A straight stick dipped into water appears to be bent inside the water. These are called illusions because they do not correspond to the original characteristics of the object.

Illusions in perception of distance or length occur in different ways. Some examples are as follows figures 13,14,15,16.



Fig-13.



Fig-14.

- c) Knowing what to expect
  - d) Connecting illusions.
- ii) Which of the following is the best example of an illusion?
- a) A student is tense about an exam and views everything negatively
  - b) A poor girl sees money as more important than grades
  - c) A fat man appears thinner when he wears oversized clothes.
  - d) A man who is late for work tries to sneak by his employers' desk.

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## 10.5 MEANING AND NATURE OF ATTITUDE

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An attitude is a mental and neural state of readiness, organized through experience exerting a directive or dynamic influence upon the individual's response to all objects and situations with which it is related.

Attitudes involve association between attitude objects (any aspect of the social world) and evaluation of those objects, which exert a directing influence on the social behavior of the individual. The evaluations thus made are stored in memory. Attitudes do not exist in isolation and are linked to one another in memory. Thus activation of one attitude leads to the activation of other related attitudes. Attitudes can be either positive reactions or negative reactions for a specific or particular situation.

### Nature

Of all these different categories, attitudes have the most extensive influence on our behaviour. People have attitudes on a variety of issues, ranging from specific to general. Thus, people have attitudes towards religion, democracy, war, other people and in fact towards almost everything under the sun. Inter-group prejudices such as racialism, class prejudices, etc. are nothing but a cluster of attitudes towards some issues and very unfavourable attitudes towards others. Such attitudes influence our social behaviour. They determine the way we perceive social reality, the emotions with which we react and also the actual behaviour which we exhibit. If we have an unfavourable attitude towards a particular group of people, we perceive them in a bad light, experience annoyance, anger and perhaps even hatred and finally react in a negative or hostile manner, either avoiding them or getting them out of our way. It will now be obvious to the reader how influential attitudes are, in determining our behaviour. An attitude may be defined as an acquired and enduring predisposition to perceive a particular class of objects or persons in a favourable or unfavourable manner.

Attitudes are entirely learnt and acquired from experiences and interactions in the social environment. Our attitudes are shaped and nurtured by other human beings as well as movies, magazines, newspapers, T.V., literature, etc. Myths and epics play a very crucial role in shaping our attitudes. It has been shown by a number of studies that very young children are devoid of social attitudes such as prejudices (caste, class or race), but they acquire them very soon. Such attitudes serve a number of psychological functions. They

iv) **Motivational properties**

The attitude has motivational properties. It denotes readiness to act in a particular manner. The behaviour of a particular person can be predicted if you know his/her attitudes

v) **Learnt behaviour**

Attitudes are learnt. One is not born with attitudes but these develop with our experiences in dealing with people and objects.

vi) **Manifest in behaviour**

An attitude may operate at subconscious level. People often hold attitudes without being aware of it. It is only when the behaviour of people is closely examined, the existence of a positive or negative attitude surfaces.

**Activity – IV**

List out the characteristics of attitudes.

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**10.7 FORMATION OF ATTITUDES**

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A normal individual has different kinds and large number of attitudes towards almost any aspect of the social world. How are these attitudes formed? There is a general belief, among people and also among social psychologists that attitudes are formed primarily through learning. But recent studies show that attitudes are also formed through genetic factors.

In general, attitudes are said to be formed through the following methods:

1. Social learning
2. Genetic factors and
3. Direct experience

**Social learning:** Attitudes are acquired from other individuals through the process of social learning. We acquire them from situations in which we interact with others or merely observe their behavior. Such social learning occurs in diverse ways, but three of them are most important. They are:

- a) **Classical Conditioning:** Learning based on association in one of the basic principles of psychology is that when one stimulus regularly precedes another, the one that occurs first may soon become a signal for the one that occurs second. In other words, when the first stimulus is presented, individuals come to expect that the second will follow. As a result, they may gradually show the same kind of reactions to the first stimulus as they do to the second, especially if the second stimulus is one that induces fairly strong reactions when encountered. This process is known as classical

## 10.8 ATTITUDE CHANGE - THEORIES

In recent years, psychologists, particularly social psychologists, have devoted much attention for devising strategies and methods of changing attitudes. Many programmes of social change and development fail to succeed because the people involved do not have favourable attitudes towards these. For example, supervisors in factories often have fixed attitudes towards workers in general and vice-versa. This often results in mutual hostility and conflict. Solutions to such problems depend on the ability to bring about changes in attitudes. In view of this, attitude change has become an important area for research and action by psychologists. Several methods such as lectures, movies, interpersonal discussion, confrontations etc. are employed.

Some important areas where attitude changes have assumed importance, especially in our country, are the areas of family planning, and the use of modern methods of agriculture by farmers. Techniques of attitude change are often classified into individual techniques and group techniques, direct techniques and indirect techniques. Clinical psychologists also find these areas important in changing people's attitudes towards psychological abnormalities. Many people do not want to send the mentally ill to psychiatrists or clinical psychologists because of a possible social stigma. All these examples clearly illustrate the powerful role of attitudes and more so the importance of changing them. Attitudes are often mistaken for wisdom, forgetting the fact that they are highly subjective, unrelated to facts and irrational. While it is not possible or even desirable to prevent attitude formation, attitudes, like racehorses, should be kept in check.

### Theories of Attitude Change

#### 1. Cognitive Dissonance Theory

Leon Festinger proposed this theory. This theory maintains that, avoiding conflict among attitudes and maintaining consistency between inner convictions and overt behaviour can produce considerable strain in a person's cognitive systems.

Cognitive dissonance has been described as 'psychological tension having motivational characteristics', which occurs when a person has 'two cognitions which are somehow discrepant with each other'. Festinger stated three basic hypotheses about the existence of dissonance in a person's cognitive systems.

1. Because dissonance is psychologically uncomfortable, it motivates the person to try to reduce it and achieve consonance.
2. The person will actively avoid situations and information that are likely to increase dissonance.
3. Dissonance gives rise to pressures to eliminate it, the magnitude of the dissonance determining the strength of these pressures.

Relevant information is interpreted in accordance with the person's cognitions in order to minimize dissonance.

esteem are more likely to change their attitudes than those with either high or low levels of self-esteem.

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## 10.10 SELF ASSESSMENT QUESTIONS

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### I. Short Answer Questions

1. Write a short note on nature of perception.
2. Explain how learning influences perception.
3. Write a brief note on illusions.
4. Write a brief note on how attitudes are formed through method of direct experience.
5. Write a short on Festingers basic hypothesis about the existence of dissonance.

### II. Long Answer Questions

1. Explain various characteristics of perception.
2. Explain how needs, motivations and emotions influence perception.
3. Explain theories of attitude change.
4. Explain law of similarity, law of pragnanz and law of continuity with suitable examples.
5. Explain Heider's balance theory.

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## 10.11 FURTHER READINGS

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## 10.12 KEYWORDS

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- Sensation** : An immediate impression that senses make on the brain as detected by the method of introspection, the raw data of experience underlying organized perception.

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## UNIT – 11: LEARNING PROCESS

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### Aims and Objectives

The main aim of this unit is to explain various aspects of learning process, role, functions and theories of learning and also discuss the principles of learning.

After studying this Unit, you should be able to:

- understand nature and concept of learning process;
- relate learning process with other mental processes;
- gain knowledge about the theories of learning;
- apply learning principles in various activities; and
- differentiate between individual learning and organizational learning process.

### Structure

- 11.0 Introduction
- 11.1 Definition of Learning
- 11.2 Characteristics of Learning
- 11.3 Learning Process
- 11.4 The Learning Cycle
- 11.5 Types of Learning
- 11.6 Learning Functions
- 11.7 Learning Theories
- 11.8 Principles of Learning
- 11.9 Organizational Learning – Definition
- 11.10 Summary
- 11.11 Self Assessment Questions
- 11.12 Further Readings
- 11.13 Keywords.

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### 11.0 INTRODUCTION

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Human behavior is determined by many factors and one such process is known as learning. Learning is lifelong process as there is no limit to it since some more is always remaining to be learnt. Learning is considered one of the greatest means of education. It deals with man's internal world, his development and maturity as well as his environment. Learning is an active process that aims at the familiarization of the new experience, on which the whole of man's activity is structured as he reacts to various situations. Learning is not only the acquisition or the familiarization of particular knowledge but also the acquisition of skills -

Most people have fairly definite ideas about what they want to do and achieve. Their goals sometimes are short term, involving a matter of days or weeks. On the other hand, their goals may be carefully planned for a career or a lifetime. Each learner has specific intentions and goals. Some may be shared by other learners. Learners learn from any activity that tends to further their goals. Their individual needs and attitudes may determine what they learn as much as what the instructor is trying to get them to learn. In the process of learning, the learner's goals are of paramount significance.

## **2. Learning is a Result of Experience**

Since learning is an individual process, the instructor cannot do it for the learner. The learner can learn only from personal experiences; therefore, learning and knowledge cannot exist apart from a person. A person's knowledge is a result of experience, and no two people have had identical experiences. Even when observing the same event, two people react differently; they learn different things from it, according to the manner in which the situation affects their individual needs. Previous experience conditions a person to respond to some things and to ignore others.

All learning is by experience, but learning takes place in different forms and in varying degrees of richness and depth. For instance, some experiences involve the whole person while others may be based only on hearing and memory. However, they can make them meaningful only if they understand them well enough to apply them correctly to real situations. If an experience challenges the learners, requires involvement with feelings, thoughts, memory of past experiences, and physical activity, it is more effective than a learning experience in which all the learners have to do is commit something to memory.

## **3. Learning is Multifaceted**

If instructors see their objective as being only to train their learners' memory and muscles, they are underestimating the potential of the teaching situation. Learners may learn much more than expected if they fully exercise their minds and feelings. The fact that these items were not included in the instructor's plan does not prevent them from influencing the learning situation.

Psychologists sometimes classify learning by types, such as verbal, conceptual, perceptual, motor, problem solving, and emotional. Other classifications refer to intellectual skills, cognitive strategies, and attitudinal changes, along with descriptive terms like surface or deep learning. However useful these divisions may be, they are somewhat artificial. For example, a class learning to apply the scientific method of problem solving may learn the method by trying to solve real problems. But in doing so, the class also engages in verbal learning and sensory perception at the same time. Each learner approaches the task with preconceived ideas and feelings, and for many students, these ideas change as a result of experience. Therefore, the learning process may include verbal elements, conceptual elements, perceptual elements, emotional elements, and problem solving elements all taking place at once. Learning is multifaceted in still another way. While learning the subject at hand, learners may be learning other things as well. They may be developing attitudes - good or bad depending on what they experience. Under a skillful instructor, they may learn self-reliance. The list is seemingly endless. This type of learning is sometimes referred to as incidental, but it may have a great impact on the total development of the learner.

- i) Learning is facilitated when the learner has feedback of his/her progress toward the goal.
- j) Learning takes place more effectively in situation where satisfaction is derived: good work deserves praise just as problem performance requires correction.
- k) Interpersonal relationships are important in determining the kind of social, emotional and intellectual behavior that emerges in the learning situation.

Recognition of similarities and differences between past and current experience facilitates the transfer of learning.

## 2. Importance of Learning

Achieving economic success in a rapidly changing, technologically driven world requires a totally new approach to learning. The key to this success lies in developing a skilled, educated and highly adaptable workforce. Any economy can only prosper when its people are given every opportunity for learning and the value of this learning is recognized.

During the last century we have moved from the Industrial Age through the Information Age to the Knowledge Age. The ability to obtain, assimilate and apply the right knowledge effectively will become a key skill in the next century. Our ability will no longer be judged solely by qualifications gained in the past, but will also be assessed by our capacity to learn and adapt in the future.

Learning isn't just about economic success, however. It is the key to achieving our full potential. Human beings are uniquely adapted to learn and we have the ability to do so throughout our lives. Learning has the power to transform us. Specifically, we can become more successful:

- a) At home and with our families, at work
- b) At large in our local community
- c) Learning can enable us to solve problems and change our attitudes.
- d) It makes us more interesting to be with.
- e) It can also be very challenging.
- f) We all have the ability, at any age, to change our lives through learning.
- g) Our survival in the twenty-first century as individuals, organizations and nations, will depend on our capacity to learn.
- h) A learning population is healthier, more tolerant, independent and fulfilled. Learning can take place in a range of styles: anytime, anywhere, anyhow.

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## 11.4 THE LEARNING CYCLE

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The learning cycle refers to the process by which individuals, teams, and organizations attend to and understand their experiences, and consequently modify their behaviors.

the course of a lifetime, this method accounts for only about 10% of learning. Unfortunately, this is the most traditional and, currently, the most predominate method of instruction. However, we are finding out it is not very effective and moving toward acquisition and emergence, and examining the lessons of accretion.

**b) Acquisition :** is the conscious choice to learn. Material in this category is relevant to the learner. This method includes exploring, experimenting, self-instruction, inquiry, and general curiosity. Currently, acquisition accounts for about 20% of what we learn.

**c) Accretion :** is the gradual, often subconscious or subliminal, process by which we learn things like language, culture, habits, prejudices, and social rules and behaviors. We are usually unaware that the processes involved in accretion are taking place, but this method accounts for about 70% of what we know.

**d) Emergence :** is the result of patterning, structuring and the construction of new ideas and meanings that did not exist before, but which emerge from the brain through thoughtful reflection, insight and creative expression or group interactions. This form of learning accounts for the internal capacities of synthesis, creativity, intuition, wisdom, and problem solving. This method is greatly dependent on the allocation of time, and opportunities to reflect and construct new knowledge. This method plays an important role in inspiration and originality. In the context of current educational practices, we learn only 1-2% by this method.

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## 11.6 LEARNING FUNCTIONS

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The learning performs the following functions. They are:

- a) **Subject matter expertise :** Acquiring subject matter expertise and skill directly related to the scope of the target competencies.
- b) **Problem solving :** Learning to solve problems by using domain specific expertise.
- c) **Reflective skills and meta-cognitions :** Developing reflective skills and meta-cognitions conducive to locating paths leading to new knowledge and means for acquiring and applying this asset.
- d) **Communication skills :** Securing communication skills that provide access to the knowledge network of others and that enrich the learning climate within a workplace.
- e) **Self regulation of motivation and affection :** Procuring skills that regulate the motivation and affections related to learning.
- f) **Peace and stability :** Promoting peace and stability to enable specialization, synergy, cohesion, and integration.
- g) **Creative turmoil :** Causing creative turmoil to instigate innovation.

The policy and the activities that an organization develops to promote these seven learning functions form its *corporate curriculum*: the plan for learning to increase knowledge productivity by applying new competencies for flexible adaptation.

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## 11.7 LEARNING THEORIES

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Learning theory may be described as a body of principles advocated by psychologists and educators to explain how people acquire skills, knowledge, and attitudes. Various branches of learning theory are used in formal training programs to improve and accelerate the learning process. Key concepts such as desired learning outcomes, objectives of the training, and depth of training also apply. Over the years, many theories have attempted to explain how people learn. Even though psychologists and educators are not in complete agreement, most do agree that learning may be explained by a combination of two basic approaches: behaviorism and the cognitive theories.

### 1. Classical Conditioning Theory

This theory propounds that an association between a stimulus and a response leads to learning of a behaviour. It is practically demonstrated by a Russian physiologist Ivan Pavlov. He experimented on a dog and tried to relate the dog's salivation and the ringing of a bell. The gist of the experiment is this: Pavlov presented dogs with food, and measured their salivary response (how much they drooled). Then he began ringing a bell just before presenting the food. At first, the dogs did not begin salivating until the food was presented. After a while, however, the dogs began to salivate when the sound of the bell was presented. They learned to associate the sound of the bell with the presentation of the food. As far as their immediate physiological responses were concerned, the sound of the bell became equivalent to the presentation of the food. Classical conditioning is built on creating relationships by association over trials. By presenting a conditioned stimulus simultaneously with the unconditioned stimulus (ex; the meat), Pavlov observed that the dog developed a conditioned response (salivation in response to the bell). Therefore, there is direct relationship between stimulus and a response. A specific stimulus is used to elicit a specific response, laying an emphasis on involuntary responses. Thus, when a conditioned stimulus elicits a conditioned response, it is known as classical conditioning. However, this theory is not free from certain drawbacks. It is argued that this theory is concentrated only on respondent behaviors. It fails to explain the total behaviour of human beings. Hence it is difficult to apply this theory to human behaviour in organizations, as humans are more complex than dogs.

#### Application

Classical conditioning is very important to animal trainers, because it is difficult to supply an animal with one of the things it naturally likes (or dislikes) in time for it to be an important consequence of the behavior.

### 2. Operant Conditioning Theory

The behaviour that produces effects is known as operant. This is an association between behaviour and consequences. This theory, propounded by **B.F. Skinner**, a Harvard psychologist, serves as the foundation for behavioral management. It simply states that behaviour is a function of its consequences, which may be positive or negative, and it is likely to be repeated if such consequences are favorable. Here, the subject, laying an emphasis on voluntary responses, spontaneously emits the response. Operant conditioning techniques are extensively used in clinical and educational research, control of alcoholism and control of deviant children in a classroom. A response produces a consequence such as defining a word, hitting a ball, or solving a math problem. When a particular Stimulus-

- **Attentional Process:** People usually learn from a model only when they pay proper attention to it.
- **Retention Process:** The more influencing the model is, the more is the retaining capacity of the individual even when the model is not available.
- **Production Process:** It is the process wherein the learner recalls what he has learnt and compares with the actual model.
- **Reinforcement Process:** Behaviours that are reinforced or that are given a positive incentives or rewards will be given more attention and performed more often.

### Application

Social learning theory has been applied extensively to the understanding of aggression and psychological disorders, particularly in the context of behavior modification. It is also the theoretical foundation for the technique of behavior modeling which is widely used in training programs.

### Principles of Social Learning

- a) The highest level of observational learning is achieved by first organizing and rehearsing the modeled behavior symbolically and then enacting it overtly. Coding modeled behavior into words, labels or images results in better retention than simply observing.
- b) Individuals are more likely to adopt a modeled behavior if it results in outcomes they value.
- c) Individuals are more likely to adopt a modeled behavior if the model is similar to the observer and has admired status and the behavior has functional value.

Thus, social learning is a process where an individual acquires behaviours of models and this process can be depicted in **seven steps**, which are as follows:

1. Identify the expectation or goal of the target behaviour.
2. Select an appropriate model and a suitable medium to project the model.
3. See to it that the learner possesses the necessary skill requirements of the target behaviour.
4. Provide an environment that is favourable to learn thereby enhancing motivation to learn and improve.
5. Demonstrate the positive consequences of the modelled target behaviour with supporting activities such as role-playing.
6. Reinforce the reproduction of the target behaviour positively both in training and back on the job.

After reproduction, maintain and strengthen the target behaviour with a continuous.

## 2. Challenges in Organizational Learning

It is observed that not only in India, but also worldwide, organizations are grappling with several driving forces for change. The rise of Internet based "new economy" is the primary change and following is the process of Globalization and Individualization. The interactive forces such as networked structures influence organizational Learning, to a major extent and web shaped relationships. At behavioral level, the organizational learning response in organizations, change occurs at five levels:

- a) **Level 1: Reacting** by focusing on Organizational Structure
- b) **Level 2: Restructuring** the organizational structure and hierarchy
- c) **Level 3: Redesigning** the core processes (reframing)
- d) **Level 4: Change: Regenerating** the change initiative (learning process)
- e) **Level 5: Reengineering:** The approach to change focuses upon deep intention, purpose and will.

The responses levels 0,1,2 and 3 (action, structure, process and mental models) become integrated with contextual variables, referred as purpose, shared vision or common will. Hence, the level 4 effort implies allowing for flexibility in action, structure, processes, and mental models (level 0,1,2 and 3) by focusing on redefining the purpose and uncovering common will.

## 3. Process of Acquiring and Distributing Knowledge

The researchers have defined organizational learning as a process by which organization expands its repertoire of actions. Huber (1991) defined learning as 'a process that enables an entity to increase its range of potential behaviour through its processing of information'. Organizational learning can then be defined as occurring when any of its units acquire knowledge that they recognize a useful to the organization. Because of the potential for performance improvement, learning becomes imperative for organizations. Learning curves have been studied extensively in manufacturing contexts. Learning constitutes improvement of routines and is transferable across organization. In a way it is stored knowledge that becomes useful to the organization.

Organizations per se, can be understood as interpretive systems, in constant flux- artificially stabilized through interpretive processes, routines and standard operating procedures. In the context of traditional psychologist definition, organizations are rarely able to satisfy its condition of producing a 'different response' in the 'same situation'. The non-traditional method of defining organizational learning favours an information-processing view of learning, in which the stimuli are the actual physical events, but rather are interpretations of events.

## 4. Role of Individual Learning in Organizational Development

Some organizational learning theorists have examined the individual learning as an adaptation method in organizational context. For instance, describe learning is becoming 'an insider' by acquiring tacit or 'non canonical knowledge'. Through researchers have studied the process of work groups, formation as 'communities of learning', it is the individuals who actually learn and make a difference to the group's contribution. Some CEOs have observed that individual learning is source of competitive advantage for their

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### 11.13 KEYWORDS

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- Learning** : Knowledge or skills gained through study or by being taught.
- Reinforcement** : The action of reinforcing.
- Learning process** : Acquiring knowledge or skill forever or continuously.
- Punishment** : The action against misbehavior or undesirable behavior.
- Response** : Reacting to something or Answer
- Cognition** : The process of obtaining knowledge through experience or thought.
- Change** : Make or become differ
- Experience** : Knowledge / skill gained over time.
- Learner** : Is an individual who intended to learn or acquire something.

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## **BLOCK – IV : GROUP BEHAVIOUR**

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This block discusses group behaviour and group decision making process in the organisations. Six units are included in this block.

The unit-12 of this block, introduces the concepts of group and group dynamics, stages of groups and why they form groups. While unit-13, discusses the groups and group cohesiveness and how it is affected. Unit-14 highlights the nature of group decision making process, techniques and also a brief note on small group behaviour. Unit-15 makes you to know, how conflict arises and it suggests you the strategies for conflict resolution. Unit-16 explains organisational change, process of change, resistance to change and also strategies to overcome resistance to change. The last unit i.e. unit-17 of this block explains you the process of communication, barriers of communication and discusses how to make communication effective.

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# UNIT - 12: GROUPS IN ORGANIZATIONS

## Aims and Objectives

Definition of a Group

The main aim of this unit is to explain the concept of group, reason for formation of groups and factor influencing group behaviour.

After studying this Unit, you should be able to:

- explain characteristics of groups;
- discuss the reasons for formation of groups;
- compare and appreciate two models of group development; and
- identify the key factors in explaining group behavior.

## Structure

### 12.0 Introduction

### 12.1 Concept of Group

### 12.2 Characteristics of Groups

### 12.3 Reasons for Group Formation

### 12.4 Stages of Group Formation

### 12.5 Summary

### 12.6 Self Assessment Questions

### 12.7 Further Readings

### 12.8 Key Words

## 12.0 INTRODUCTION

In organizations we must work with groups to accomplish our goals. No matter how much we value and protect our individuality, almost all our goals can be achieved only in a group. The behavior of individuals in groups is something more than the sum total of each acting in his way. In other words, we can say that individuals behave differently when they are in groups as compared to when they are alone. For instance, let us say that three individuals, equally knowledgeable, are given the task of solving a problem. The ideas generated jointly by these three individuals will be richer and more creative than if the three individuals generate their own ideas without any interaction, because now they have used their combined wisdom to generate integrated solutions.

In the pioneering experiments at Hawthorne, it came to be known that people behave as members of a group and their membership of groups helps shape their work behavior and attitudes towards the organization. Management can use the group effectively and successfully for the accomplishment of organization's objectives. Likert states that an organization will function best when the members of the organization function not as individuals but as members of highly effective work groups with high performance goals.

Everyone of us at one time or the other play the role of the boss, subordinate, colleague, friend, husband or wife, father or mother, community worker, etc. Many of these roles are compatible, some however create conflicts. For instance, can the role demands of our jobs be reconciled with the role demands of husband or father?

We are all required to play a number of roles and our behavior varies with the role we are playing. Different groups impose different role requirements on individuals.

i) **Role Identity:** Certain attitudes and behaviors consistent with a role create the role identity. People have the ability to shift roles rapidly when they recognize that the situation and its demands clearly require changes.

ii) **Role Perception:** A person's view of how one is supposed to act in a given situation is role perception. Our behavior depends on how we interpret a situation. Perceptions are the result of stimuli all around us – books, media, movies, TV and friends and family. The main reason for apprenticeship programs in many trades and professions is to allow beginners to watch an "expert", so that they can learn to act as they are supposed to.

iii) **Role Expectations:** Role expectations are essentially how others believe you should act in a given situation. This is largely determined by the role defined in the context in which you are acting. For ex: a judge is seen as having propriety and dignity, whereas a football coach is viewed as aggressive, dynamic and inspiring.

iv) **Role Conflict:** When an individual is confronted by divergent role expectations, it results in role conflict. Role conflict is when individual finds that compliance with one role requirement may make more difficult the compliance with another. Role conflicts are common. All of us have faced them. The important point to note is how conflicts imposed by divergent expectations within the organization influence behavior.

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### **12.3 REASONS FOR GROUP FORMATION**

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Why do individuals choose to join groups? Why do groups form? The following section will attempt to provide some answers.

Sociology provides certain theories and insights about why individuals form into groups. The most basic theory explaining affiliation is "**propinquity**." Propinquity simply means that individuals affiliate with one another because of spatial or geographical proximity. In an organization employees who work in the same area of the plant or office would probably form into groups than would those who are not physically located close to one another.

The main drawback is that it simplistic and not analytical and does not explain the complexities of group formation. **Homan** proposed "the more activities persons share, the more numerous will the interactions be and the stronger will be their shared activities and sentiments, and more sentiments people have for one another, the more will be their shared activities and interactions."

Homan's concept is remarkably comprehensive and is based on **activities, interactions and sentiments**. These three elements are directly related to each other. The members of a group share activities and interact with one another not just because of physical proximity

In popular literature this sequence has come to be known as "The Five-Stage Model of Group Development."

## The Five Stage Model

The Five-Stage Group Development Model presents groups as proceeding through five distinct stages: **forming, storming, norming, performing and adjourning.**

information and resources needed for the group to perform. They do not need to develop

plans, assign roles, determine and allocate resources, resolve conflicts and set

the way the five-stage model predicts

**i) Forming**  
This stage is characterized by a great deal of uncertainty about the group's purpose, structure and leadership. Members are experimenting to determine what types of behavior are acceptable. They strive to understand one another and assert themselves. This stage is complete when members have begun to think of themselves as part of a group.

### ii) Storming

This stage is one of intragroup conflict. Members accept the existence of the group, but there is resistance to the constraints that the group imposes on individuality. Moreover, there is a conflict over who will control the group. Individuals attempt to assert themselves as leaders, by garnering support of other members. Obviously this is the source of intragroup conflict. When a clear hierarchy of leadership is established within the group, we can say that this stage is complete.

Producers about a group's performance must start by recognizing that work groups are

part of a larger organization and that factors such as how the organization and that factors

structure, selection procedure and reward system can provide a favorable or unfavorable

environment for group performance.

A strong sense of group identity and camaraderie develops. When the group structure

solidifies and the group understands a common set of expectations of what defines correct

member behavior, the stage is complete.

the above section on "Groups in Organizations" essentially considered the nature of

group dynamics and group definitions. A few popular definitions of groups

are:

**iii) Norming**

In this stage close relationships develop and the group demonstrates cohesiveness. A

strong sense of group identity and camaraderie develops. When the group structure

solidifies and the group understands a common set of expectations of what defines correct

member behavior, the stage is complete.

group

**iv) Performing**

The structure is fully functional and accepted by the group members. Group energy has

moved from getting to know and understand each other to performing work at hand.

concepts like security, status, goal achievement etc. were discussed in factoring in

understanding of the reasons of group formation as well as why individuals choose to join

group

**v) Adjourning**

For most formal groups, performing is the last stage in their development process. But for

temporary committees, teams, task forces and other similar groups that have a limited task

to perform, there is an additional stage of adjourning. Here, in the last stage, the group

prepares to disperse. High task performance is no longer the group's top priority. Now

attention is diverted toward leave-taking and wrapping up activities. Individual members'

responses vary at this point — some are energetic, feeling good about the task

accomplishment; others may become lethargic and depressed over the loss relationships and

friends during the work group's life.

group

group

group

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group

Many thinkers assert that the group becomes more effective as it progresses through the first four stages. While this assumption may be largely true, the reasons for a group's effectiveness are more complex. Under certain conditions, high levels of conflict are actually helpful to high group performance. Therefore, sometimes in different situations groups in Stage II outperform those groups that are in Stages III or IV. Also groups do not always proceed clearly from one stage to the next. It has been observed that sometimes several stages go on simultaneously, as when groups are storming and performing at the

## II. Long Answer Questions

1. Distinguish an organizational group from that of an ordinary group. What makes the organizational group important in Organizational Behavior?
2. How is the Five-Stage Model of Group Formation different from the Punctuated Equilibrium Model?
3. Why are groups considered to be important within the organizational context?

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### 12.7 FURTHER READINGS

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### 12.8 KEYWORDS

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- Groups** : Two or more individuals, interacting and interdependent, who have come together to achieve particular goals.
- Forming** : The first stage in group development, characterized by much uncertainty.
- Storming** : The second stage in group development characterized by intragroup conflict.
- Norming** : The third stage in group development, characterized by close relationships and cohesiveness.
- Performing** : The fourth stage in group development, when the group is fully functional.
- Adjourning** : The final stage in group development for temporary groups, characterized by concern with wrapping up activities rather than task performance.

Cohesiveness refers to the extent of unity in the group and is reflected in members' conformity to the norms of the group, feelings of attraction for each other and wanting to be members of the group. Attraction, cohesiveness and conformity are all intertwined. The more the members feel attracted to the group, the greater will be the group cohesiveness. The greater the cohesiveness the greater is the influence of the group members to persuade one another to conform to the group norms. The greater the conformity, the greater the identity of the members to the group and the greater the group cohesiveness.

According to **Kurt Lewin**, the cohesiveness that we will employ comes from the "group dynamics" school of researchers. This school flourished in the 1950s and was a descendant of the work of the great psychologist Kurt Lewin. Lewin suggested a definition of cohesiveness that focuses our attention on the individual within the group. He believed that the term depends on how the individual member perceives his or her relationship with a particular group.

"Cohesiveness is the degree to which the group members are attracted to each other and are motivated to stay in the group." Cohesiveness is one of the characteristic features of groups and has performance related implications. It defines the degree of closeness that the members feel within the group. And to what extent every member wants to remain as a member of the group.

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## 13.1 TYPES OF GROUPS

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Psychologists and OB specialists identify several types of groups, based on the social behavior of people in organizations. All the types of groups can be found in most organizations.

There are two types of basic groups that exist in every organization. These are:

1. Formal Groups,
2. Informal Groups.

### 1. Formal Groups

A formal group is a designated work group defined by the organization's structure. These groups have designated work assignments, which in turn establish tasks. In formal groups, the behaviors that one should engage in are stipulated by and directed towards organizational goals.

The following features are identified in formal groups:

- a) Formal groups are part of the organizational structure.
- b) They are created deliberately and consciously by the management to perform assigned duties.
- c) The pattern of communication is also defined and the rules are laid down to regulate the behavior of the group members.

- e) Informal groups are usually not recognized by the management, rather they exist in the shadow of the formal structure, as a network of personal and social relations. Most managements understand and respect the informal groups.
- f) Informal groups can be powerful instruments of change, when used by enlightened change management agents.
- g) Informal groups develop their own structure, with a known leadership hierarchy, goals, norms, roles and work attitudes. The norms establish a code of conduct, which is usually accepted by every group member.
- h) Informal groups are more flexible than formal groups. Since behavior is governed by norms rather than written rules, adaptation to different situations is facilitated.
- i) Informal groups focus on personal contact between the members bringing out the human side of the enterprise, while the formal groups represent the technical side.

Informal groups themselves are of the following types:

### 1. Interest Groups

These groups arise amongst those working together to attain a specific objective with which each is concerned. The members may be from any unit or level of the organization. For instance, the employees who come together to exert pressure on the management for a common concern like subsidized transport or canteen facilities.

### 2. Friendship Group

These groups are brought together because they share one or more common characteristics. They are formed primarily to satisfy the social need of being together and sharing things. These social alliances, which frequently extend outside the work situation, can be based on similar age or ethnic heritage or for holding similar views about the work situation, etc.

### 3. Cliques

Groups consisting of colleagues or those who commonly associate with each other and observe certain social norms and standards, whose number is less than five are considered as cliques. The clique's objective is to provide recognition to each other and exchange information of mutual interest. These cliques have at least three forms: *vertical clique* consists of people working in the same department drawing membership regardless of ranks. For example, a superior may be the member of clique, which largely consists of subordinates. These groups, which cut across hierarchical lines, develop because of earlier acquaintance of people or because of the dependence of the superior on the subordinates. *Horizontal clique* consists of people of more or less the same rank and working in the same area. Members are able to relate on some points of similarity and keeping certain objectives in mind come together. This is the most common form of informal group.

### Activity – I

Describe the classification of groups.

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### Activity - III

What is Group Cohesiveness?

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## 13.3 FACTORS INFLUENCING GROUP COHESIVENESS

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Many factors influence the cohesiveness of the group, with varying levels of interaction and dependency. The following section discusses the more important ones.

### i) Similarities of Attitudes and Values

Probably the strongest factor to influence cohesiveness is the similarity in attitudes and values, held by the group members. We tend to enjoy the company of people who hold similar opinions, morals, beliefs and codes of conduct, because the person who shares the same value system as we do provides us with a sort of validation for our beliefs. They make us feel that we are right and everything is right with the world. When someone disagrees with us this may make us feel that we may be wrong and also may induce a kind of fear.

Similarity of interest is very important when the group's primary goal is that of creating a friendly interpersonal climate. This factor may not be so important when the goal is task oriented. For instance, if the army has to win a battle, then the accomplishment becomes the cohesive factor rather than the similarity of attitudes and values because the unit may consist of soldiers from different parts of the country who may not have much in common. However, in this situation too, one sees the significance of interpersonal cohesiveness.

### ii) Size of the Group

In general, small groups are effective. This is usually because as the size increases, the number of relationships increases, making the group less effective. When the group is small, its members have constant face-to-face interaction, increasing the number and quality of communication among them. In large groups, this possibility of increased interaction and communication becomes less.

As the size increases, it becomes more difficult to get the group to agree on common goals and activities. This in turn leads to expression of disagreement and dissatisfaction. In large groups, the possibility of forming smaller sub groups within the large group is increased. This would result in the dilution of the common group goal thus increasing the extent of power politics play. Power mongering within the group leads to a decrease in the cohesiveness of the group.

An interesting finding of a research study shows that if all members of the group are of the same sex, then small groups have better cohesion than large ones. But when the groups were made up of both the sexes, the large groups have better cohesion.

new member takes to get attached to the group and the more time the old member takes to get attached to the new group.

**x) Threat**

Threat is a very powerful force which unifies the group, particularly when it comes from outside. For instance, it is the management threats that frequently bring together an otherwise disarrayed union.

**xi) Previous Successes and Shared Goals**

When a group achieves a meaningful goal, the cohesiveness of the group increases because all the members share the success and each one feels responsible for the achievement. If the group agrees on the purpose and direction of its activities, it serves to bind the group together. For this reason, successful companies find it easy to hire talented employees.

**xii) Cooperation**

Sometimes the general climate of the group enhances cohesiveness. The overall climate depends, among other things, on leadership.

**Activity – IV**

Describe the factors influencing group cohesiveness.

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### **13.4 CONSEQUENCES OF COHESIVENESS**

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Group Cohesiveness by and large has positive consequences. These aspects are discussed below:

**a) More Participation**

When the degree of group cohesiveness is high, the interpersonal relationships among the group members will also be high. This results in the active participation of group members in the group affairs and activities. Since the members feel that the group is their own, like their own family, mutual help and support amongst the group members increases, thus furthering the group bond. This would usually result in low member turnover.

**b) More Conformity**

One of the factors, which influences cohesiveness is similarity of attitudes and values. As a result, members tend to like each other perceive themselves as similar. These characteristics lead members to be relatively dependent on the group for satisfaction and thus, they are susceptible to being influenced. For example, if any member is getting

- Give rewards to the group rather than individuals
- Physically isolate the group
- Increase membership homogeneity
- Increase interaction among members.

In certain situations high cohesiveness adversely affects the productivity. In such cases managers may have to reduce the cohesiveness of the groups.

- Induce disagreement on group goals
- Increase membership heterogeneity
- Restrict interactions among members
- Increase group size
- Reduce the time members spend together
- Allocate rewards to individuals rather than to groups
- Remove physical isolation
- Introduce a dominating member.

**Activity – V**

What are the consequences of Group Cohesiveness?

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**13.5 SUMMARY**

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In this unit a comprehensive discussion of two concepts was presented. The first section basically elaborated on the various types in which the groups manifest themselves in the organizations. Types of groups were, at the first level, categorized as Formal and Informal groups. Formal groups are those groups that are formally designated by the management to carry out the assigned tasks. In formal groups you can clearly identify the position and the authority that goes with a position. Who reports to whom, who assigns work to whom and other day-to-day task related activities are clearly specified in the formal groups.

Subtypes like command and task groups and committees are identified. Informal groups on the other hand, are groups that form spontaneously in response to the social need of affiliation. People come together to share. Subtypes like interest and friendship groups are identifies.

The second section essentially considers the concept of cohesiveness. Cohesiveness is the degree of attraction individual group members feel towards one another and the strength of the desire to be a member of the group. Various factors that influence the cohesiveness

- Formal Group** : Is a designated work group given in the organization's structure.
- Informal Group** : These are alliance group that neither formally structured nor organizationally determined.
- Conservative Group** : A set of highly skilled and professional employees in a plant.
- Cohesiveness** : The group of people feeling of friendship or one group has high quantities and moral.
- Task group** : individuals working together to complete a particular tasks or job.

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## Definition

McFarland defines, "A decision is an act of choice wherein an executive forms a conclusion about what must be done in a given situation. A decision represents a course of behavior chosen from a number of possible alternatives". Terry defines decision-making as the selection based on some criteria from two or more possible alternatives.

In attempting to follow the above definitions, certain characteristics emerge.

1. **Decision-making is rational.** The manager attempts to foresee various possible effects of a decision before deciding on a particular one.
2. Decision-making is **process of selecting** the best from the available alternatives.
3. Available alternatives are evaluated and the **selection of the best alternative** depends on the discussion of the advantages and disadvantages of a particular decision.
4. The objective of decision-making is to **achieve organizational goals.**

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## 14.1 NATURE OF DECISION-MAKING

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Problems, conflicts or misunderstandings require decision-making. Good quality decisions help in solving problems or resolving conflicts. Decisions are a routine and a daily requirement. Managerial decisions help in maintaining the effectiveness of the group.

Problems make it necessary to choose among different alternatives. A number of possibilities are selected before making a final choice. Decision-making requires something more than a simple selection. The material requiring a decision may be available but a decision may not be made. A decision involves a prediction for the future on the basis of past and present available information. The implications of a decision will have consequences in the future; therefore, it requires a thorough analysis of available material and foresight.

At certain times, decisions conform to the actions or precedents set by an influential leader and others silently follow that decision. It may become part of the culture of the organization. At times decisions emerge from answers to pertinent questions about certain issues. These answers narrow down the choices and help in making the decisions.

### Activity – I

In the organizational context, why is decision making considered a significant and important managerial function?

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## Activity - II

What is the advantage of group decision making over individual decision-making?

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### 14.3 DECISION-MAKING PROCESS

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Most decisions are not taken in isolation. The process of decision-making is influenced by past experience, present conditions and future expectations. Decisions are irreversible in most cases. Therefore, all future possibilities and consequences need to be thoroughly considered.

The process of decision-making involves the following steps:

1. **Problem Definition:** Identifying the problem is the first step in the process of decision-making. Problem identification and subsequent definition is the most difficult part of decision-making. The following questions need to be pursued: what is causing the problem and what will be the possible solutions. If the problem is not correctly defined then the effort and money spent on an incorrect decision will go waste. Moreover, this may create further problems for the organization.
2. **Analysis of the Problem:** Once the problem definition is over, the manager needs to analyze the problem. All possible information concerning the problem should be collected to decide whether a decision is possible. Usually there is a lack of sufficient information or it may be an expensive proposition to get the needed information and in some cases getting access to the needed information may not just be possible. Drucker says that to make a sound decision, it is not necessary to have all the facts, but it is necessary to know what information is lacking in order to judge how much of a risk the decision involves. It becomes necessary to use whatever information is available to analyze the problem.
3. **Alternative Course of Action :** Any problem can be solved in quite a few number of ways. If there is only one solution then there is no need for decision-making. A manager needs to develop several alternative solutions, to avoid falling into the "either or" kind of thinking. Developing alternative solutions is no guarantee that a wrong decision may be made. At least the various angles/issues will be considered and a better understanding of the problematic situation results. This may lead to good quality decisions.
4. **Evaluation of Alternatives :** Once the development of alternatives is over, the next step is to evaluate them and select the right one. The alternative proposals have to be evaluated in terms of merits and demerits. The desirable and undesirable consequences of adopting each alternative should be considered, and if possible tested. This will enable the manager to see the risk involved in each course of action. The alternatives should be evaluated in relation to time and money involved. Only that alternative which gives maximum economy should be selected. When more than one alternative has similar positive points, then it becomes difficult to make a choice. If it is possible, then

**Feeling Style:** Managers of this type like harmony among people. They tend to be sensitive and sympathetic and develop good positive relations with subordinates. They strongly believe that much of the inefficiency in the organization is because of interpersonal problems:

### Activity-III

i) Describe the decision making process in detail

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ii) What are the different decision making styles that managers use?

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## 14.4 INDIVIDUAL Vs. GROUP DECISION MAKING

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Group decision-making has distinct advantages over individual decision-making. This may not be true in all the cases. Groups are very useful in solving certain types of problems, but in some cases individuals prove to be better. Identifying criteria with which to determine whether an individual or a group is better is essential.

Vroom and Yetton proposed an important model to help us in choosing a group or an individual for decision making in different situations. They propose five decision making styles, ranging from totally independent decision by the manager on one extreme to a totally participative decision making at the other extreme. The style selected depends upon certain situational criteria. These styles are autocratic, consultative and group and the degrees in between.

There is quite a lot of research support for this proposition. Studies show that most managerial decision styles in actual organizational situations were in accordance with the proposed model. In their choice of styles, managers often violated acceptability criteria than quality criteria. What it means is that managers do take into consideration all the situational variables when choosing between individual and group decision-making.

### Advantages of Group Decision Making

In general, it is widely accepted that groups are more effective than single individuals in decision-making. Some advantages are listed below:

a) **Greater knowledge base:** Groups tend to have a greater knowledge base, as these involve more than one person. The adage, "two heads are better than one", seems to hold well. Members of the group have their own specialties and contribute unique information and data to the knowledge base of the group. Where knowledge is necessary for a quality decision, the group is obviously more effective.

## Activity – IV

State the strengths and weaknesses of group decision making.

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## 14.5 TECHNIQUES OF GROUP DECISION MAKING

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In the last three decades, management thinkers and behavioral scientists have studied the ways in which group decision making may be made really effective. The most popular decision making techniques in use today, are discussed.

1. **Brainstorming:** Brainstorming is probably the most popular technique. Essentially, it is technique used to enhance creativity in problem solving and arriving at innovative solutions. Alex Osborn, an advertising executive, is credited with the development of the technique. Brainstorming involves a group of people, usually between five and ten, sitting around a table, generating ideas in the form of free association. "Generation of ideas" is the primary focus rather than evaluation of ideas. The large number of ideas thus generated, will increase the probability of finding a very unique and creative solution from amongst them. The leader of the group generally defines and explains the nature of the problem to the group and the rules to be followed. Four rules are usually recognized
  - a) Unusual and out of the way ideas are encouraged. Judgment and censoring are withheld during the session. No evaluation of the ideas is made till the idea generation process has been completed.
  - b) Freewheeling of ideas is welcomed. The wilder or more radical the idea the better it will be because sometimes the wildest ideas result in unique solutions. The ideas that are not feasible can be discarded later.
  - c) The emphasis is on quantity, not quality. The greater the number of ideas, greater is the chances of obtaining a superior idea.
  - d) Participants are encouraged to improve or modify other's ideas or to combine two or more ideas to make a better idea. This process results in free association and unrestricted thinking and may generate some quality ideas.

### Advantages of the Brainstorming Technique

The technique has the advantages of broader participation, enthusiasm, deferred judgment, greater task orientation, teamwork and stimulated thinking. Brainstorming is highly effective, when the problem is relatively specific and can be simply defined. A complex problem can be broken up into many parts and each part can be taken up separately at a time.

However, the process of brainstorming can be very time consuming and there is always the possibility that none of the ideas so generated, are optimal or are usable. But the wasted time can be minimized if the members of the group are chosen carefully so that

## Advantages

This technique offers the advantage of group decision making in circumstances when it is not possible to convene a group meeting. A major plus is that the members are totally independent and are not influenced by the opinion of other members. The subtle dynamics of influence and coercion are absent. The technique assures anonymity; keeping the responses of the panel persons anonymous eliminates the problem of face saving and encourages panel experts to be more flexible. It obviously has some disadvantages.

## Disadvantages

The technique is extremely time consuming, and involves prohibitive costs. May also make the members lack in motivation because of the denial of face-to-face interaction.

4. **Fish Bowling technique:** Quite similar to the decision making technique of Brainstorming, the difference is in better structuring and being to the point. The following steps are involved.
- a) The decision making group of experts is seated around a circle with a single chair in the center of the circle.
  - b) One member of the group or the group leader is invited to sit in the center chair and give his views about the problem and his ideas about the solution of the problem.
  - c) The other group members can ask him questions but there is no irrelevant discussion or cross talk.
  - d) Once the member in the center chair has finished talking and his viewpoint is fully understood, he leaves the center and joins the group in the circle.
  - e) Then the second member is called upon to sit in the hot seat and offer his ideas and opinion in the light of the views expressed earlier.
  - f) The members can ask him questions based upon the new ideas presented by the member in the center chair as well as the ideas discussed by the previous member.
  - g) The process will continue till all the members have expressed their views.
  - h) After all the experts have discussed their views, the entire group discusses the various alternatives suggested and picks the one with consensus.

## Activity – V

What are the decisions making techniques usually employed? List advantages and disadvantages.

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## 14.9 KEYWORDS

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- Decisions** : The choice made from among two or more alternatives.
- Problem** : A discrepancy between some current state of affairs and some desired state.
- Rational** : Refers to choices that are consistent and value maximizing.
- Creativity** : The ability to produce novel and useful ideas.
- Programmed Decisions** : These are of routine nature and are taken within the circumstances give rise to the need for non-programmed decisions.
- Decision Making Styles** : Managers exhibit different styles as decision makers.
- Brainstorming** : Brainstorming is probably in the most popular technique. Essentially, it is technique used to enhance creativity in problem solving and arriving at innovative solutions.

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## 15.1 NATURE OF CONFLICT

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Conflict has received considerable attention and consequently there is no dearth of definitions of the concept. Conflict can be defined to express hostility, negative attitudes, antagonism, aggression, rivalry and misunderstanding. It is also associated with situations that involve contradictory or irreconcilable interests between two opposing groups. Despite the divergent meanings, the term conflict has acquired over the decades, certain common themes. Conflict must be perceived by the parties to the conflict; whether or not conflict exists is a perception issue. If no one is aware of the conflict, then it is generally agreed that there is no conflict. Other commonalities are opposition or incompatibility and some form of interaction. These variables are the preconditions that determine the starting point of the conflict process.

Some prominent definitions are listed in the following paragraphs.

### Definition

**Robbins** defines conflict as a process that begins when one party perceives that another party has negatively affected, or is about to negatively affect something that the first party cares about. It is a broad definition. It focuses on that point in any ongoing activity when an interaction becomes a conflict. It covers the wide range of conflicts that people experience in organizations – incompatibility of goals, differences over interpretations of facts, disagreements based on behavioral expectations, etc. In addition the definition is flexible enough to cover the full range of conflict types.

A simpler definition of conflict is that any tension which is experienced when one person perceives that one's needs or desires are or is likely to be thwarted or frustrated. **Follett** simplifies it further, when he defines conflict as "the appearance of difference, difference of opinions, or difference of interests". Conflict appears when individuals or groups encounter goals that both parties cannot obtain satisfactorily.

**Pondy** has comprehensively defined conflict by elucidating four features culled from the extensive literature available:

- Antecedent conditions of conflict behavior such as scarcity of resources or policy differences.
- Affective states of individuals involved, such as stress, tension, hostility, anxiety, etc.
- Cognitive state of individuals, that is, their perception or awareness of the conflict situation.
- Conflict behavior ranging from passive resistance to overt aggression.

Conflict, thus can be seen to be an absolutely predictable social phenomenon. Certain features of conflict are necessary to be pointed out.

existence – it cannot be eliminated and there are even times when conflict may benefit a group's performance:

But since conflicts are bound to happen due to differences in opinions, bad policies and procedures, lack of cooperation, allocation of resources, the management should pay attention to reducing conflict and resolving it as soon as possible.

### 3. The Interactionist view

The interactionist approach encourages conflict because it is believed that conflict is not only a positive force in the group, but is also necessary for the group to perform effectively. A cohesive group that is cooperative and has harmonious relations amongst its members becomes static and nonresponsive to the needs for change and innovation. The group leader must work towards allowing some conflicts to happen in the group so that the group functioning remains viable, self-critical and creative.

This is not to say that conflicts must be encouraged indiscriminately. The conflict must be under control to avoid their dysfunctional aspects. The main thrust of the interactionist approach is to maintain a minimum level of ongoing conflict so as to reap the benefits of functional conflict.

In sum, it can be stated that conflict is not a simple straight forward concept. To say that all conflict is bad or good is naïve and superficial. One needs to understand and appreciate the concept in the context in which it occurs. It becomes necessary to distinguish between functional and dysfunctional conflict.

#### Functional and Dysfunctional Conflict

It is pretty well accepted today, that by itself conflict cannot be termed as good or bad or to be more precise functional or dysfunctional. Research studies have shown that a certain optimum level of conflict and associated personal stress and tension are necessary for competitive productivity; this would necessarily involve certain social cost.

Therefore, one can say that those conflicts, which support the goals of the group and improve its performance are known as **functional conflicts** and those conflicts that hinder group performance are **dysfunctional conflicts**. The demarcation between functional and dysfunctional conflicts is neither clear nor precise. However certain distinguishing features may be identified.

#### Features of Functional Conflicts

Conflicts may serve one or all of the following functions:

- a) **Release of tension:** Conflict when expressed can clear the air and reduce tension which might otherwise remain suppressed. Suppression of tension usually leads to distortion of truth, a sense of frustration, and biases, resulting in fear and distrust.
- b) **Analytical thinking:** when a group is faced with a conflict the members display analytical thinking in identifying various alternatives. In the absence of conflicts they may indulge in lethargy and may not be creative.

for resignations of key personnel weaken the organization, feelings of distrust among the organizational members have negative impact on productivity.

In sum, one may state with a reasonable degree of confidence, that conflicts when contained within reasonable limits serve several useful purposes and can be said to be functional for individuals, groups and the organization itself. But it must be pointed out that when conflicts reach a stage where control is difficult, it tends to become destructive, resulting in such dysfunctional behavior as strikes, sabotage and other negative acts.

Researchers have long advocated an optimum level of conflict that is very useful for the development of creativity, positive competitive behaviors and productivity. Too little conflict creates conditions of inertia and boredom in the system and excessive conflict results in destructive and dysfunctional tendencies. Therefore conflict has to be managed with a great deal of tact and sensitivity. Managers have to motivate the level of conflict in the system – if there is too little or no conflict at all, he may even have to induce some level of conflict to energize the system. As the level of conflict tends to go beyond the optimum level, the manager must act to resolve the conflict in a manner that will be beneficial to the organization.

#### Activity - I

What is the concept of organizational conflict? Are organizational conflicts always dysfunctional? Discuss in detail.

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## 15.2 TYPES OF CONFLICT

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In an organizational context, one may distinguish many types of conflict. Researchers have pointed out that a typical manager spends approximately 20% of his time dealing with conflict situations. Therefore it becomes imperative that managers should understand the types of conflict they have to deal with so that they can use the appropriate strategy to deal with the conflict.

Conflicts can be classified into various types as:

1. Individual Level Conflict
2. Interpersonal Conflict
3. Group Level Conflict
4. Organization Level Conflict.

### 1. Individual Level Conflict

The management should be sensitive to the fact that all individuals have conflict within themselves. Individual conflict arises within an individual whenever his drives and motives are blocked or he is confronted with competing roles and goals and is unable to take choose among the various alternatives possible.

quite dysfunctional for both the organization as well as its individual members. The general approach for the management should be to resolve goal conflicts by building compatibility and not conflict between personal and organizational goals.

## **b) Role Conflict**

Shakespeare said, "All the world is a stage, and all men play a role". Every man plays a number of roles in the social as well as the organizational context. Although all the roles, which he brings into the organization are relevant to his work behavior, his typical organizational role is the most crucial in understanding his work behavior. Every individual in the organization is expected to behave in a particular manner while performing a specific role. When the expected role is other than one expected by the individual, role conflict may arise. In the organizational context everyone plays the role of either the superior or the subordinate. Whenever there is difference in expectations in relation to his and the other's role, role is bound to arise.

In a similar fashion, conflict may arise whenever there is an overlapping of the two roles played simultaneously by one person.

Every person holding a particular position in the organization is expected to behave in a particular manner. This is identified as "Role Expectation". When the role expectation is not properly communicated to the individuals who have to play the role, it may result in "Role Ambiguity", "Role Conflict" and "Role Overload".

Role ambiguity is when the expectations associated with a role are unclear or unambiguously defined and the individual has difficulty in performing that role. Role ambiguity can be very stressful for the individual concerned. Role ambiguity can arise in two situations, one when the duties of the subordinate are not properly communicated by the manager; secondly, when the subordinate has not properly understood the boss. In both situations, subordinates are assigned roles without adequate preparation for those roles.

Role conflict arises when the role expectations are understood but due to one reason or the other they cannot be complied with. The person in this situation is not able to respond to the expectations of other persons. Role conflict is another major source of potential tension.

Role overload occurs when too many role expectations are communicated to a person at a given time. Many a time, managers create overload for their subordinates when they rely on one-way communication. When valuable feedback from the subordinates is not there, the managers are not in a position to learn when or why a subordinate is experiencing stress.

In sum, it can be stated that role conflict depends upon:

- Awareness of role conflict
- Acceptance of conflicting job pressures
- Ability to tolerate stress
- General personality makeup.

Role can create tensions among individuals and affect their attitudes and behaviors adversely. It must be resolved with a great deal of tact and sensitivity by keeping in mind the factors discussed above.

- b) **Inter-Group Conflict:** Conflicts between different groups in the organization are known as intergroup conflicts. Intergroup conflict may also be stated in terms of organizational conflict. The causes of intergroup conflict may be summarized as absence of joint decision-making; difference in goals; difference in perception; and difference in goals as well as perception.

#### 4. Organizational Level Conflict

All the conflicts discussed in the above discussion relate to conflicts within the organizational context. Inter organizational level conflict occurs between organizations which are in some way or the other dependent upon each other. Conflicts at the individual level, group level or inter group level are all inherent in the organizational level conflict. The organization level conflict can be between the buyer and seller organization, between government agencies that regulate certain organizations and the organizations that are affected by them. Managers must attempt to live with this type of conflict. If the conflict is properly handled it can be constructive in achieving the results. It can act as a stimulus, it may be a challenge and a motivational force to keep the organization moving.

#### Activity – II

- i) Analyze the advantages and disadvantages of the alternative approaches to the management of conflict in the organization.

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- ii) Discuss the reasons of various types of conflicts in an organization. Suggest measures of resolving inter group conflict.

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### 15.3 CAUSES OF CONFLICT

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Research studies have identified a large number of causes for the various types of conflicts that were examined in the preceding pages. This wide variety of causes can be discussed, conveniently under three heads:

1. Communication Problem;
2. Behavioral Problem;
3. Structural Problem.

#### 1. Communication Problem

Probably the most common cause of most conflicts is that posed by the communication system in the organization. Miscommunication often is the result when proper care is not taken while communicating crucial information. The success or failure of the task depends to a very large extent on effective communication. Assigning responsibility for the failure

### Activity – III

What are the various reasons for conflict in the organization?

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## 15.4 STAGES OF CONFLICT

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Louis Pondy (1967) developed a process model of conflict which is very useful in understanding how conflict starts and the various stages it goes through. Five have been identified, and each stage is known as a "conflict episode". They are:

1. Latent Stage
  2. Perceived Conflict
  3. Felt Conflict
  4. Manifest Conflict
  5. Conflict Aftermath.
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1. **Latent Conflict:** This is the stage in which factors exist in the situation which could become potential conflict inducing forces. Four types of latent conflict are – (i) competition for scarce resources; (ii) drive for autonomy; (iii) divergence of goals; and (iv) role conflict.
  2. **Perceived Conflict:** This is the stage when one party perceives the other to be likely to thwart or frustrate his goals. This usually due to misunderstanding of each other's true position. The solution to this type of conflict is to improve communication.
  3. **Felt Conflict:** This is stage when the conflict is not only perceived but actually felt and recognized for what it is. Felt conflict results when the concerned parties begin to personalize the issue. The personalization of the conflict is the mechanism which causes many people to be concerned with the dysfunctions of conflict. In addition, anxieties may also result from some extra organizational pressures. People need to let out these tensions to maintain internal equilibrium. This leads to the conflict becoming personalized when the whole person is involved in the relationship. This is commonly found in organizations which have close personal relations amongst its employees.
  4. **Manifest Conflict:** This is the stage when the two parties engage in behaviors which evoke responses from each other. Open aggression, apathy, sabotage, withdrawal and passive obedience are most commonly experienced at this stage. Though aggression and hostility are rather intense, it generally never leads to violence.
  5. **Conflict Aftermath:** The consequences of conflict may be positive or negative for the organization depending upon how the conflict was resolved. If the conflict resolution is fair and open, and to the satisfaction of all concerned, the basis for a more cooperative relationship is laid. The flip side is that if the conflict is merely suppressed but not resolved, the latent conditions of conflict may be aggravated and explode in a more serious form. This conflict episode is called by Pondy as the conflict aftermath.

6. **Exchange of personnel:** Another method of reducing and managing conflict is that personnel of the conflicting groups may be exchanged for a specified period. This is similar to role reversal. Its objective is greater understanding between people by forcing each to present and defend the other's position.
7. **Use of Superior Authority:** When the conflict cannot be resolved by the parties to the conflict, then it usually is referred to a common superior, who will resolve the conflict by making a decision. Such a decision may not necessarily bring agreement, but it will usually be accepted because of the recognized superior authority of the high-ranking official.
8. **Reorganization of Groups:** A manager may prevent the occurrence of many conflicts by reorganization in groups. People who have got something in common will be placed in one group. The behavior of such groups is more predictable and it is easy for the manager to avoid conflicts.

### Corrective Measures

Once the conflict is out in the open and dysfunctional consequences are apparent it calls for certain measures from the management which is known as curative measures. Here one needs to be clear about two issues: what are the different conflict resolution modes? And how can the manager know the type of conflict resolution style to be adopted?

Certain research studies have offered some solutions – when two parties are involved in a conflict, each would be more concerned about their own self and winning. Being concerned about the other and his position is relatively rarer, but it does happen. When the concern for self is very low, they could be very unassertive; and when the concern for self is very high, they could be very assertive. The following styles are identified.

1. **Avoidance:** If in a conflict situation, one of the parties to it is concerned neither about himself nor the other, then he is likely to avoid facing or handling the conflict. Avoidance of the conflict situation does not produce any resolution and in addition, the other party may take the advantage.
2. **Competing:** If on the other hand, the party has very high concern for himself, and a very low concern for the other, then he will take a very competitive stance and his approach would be "I win, you lose". The competitive mode of handling the conflict will then resolve who wins and who loses in the situation.
3. **Collaboration:** If the party is concerned for both self and the other, then he would approach the conflict situation in a collaborative mode with a desire to solve the problem in a way that both the parties concerned would "win". This is also known as the "win-win" approach.
4. **Accommodating:** If the party is highly concerned about the other but not so much about self, that is, he is cooperative and very unassertive about satisfying his own concerns, and then he will be willing to give to the other and satisfy the other's concerns. This is known as the "win-lose" approach.
5. **Compromising:** If the party has a medium level of concern both for him and the other, then he would take a compromising stance with the attitude of "give and take" and be willing to share the resources so that neither totally wins nor totally loses.

Conflict occurs at the interpersonal level too. This is the most common type of conflict in the organization. When individuals compete for the same goals, resources or men, interpersonal conflict is said to occur. When groups of people are involved it becomes conflict at the group level, that is, when two or more units or departments engage in unhealthy competition for the same goals. At the organizational level too, conflict is possible, when two organizations engage in a conflict.

Conflict occurs usually in a certain sequence of stages; these are: latent conflict, perceived conflict, felt conflict, manifest conflict and conflict aftermath. Organizations, over the years have resorted to certain strategies to deal with conflict within the organization. They are, essentially two broad categories of intervention – the first is the preventive and the second is the curative measures. Preventive measures are – establishing common goals, reduction in interdependence, reduction in shared resources, trust and communication, coordination, use of superior authority and reorganization of groups. The curative measures are avoidance, competing, collaboration, accommodating and compromise.

In conclusion, it may be stated that all conflict is not dysfunctional. Creating a certain level of conflict is seen as a positive thing today, as it is understood to foster competitiveness and creativity.

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## 15.7 SELF ASSESSMENT QUESTIONS

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### I. Short Answer Questions

1. What is conflict?
2. What is approach-avoidance conflict?
3. Discuss the transitions in conflict thought.

### II. Long Answer Questions

1. What are the disadvantages to conflict? What are its advantages?
2. Under what conditions might conflict be beneficial to the organization?
3. What are the components in the conflict process model? From your experience give an example of how conflict proceeded through the five-stage process.
4. Should a manager choose the option of stimulating conflict in his department to increase the level of efficiency?

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## 15.8 FURTHER READINGS

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- |                              |   |   |
|------------------------------|---|---|
| Kelly, Joe                   | : | “Organizational Behavior” - 1974  |
| Newstorm, J. W. & Davies, K. | : | “Organizational Behavior” New Delhi, Prentice-Hall of India – 1997.                     |
| Pondy, L.R.                  | : | “Organizational Conflict – Concepts and Models” Administrative Science Quarterly –1967. |
| Robbins, S.P.                | : | “Organizational Behavior” 10 <sup>th</sup> Ed., Pearson Education Pvt. Ltd.- 2002.      |
| Luthans, F.                  | : | “Organizational Behavior” – 2002  |

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## **UNIT – 16: ORGANIZATIONAL CHANGE**

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### **Aims and Objectives**

The main aim of this unit is to explain the concept of organizational change, types, resistance to change, management resistance to change, approaches to management of change, and also discuss the major organizational changes.

The objectives of this Unit, are to enable you to:

- discuss the concepts of change; planned change - its need, the targets of planned change and types of changes;
- understand resistance to change; the sources of resistance; individual and organizational resistance;
- know how to manage resistance to change; behavioural reactions to change; and
- explain the strategies for planned change.

### **Structure**

- 16.0 Introduction
- 16.1 Organizational Change - Planned Change
- 16.2 Targets of Change
- 16.3 Types of Change
- 16.4 Resistance to Change
- 16.5 Managing Resistance to Change
- 16.6 Behavioural Reactions to Change
- 16.7 Approaches to Management of Organizational Change
- 16.8 Other Strategies for Planned Change
- 16.9 Major Organizational Changes
- 16.10 Summary
- 16.11 Self Assessment Questions
- 16.12 Further Readings
- 16.13 Key Words.

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### **16.0 INTRODUCTION**

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Organization is akin to a living organism. To survive and survive well, a living organism needs to adapt and achieve harmony with the environment, so do the organizations. All along organizations were functioning in a highly regulated economy wherein freedom of enterprise; business growth and competition were all under check. The situation has caused during the recent years. All organizations now function in an environment replete with hitherto unknown challenges as well as opportunities. Recipes of the past no longer work "Survival of the Fittest" is the name of the game is now. The task facing the managers is to help organizations respond and adjust to changes taking place. Just like conflict and stress

Being's top executives have recently resorted to radically re-inventing their company by slashing down costs by upto 30%; encouraging customers and suppliers to participate in the process of designing new plans; putting the company's entire workforce through a four-day-course in competitiveness, in the wake of aggressive competition from Air bus and Japanese airline companies.

Planned change is brought about by change agents. They are the persons who act as catalysts and assume the responsibility for managing change activities. They can be managers or non-managers; employees of an organization or outside consultants having specialized knowledge in the theory and methods of change.

Functional resources, how to enhance functional effectiveness. It includes physical setting layout arrangements in the work place; Technical modifications in the way work is processed and in the methods and equipment used.

Organizational abilities involving changing structure which in turn involves making an alteration in authority relations, coordination mechanisms, job redesign or similar structure variables.

**Activity – I**

i) Define organizational change.

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ii) What is planned change.

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## **16.2 TARGETS OF CHANGE**

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The targets of change are normally aimed at improving performance at one or more of four different levels.

- i) Human resources
- ii) Functional resources
- iii) Technological capabilities
- iv) Organizational abilities.

This can be done by having a planned organizational change.

**i) Human Resources**

The most important asset of any organization is its Human Resources. An organization's distinctive competencies lie in the skills and abilities of its employees.

## Forces for Change

Apart from the above it is necessary for managers to understand that competition; social trends economic forces, world politics, ethical forces are the forces for change.

### a) Competition

Due to an increase in competition; it has become imperative for established organizations to depend on themselves. The need of the hour is for organizations to be more flexible; relying on short product runs; short product cycles and an ongoing stream of new products. The work force must be efficient and responsive enough to adapt to the radically changing conditions.

### b) Social trends

During the past generation there has been a lot of changes to which organizations have to adjust. The drive for social equality; changing views on marriage, shift in the value placed on higher education and shopping preferences have necessitated the organizations to be flexible and dynamic so as to respond positively to the social trends.

### c) World Politics

Though many business schools have been preaching OB in the global context, with the change in the world politics even the profounder of globalization have been taken off guard. Serious change in response to terrorism the world over; the break up of Iraq, shrinking Pentagon budget; opening of markets in China, Bench rule of S. Africa etc., have seen many people out of their jobs in the recent years.

There are many other forces in the environment that have an impact on an organization and recognizing their nature is the managers most important task. If managers are slow to respond to these forces; organizations will lag behind its competitors and eventually decline.

### Activity - II

With the information at your disposal discuss as to what are the changes you have encountered in your organisation and how do you plan to cope with them?

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## 16.3 TYPES OF CHANGE

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Change falls into two broad categories:

1. Evolutionary change,
2. Revolutionary Change.

1. **Evolutionary change** is a change, which is evolved gradually, is incremental and specifically procured. It is not a sudden or drastic change in the basic nature of an organization's strategy and structure, but the constant attempt to improve, adapt and adjust strategy and structure to ensure that the organization has a right fit in the environment.

### c) Innovation

This is the process by which organizations use their skills and resources to develop new goods and services or to develop new production and operating systems so that they can respond better to the needs of their customers. Every organization has to continuously innovate and cater to the changing needs of the consumers. Apple computers changed the face of computer industry when it introduced its personal computers. Similarly, Honda with its small 50 cc motorcycles changed the face of the small motorbike market.

Though Innovation brings about change, it also carries with it a lot of risk because the outcomes of research and development activities are often uncertain. Of all the kind of revolutionary changes, innovation promises long term success but also the greatest risks. The innovation process has to be handled well by the organizations.

#### Activity – III

What kind of change is your organisation involved with - Evolutionary or revolutionary?  
How successful have those changes been?

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## 16.4 RESISTANCE TO CHANGE

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All along change is considered as a necessary phenomenon which occurs to all-living organisms to organizations both big and small. But one of the most well documented findings from studies of individuals and organizational behaviour is that members resist change. Resistance to change is positive because if there would be no resistance, organizational behaviour would take on characteristics of chaotic randomness. Like a coin has 2 sides resistance to change also has an upside and a downside. If a change is proposed a healthy debate over the merits of the change leads to a better decision. In contracts there can be a downside where in it can hinder growth adaptation and progress. There are no standardized ways in which resistance is exhibited. Resistance can be:

- overt
- implicit
- immediate (or)
- deferred.

E.g.: In an organization a change is proposed. The employees quickly respond by voicing complaints, avoid work; threaten to go on a strike etc. This is the overt and immediate manner by which the employees express their resistance. Here, to manage this kind of resistance is far more easier for managers than to manage resistance which is implicit or deferred.

Implicit resistance efforts are more subtle - loss of loyalty to the organization, loss or motivation to work, increased absenteeism, more number of mistakes etc. This kind of resistance is more of a challenge for managers to recognize and manage.

Sometimes a change when proposed may not involve immediate reaction but once it is initiated, resistance surfaces weeks; months or even years later. These reactions may get

- ii) Change may result in formation of new groups or break up of existing groups. Which at times affects an individual both psychologically & socially.
- iii) A transfer to a new place means he has to form new relationships.
- iv) Change affects group norms, customs and may result in uncertainty and insecurity.
- v) Every Individual perceives the world in his or own-way. Therefore, it is natural that if his perception is disturbed, he resists change and in turn will resort to selective processing of information to keep his perceptions intact.
- vi) Political coalitions: Vested interests: desire to retain existing friendship etc.

### **Organizational Resistance**

Like an individual organizations are also very conservative in nature. Very many organizations like government agencies, educational institutions continue to follow the same methods they used to 50 years ago. Even business firms resist change because of the following reasons:

- a) Organizations structure can be an obstacle to change. Because when it is created there is a stable pattern of task relationship that affect the way people behave and these relationships do not change over time even if people come and go... " The organization structure becomes resistant to change.
- b) Again compared to organic structures; mechanistic the structures which are characterized by tall hierarchies, centralized decision making and standardization of behaviour through rules and procedure are more resistant to change. Because people are pro grammed to act in set ways and are not capable to adjust to new situations.
- c) Organic structure being flat and decentralized allow workers to develop skills, to be creative and responsive and are less resistant to changes.
- d) Another source of resistance to change is from values and norms embedded in an organisations culture. Norms and values tend to be rigid, despite efforts to modify or uproot them.
- e) Every organisation has sub-systems. A change in any one system creates a change in all others as well. If the management wants to adopt a new technology, it cannot do so without modifying bringing about a change in the structure.
- f) Any changes in an organisation pattern poses a threat to the expertise of specialized group. The personal computers, given to managers to facilitate easy access to information is an example of a change which was strongly resisted because it was a threat to specialized skills held by those in the information systems departments.
- g) Different division of an organization perceives every problem from their own viewpoint. To some change may be beneficial, yet for some others it may be detrimental leading to a chaotic situation.
- h) Organisations work to a large extent is performed by groups. Such groups have informal norms. Any change in their composition is likely to be resisted and this in turn will affect group performance. In other words, the level of group cohesiveness i.e. the attraction of a group to its members affects group performance.
- i) Commitment Bias among group members is another factor why they resist the change.

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## 16.5 MANAGING RESISTANCE TO CHANGE

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Though there are many reasons for individuals and organizations to resist change, it has to be understood that resistance is not always bad, Resistance encourages the management to re-examine its change proposals to make sure they are appropriate. It encourages the management to screen its proposed changes more carefully. Resistance sometimes comes as warning to managers who can take corrective actions before serious damage is done, especially where the costs of planning and implementing change is exorbitant. Resistance encourages the organisation to look before it leaps.

However, once the resources behind resistance to change has been understood managers or change agents should know ways and means to manage the resistance to change. Traditionally resistance to change has always been treated as something to be overcome. Attempts to reduce the resistance have only intensified it. Most managers do not know how to handle constances to change or rather are unprepared because of their own in experience. They must work hard to learn and at the heart of the learning process is communication managers must openly communicate and encourage others to communicate as well, because today's organisation comprises of women, minorities, older workers, besides the regular workforce and are more diverse in nature challenged by a competitive environment, compared to their counter parts. The change agents or managers who plan to implement the change must learn more about their organisations diversity, and how the individuals would like to be treated & understood. The employees must be encouraged to give a candid feed back as to how they feel about the prospects of change in their organisation. The managers must synchronies their attitudes and behaviors according to the employees attitudes and encourage employees to give feed back. This form of feedback is important to help them gain insights into managing the change effectively. Further more, the managers must also be empathetic i.e. (put themselves in the place of another and see things from the other persons point of view). The managers must know that unless and until the nature of change, need for the change; the benefit of it or drawback if any, is communicated to the individuals working with in and the pros and cons discussed openly. He resistance to the change bound is to be high.

Change is something which is constantly taking place in a dynamic environment. For e.g. the computer age is totally transferring the manner in which work has to be done in organisations. All the personnel need to get oriented with the computer world and face the challenges of the changing environment. Change in technology affects and brings about changes in social, market, legal, political, economic environments as well.... So, today's work force cannot live in isolation and the idea of change should be analyzed and understood in a much more positive sense as "change is the necessity of the Day".

Six tactics have been suggested for use by change agents in dealing with resistance to change. These are

- 1) Education and communication
- 2) Participation
- 3) Facilitation and support
- 4) Negotiation
- 5) Manipulation and co-optation
- 6) Coercion

## Co-ersion

Force upon the persons who resist the change. Threats of transfer, loss of promotions, negative performance evaluations, poor letter of recommendations are all examples of co-ersion. This tactic is commonly applied where speed is essential in implementing change and the change agents have considerable power. The advantages and drawbacks are approximately the same as mentioned for manipulation and co-optation.

### Evaluation of techniques for dealing with resistance to change

Approach	Commonly used in which situations	Advantages	Disadvantages
1. Education and Communication	Information is in accurate or incomplete.	Once persuaded people will often help with implementation.	Can be very time consuming
2. Participation and Involvement	Initiators do not have all the information they need and others have considerable power to resist.	People who participate will be committed and the information they have will be integrated into the changed plan.	Can be very time consuming if participants design an inappropriate change.
3. Support	People resist because of adjustment problems	No other approach works as well with adjustment problem.	Can be time consuming expensive and still fail.
4. Incentives	Some one will lose out in a change and that group has considerable power.	Sometimes it is relatively easy way to avoid major resistance.	Can be too expensive if it alerts others to negotiate for compliance.
5. Manipulations and Co-optation.	Other tactics will not work or are too expensive.	Can be relatively quick and in expensive.	Can lead to future problems if people feel manipulated.
6. Co-ercion	Speed is essential and the initiators possess considerable power	Speedy, and can overcome any kind of resistance.	Can be risky if it leaves people mad at the initiators.

Source: Adapted from J.P. Kotler, and L.A. Schlesinger "Choosing strategies for change" Harvard Business Review Mar - April. Pg. 11.

The above are the six tactics which managers have to inculcate to overcome resistance. However, it has to be understood that there is no simple remedy which can be used in all situations. For e.g. - Participation is not to be universally followed. Different combinations of different methods, technique and procedures may have to be tried. If the situation so warrants the plan to change may even have to be cancelled. There is an acronym called "A victory" - which focuses attention on the factors important for successful implementation of change.

## Reaction to change and Managerial Intensiveness

Reactions	Expression	Managerial Intervention
Disemployment	Withdraws	Comfort, Identity
Disidentification	Sadness, worry	Explore, transfer
Disenchantment	Anger	Neutralize, acknowledge
Disorientation	Confusion	Explain, plan

Adapted from M. Woodward and S. Buchholz. *Helping People through corporate change* - John Wiley & sons. New York, 1987 P. 15.

## 16.7 APPROACHES TO MANAGE ORGANIZATIONAL CHANGE

In order to introduce change successfully it is necessary to diagnose the problem by analyzing the existing situation and the ideal situation in which the organization would want to be in and find the discrepancy if any. If the discrepancy requires that a change has to be initiated and the benefits are greater than the cost involved in initiating the change, then a suitable climate for carrying out the change should be created by taking into confidence all those who are likely to be affected. This is the basic change process.

Apart from the basic change process and other styles or strategies which shall be discussed later on, the popular approaches to managing change are: (i) Lewin's classic three - step model or the change process, (ii) action research and (iii) organizational development.

### Force Field Analysis Lewins Three Step Model

Kurt Lewin's Force Field Analysis is based on the theory that in any given situation, various forces are at work which keeps the system either in a state which is ready for change or in a steady state. The force that operate to make the system ready for changes are called the Driving Forces and the forces which oppose it are called the Restraining forces. If both the forces (i.e., driving and restraining forces) are equal in strength, then the system is in a state of equilibrium and changes will not occur. Status quo is maintained. If on the other hand the forces are unequal, the existing equilibrium will be disturbed.

Lewin anticipates change only when:

1. Driving forces over power the restraining forces and push them back in such a way that the desired change situation will be attained.
2. There is a reduction of restraining forces
3. Both forces are not equal in strength

## Changing

This is a phase where new learning occurs and the planned changes are actually initiated and carried out. Here individuals learn to behave in new ways. Individuals are provided with alternatives and they choose the best one.

Kelman explains the changing phase in terms of compliance, identification and internalization.

Compliance - when individuals are compelled to change either by rewards or by punishment.

## Identification

Choosing one among various models provided in the environment which suits the personality of the individual.

## Internalization

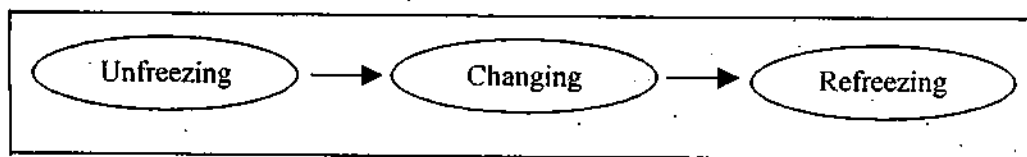
This occurs when a situation demands a different kind of behaviour from individuals and he behaves in that manner again and again until that particular behaviour becomes part of his personality. New behaviour, values and attitudes develop during this phase. They get systematically introduced and are applied.

## Refreezing

The objective of refreezing is to stabilize the changed situation by balancing the driving and restraining forces. In the absence of refreezing there is a very high chance that the change will be short lived and that employee will revert back to the previous equilibrium state.

Refreezing stabilizes the organization at a new state of equilibrium by encouraging the new behavior and avoiding the old ways of operating. In this connection **Ferster** and **Skinner** have advanced their concept of continuous and intermittent reinforcement schedules. Individuals learn the new behaviour quickly under the continuous reinforcement, but the behaviour is short lived. On the contrary intermittent reinforcement takes a long period of time but it ensures an enduring change.

### Lewin's Three-step change model



## Action Research

"Action research is a change process which is based on systematic collection of data and then selection of a change action based on what the analyzed data indicate"

- e) Encouraging equal participation from one and all before implementing any change so as to ensure their commitment to the change.

The change agents resort to the following techniques for bringing about the change:

**i) Sensitive Training**

This refers to a method of changing behavior thorough unstructured group interaction.

(R.T. Goldembiewsk and A. Blumberg; Sensitive Training and the Laboratory approach)

**ii) Survey Feedback**

This involves the use of questionnaires to identify discrepancies among member perceptions, discussions follow and remedies are suggested.

(J.E. Edwards and M.D. Thomas, " The Organizational Survey Process)

**iii) Process Consultation**

The purpose of process consultant is for an outside consultant to assist a client, usually a manager " to perceive, understand and act upon process events." with which he & she must deal. These might include workflow; informed relationships among unit members and formal communication channels.

(E.M. Schein. Process Consultation. It's Role in Organizational development).

**iv) Team Building**

This involves high interaction among team members to increase trust and openness. (w. Dyer. Teach Building: Issues and alternatives).

**v) Intergroup Development**

This involves OD efforts to change the attitudes; stereotypes and perceptions that groups have of each other.

(E.H. Neilson. "Understanding and Managing Inter group Conflicts)

**Activity – VI**

Define organizational development?

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**16.8 OTHER STRATEGIES FOR PLANNED CHANGE**

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Recognizing the need for the change, diagnosing the -extent of problem and finding an effective solution is called strategy. However the choice of a strategy depends on the nature of problem, goals; people implementing the change and the resources available. Managers

If the change has to be effectively implemented change agents must focus on all the 7-S's to have effective implementation.

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## 16.9 CHANGE ISSUES FOR TODAY'S MANAGER'S

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Problems facing managers of human organizations have been around since the beginning of civilization. Although the problems with human organizations and the solutions over the ages have not changed that much, the emphasis and surrounding environmental context certainly have changed. The environment, today has become so complex that there has been a disruptive change and a demand for new thinking and new ways of managing.

There has been a paradigm shift. According to Thomas Kuhn - the term paradigm is now used to mean a broad model, a framework a new way of thinking, or a scheme for understanding reality. Paradigm according to a popular futurist Joel Barker is one which simply establishes the rules (written or unwritten), defines the boundaries and tells one how to behave within the boundaries to be successful. For today's and tomorrow's organizations and management, there are new rules with different boundaries requiring new and different behaviour inside the boundaries for organizations and management to be successful.

Creating an innovative climate in organization is what change agents should work at. There are certain innovative organizations which have certain distinct characteristics. Researches have grouped them into structural, cultural and human resource categories. These characteristics should be introduced in organization.

An example of innovative organisation is 3M & Co.

It is reputed to be the most innovative organisation in the world by constantly developing new products over a long period of time.

In Unit I Innovation has been described in brief. Innovation can be understood as a new idea applied to initiating or improving a product, process or service. Innovations in organization can lead from small incremental improvements to radical break thoughts.

The process of innovation also includes new production process technologies, new structures or administrative systems, and new plans or programmes pertaining to organizational members.

### Sources of Innovation

#### 1. Structural variables

- a) There is a relationship between structure and Innovation. Organic structures facilitate innovation because they are lower in vertical differentiation; formalization and centralization and are more flexible.
- b) Long tenure of managerial personnel provides legitimacy and knowledge how to accomplish tasks and achieve the desired goals. This makes innovation easier.
- c) Having an abundance of resources dampens the spirit of innovation. Big organizations tend to purchase innovations rather than work on it.
- d) Communication is high in innovative organizations. All innovative organizations have similar cultures. They encourage experimentation and reward both success and

group and at the organisational level. Each technique is appropriate for a particular situation. Every technique has its merits and demerits. The change agent, must use his foresight; wisdom and choose the appropriate technique to meet the organisational requirements in an effective manner.

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## 16.11 SELF ASSESSMENT QUESTIONS

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### I. Short Answer Questions

1. Explain the term organizational change.
2. List out the various types of change.
3. Define Resistance to change.
4. Explain the basic change process?
5. What are the techniques used by OD agents?

### II. Long Answer Questions

1. What is change? How does it differ from planned change? Explain the primary target of planned change.
2. What are the major forces for change confronting today's organization?
3. "Change is the order of the day". Yet many people have a tendency to resist it? What are the steps needed to be taken to overcome resistance to change both at the individual and organizational level.
4. What are the behavioral reactions to change? As a manager how would you deal with each reaction?
5. Discuss the force field analysis and its relationship to Lewin's change model?
6. Explain Lewin's three-step model of change? How it deals with resistance to change?

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## 16.12 FURTHER READINGS

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- |                                 |   |   |
|---------------------------------|---|---|
| Luthans Fied                    | : | <b>Organizational Behaviour</b> , New York, Mc. Graw Mill Book Company.                             |
| Katz, D. & R.L. Kahn            | : | <b>The Social Psychology of Organization</b> , Whitely, NewYork.                                    |
| Herbert. T.T                    | : | <b>"Dimensions of Organizational Behavior"</b> Mac. Million Publishing Co. New York, 1976.          |
| Stephen. P. Robbins             | : | <b>Organisational Behavior</b> , New Delhi, Prentice Hall of India.                                 |
| Jerry L. Gray & Frederic Strake | : | <b>Organizational Behaviour - Concepts and Applications</b> , Columbus, Nerial Publishing Co. 1988. |

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# UNIT - 17: ORGANIZATIONAL COMMUNICATION

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## Aims and Objectives

The main aim of this unit is to explain the concept of communication, process and functions of communication, principles of communication, various types of communication and also discuss how to overcome the barriers of communication.

After studying this Unit, you should be able to:

- know the communication process;
- discuss the role and importance of communication;
- understand the barriers which disrupt communication and how to overcome them; and
- explain the knowledge on various types of communication in an organization.

## Structure

- 17.0 Introduction
- 17.1 The communication Process
- 17.2 Functions of Communication
- 17.3 Importance of Communication
- 17.4 Scope and Objectives of Communication
- 17.5 Principles of Communication
- 17.6 Communication Patterns in an Organization
- 17.7 Communication Networks
- 17.8 Non-verbal Communication
- 17.9 Communication Barriers
- 17.10 How to Overcome Barriers
- 17.11 Modern Communication Systems
- 17.12 Summary
- 17.13 Self Assessment Questions
- 17.14 Further Readings
- 17.15 Key Words.

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## 17.0 INTRODUCTION

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In the entire field of organization behaviour one of the most frequently discussed concepts is communication.

The communication source or the sender, also known as the communicator initiates a message by encoding a thought. Conditions that affect the encoded message are

- Attitudes
- Knowledge
- Skills
- Culture
- Social system

Under this step, the sender realizes the need to convey something to someone since he has a thought or an idea and he puts the ideas and thoughts into some form of logical and coded message - This is known as **encoding**.

The message contains what actually the sender intends to convey. It is the essence of communication. For sending this message some channel or medium has to be selected.

**Channel** is the medium through which communication message travels. The message is then received, heard or read by the person for whom it was meant Channels could be formal or informal channels. The receiver then converts the message into thoughts - This is known as **Decoding**. Decoding is the translation of received stimuli into an interpreted meaning. The symbols are changed into a meaning and is then understood. Without understanding communication is not complete. There, after the receiver, (i.e. the person for whom the message was meant) reacts to the message he has interpreted. Just as the encoder was limited by his or her skills; attitudes; knowledge and social cultural system; the receiver is equally restricted.

Just as the source must be skillful in writing or speaking, the receiver must be skillful in reading or listening. Therefore, one's knowledge, attitudes and cultural background influence one's ability to receive; just as they influence one's ability to send.

The final step in the communication process is the feedback loop.

"If a communication source decodes the message that he encodes, if the message is put back into his system, we have feed back".

Feedback puts the message back into the system as a check against misunderstandings. Feedback indicates whether communication has attained its goal.

### Noise

Communication noise may be defined as any distortion or destruction, preventing accurate transmission of the idea in the mind of the sender, to the mind of the receiver.

"Noise" may be anything, which is the sender, the transmission, or the receiver - that hinders communication.

It is the most important interfering element that surrounds the various steps of the process and acts as a major obstacle that hinders effective communication.

frustration and feeling of satisfactions. Therefore communication provides a release for the emotional expression of feelings and for fulfillment of social needs.

Lastly, by providing the information that individuals and groups need to make decisions communication performs the function of decision-making. All the above 4 functions should be viewed as equally important. In an organisation, communication performs one or more of these four functions.

Thayer, has decided the functions of communication into specific categories namely; the command and instruction function; the influence and persuasion function and the integrative function apart from the information function much similar to the above functions.

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### **17.3 IMPORTANCE OF COMMUNICATION**

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Communication is a dynamic aspect and is undoubtedly one of the most central elements in organizational life. Communication is described as the "Sap and life blood" of any organization, because it is only through communication that all the important functions like planning; organising; instructing; directing; integrating and monitoring are carried out. In personal relationships, mutual trust, understanding and co-operation can be achieved only by meaningful communication. Inter personal conflicts and misunderstandings arise where there is a lack of proper communication. Even in organization life without communication there can be no direction and control. As per Keith Davis organizations cannot exist without communication for the following reasons.

- a) Without communication employees will not know what is expected of them and will have no knowledge about their associates.
- b) Management cannot receive information inputs nor can give instructions.
- c) In the absence of communication, co-ordination of work becomes impossible.
- d) Co-operation becomes impossible between people when they do not communicate and express their feelings.
- e) Grievances cannot be solved.
- f) No proper feedback in the absence of communication.
- g) Results cannot be measured
- h) Communication plays a very important role in the process of change. Resistance to change occurs because of poor communication. To support change communication must be effective.
- i) Employees in the event of change will be receptive to it if they are better informed.

Therefore, good communication and favourable employee attitude go hand in hand.

The above are some of the results of efficient communication and have to be worked upon. It must be remembered that to keep the wheels of the organization running smoothly. Communication is very important. It is also identified as the 'nervous system' which helps

1. To facilitate effective group functioning by developing information and the required understanding.
2. To encourage positive attitude which is required for motivation; co-operation and job satisfaction purposes.
3. To reduce inter organizational conflicts by discouraging spread of misinformation, rumors, gossip etc.
4. To facilitate change in an organisation by giving necessary information to all concerned in advance.
5. To improve labour management relations.
6. To ensure co-operation from one and all by encouraging ideas; suggestions from subordinates for an improvement in the product and work conditions.
7. To satisfy basic human needs like the need for recognition; self-esteem and a sense of belonging.
8. To serve other functions such as entertainment and maintenance of social relations among human beings.

#### Activity – II

What kind of change is your organisation mostly involved with? How successful has it been?

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### 17.5 PRINCIPLES OF COMMUNICATION

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A principal is a generally accepted rule of action. Communication is also goal oriented and in order to achieve them. Managers should be aware of certain principles governing communication. To change the opinions and attitudes of persons within the organisation in a favourable manner the principle of persuasion serve as a useful total to managers. Some of them are as follows:

#### 1. Principle of Primacy and Personal Involvement

Merrihue emphasizes that this principle is of great value. First impressions have great retentivity. Communication, which anticipates problem areas or predicted counter communication is the most effective. Importance of primary in opinion change and retention must be recognized. The participation of audience is a favourable sign. It helps to overcome their resistance to change.

## **17.6 COMMUNICATION PATTERNS IN AN ORGANIZATION**

In this section of the lesson we shall review the concepts required to have a basic understanding of communication. Communication can be external and internal in an organization.

### **1. External**

- a) **Outward:** Communications that go out of an organization to customers; banks; suppliers; insurance companies; mass media; general public; government departments etc. are outward communication. This can be done in the form of letters; telephone calls; telegrams; reports; advertisements etc. This kind of communication helps an organization to have a link with the outside world and plays an important role on public relations of an organization.
- b) **Inward:** Communication an organization receives from the external environment, be it individuals outside the organization or groups, government department etc. in the form of letters; journals; circulars; brochures; magazines; reports; messages; telex etc. which facilitate the functioning of an organization constitute inward communication.

### **2. Internal**

Communication in an organization between managers, subordinates and other persons associated within are continuously taking place. This kind of communication is varied; complex and moves in many directions. Communication can flow vertically or laterally. The vertical dimension can be further divided into downward and upward directions.

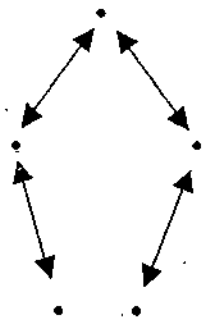
#### **a) Downward Communication**

Downward communication travels from the superior to the subordinate. It facilitates control and provides direction. Every superior, in this form of communication is able to transmit information; and instruct employees in the performance of their jobs. The managers can assign goals; show problems that need attention and offer feedback about performance. Policies of an organization can be explained. This form of communication need not be oral or face-to-face. Letter's sent to homes of employees; bulletin boards; company in house journals etc. are some of the channels of downward communication. They prevent distortion and confusion.

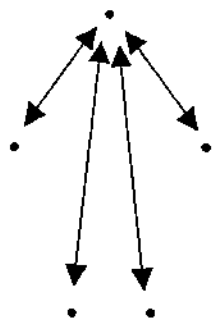
#### **b) Upward Communication**

Upward communication flows from the subordinates towards the superiors. It provides feedback to higher-up, and informs them of progress towards their goals and explains current problems. It enables the managers to be aware of how employees feel about their jobs; co-workers and the organization in general. Managers can know the effectiveness of their plans; policies and programmes by encouraging continuous feedback. Accordingly; suggestions; schemes; grievance committees; group meetings; interviews etc. act as parallel or alternate upward channels.

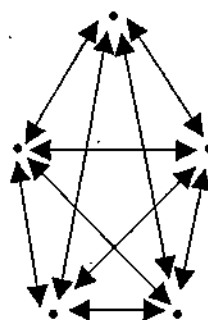
Effective upward communication requires an environment in which subordinates feel free to communicate. Performance reports prepared by lower management for review by middle



Chain



Wheel



All Channel

They are the chain; wheel and all channels. The chain rigidly follows the formal chain of command. The wheel depends on the leader to act as the central conduct for all the groups communication. The all channel network permits all members of a group to communicate actively with each other.

The structure of the wheel facilitates the emergence of a leader. To obtain accuracy the chain network is most appropriate and the all channel network to obtain high member satisfaction.

## 2. Informal Network

Every organization has an informal network apart from a formal one - the "grapevine".

Grapevine has its origin in the social relationships inside and outside the organization. A recent survey found that 75% of employees hear about matters first through rumours on the grapevine. This form of communication is the most fastest because no formal set lines; nor any definite rules are followed. Like the grapevine, information flows in any direction; anywhere and is fast.

The three main characteristics of grapevine are:

1. It is not controlled by management.
2. It is perceived by most employees as being more believable and reliable than formal communiques issued by top management.
3. It is largely used to serve the self-interests of those people within it.

It is a natural phenomenon for people or group of people to be interested in one another and talk about appointments, promotions; retrenchments; or even personal affairs. Thus, grapevine circulates a hotch potch of factual information half-truths; rumours; private interpretations; scandals and has the potential of being the main source of information for many employee in the organization.

This form of communication has its merits as well as demerits.

Inter-departmental inter action and peer-to-peer contacts save the organization a great deal of lithe. The morale of the organization personnel is boosted or improved by their social interaction. **Chester Bernard** emphasizes that informal organizations are necessary to the operation of formal organizations, as a means of communications of cohesion; and of protecting the integrity of the individual. The negative effects of grapevine in that it is a

Smiling; touching one another as a gesture of affection; gritting teeth to show anger etc. are used to express superiority, dislike, respect, love and other feelings. Non-verbal communications include: Body language and paralinguistic - body language, expressed through body motions and facial expressions, is a significant part of any face-to-face communication. It is said that every body movement has a meaning and that no movement is accidental.

Raising an eyebrow for disbelief; shrugging shoulders for indifference; frowning in puzzlement etc. are examples of Body Language.

The two most important messages that body language conveys are - (1) the extent to which an individual likes another and is interested in his or her views and (2) the relative perceived status between a sender and receiver.

**Paralinguistic:** This describes the non-verbal aspects of communication that encompasses tone of voice; pacing; pitch and similar aspects that go beyond the spoken word. Paralinguistics reminds us that we extract meaning from both the words that are used and how those words are expressed.

The managers who can accurately decipher the meaning of non-verbal cues will be more effective in performing tasks like motivation; leadership and introducing change.

#### Activity - V

- i) What is the non-verbal communication habit you generally use are they effective or do they mislead the receivers?

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- ii) It is always necessary to supplement nonverbal communication with verbal communication? State reasons?

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- iii) How do you know when a person is ignoring you?

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### 17.9 COMMUNICATION BARRIERS

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Communication is prone to misunderstandings because the messages are complex, conditions are difficult, and psychological or social differences often separate the sender and the receiver.

impatience and starts giving comments or advice before he has fully heard his subordinate. Faulty transmission; where part of the message is lost in transmission; poor retention especially in cases of oral messages when communicated cannot be retained are barriers to communication.

## 2. Physical Barriers

- i) **Noise:** Noise is a barrier to communication. In factories; oral communication is considered difficult because of the loud noise of machines. Communication between 2 or more persons is sometimes effected by the noise of loudspeakers; on going traffic etc. which are all barriers to communication. The word 'noise' is also used to refer to all kinds of physical interference like illegible handwriting; smudged copies of duplicated typescript; poor telephone connections etc.
- ii) **Time and Distance:** This also acts as barriers to the smooth flow of communication. With the advent of computer technology, however communicating with people situated in different places is no longer difficult. However, sometimes-mechanical breakdown render these facilities ineffective. Poor timing of communication has a negative effect on communication and may render it of no value. Time pressure specifically act as a serious obstacle to communication because manager being always hard pressed with multifarious activities hardly find time to communicate with everybody so frequently. Therefore; apart from technical faults; concrete obstacles; space or geographical distances poor timing of communication are barriers to communication.

## 3. Semantic Barriers

Most of the communication is carried on through words spoken or written. But words are capable of communicating a variety of meanings. It is quite possible that the receiver of a message does not assign the same meaning to a word as the transmitter had intended. This may lead to miscommunication. Differences in connotations and interpretation of language from individual experience may cause communication breakdown. Some of the semantic barriers can be summarized as follows:

- Different people mean different things even though they are using the same word.
- Writing above the level of readership.
- Poorly expressed message.
- Deficiency in vocabulary.
- Multiple meanings of words.
- Semantic distortion.

### Activity - VI

- i) While you communicate what are the common barriers which disrupt the communication and how do you overcome them.

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- Consult with others where appropriate in planning communications.
- Be mindful, while communicating of overtones as well as the basic content of your message.
- Take the opportunity when it arises to convey something of help or value to the receiver.
- Follow up your communication.
- Communicate for tomorrow as well as for today.
- Be sure your actions support your communication.
- Seek not only to be understood but also to understand to be a good listener.

### Activity – VII

Illustrate your views on how to have successful and effective communication.

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## 17.11 MODERN COMMUNICATION SYSTEMS

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For communication to be effective; the communicator could choose from certain media. I.e. either written communication; oral; visual; etc. With the advent of telephone early in this century it dramatically reduced face-to-face communication. Since the early 1980's there has been a wave of new electronic technologies and this has contributed to new and advanced means of communication in organizations. These include pages; facsimile machines; e-mail; voice mail; postal mail; interoffice mail; cellular phones; and palm sized personal communicators.

Electronic communications does not require a person to work from his work place or desk. Computer technology has dramatically changed the landscape of business communication today. It is fast annihilating the barriers of time and space and the concept of our world turning into a small global village now appears to be a distinct and near possibility.

Networked computers (i.e. computers that are inter linked to communicate with each other) allow employees to jump vertical levels within the organization; work full time at home or someplace other than an organization and conduct ongoing communication with people in other organizations the world over.

Organizational boundaries become less relevant as a result of electronic communications.

Electronic communications have revolutionized both the ability to have access to other people and to reach them almost instantaneously. It however, does have some disadvantages. It does not provide the nonverbal communication component that the face-to-face meeting does. Then there is the e-mail which conveys the messages, but does not convey the emotion that comes through from verbal intonations in telephone conversations. Another drawback is the virus malady and fear of undesirable leakage. Over the long run

6. What do you understand by the term non-verbal communication? Discuss the role of non-verbal communication in management?
7. What are the main barriers to organizational communication? How can you overcome them?

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### 17.14 FURTHER READINGS

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George R. Terry & Franklin	:	“Principle of Management”, Stephen G. New Delhi.
Fred Luthan	:	“Organizational Behaviour”, McGraw - Hill, New York.
Stephen P. Robbin	:	“Organizational Behaviour”, Prentice Hall of India, New Delhi.
Richard M. Hodgetts	:	<b>Managerial Process and Organisational Behaviour</b> , Illinois, Scott, Foreseman & Co., 1969.
Fred Luthans	:	<b>Organizational Behavior</b> , International Student Edition, Mc Graw Hill

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### 17.15 KEYWORDS

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<b>Communication</b>	:	Process of message transmitted by the sender to the receiver for establishing common understanding between two parties.
<b>Lateral Communication</b>	:	Communication among the members of same work group.
<b>Semantic Barriers</b>	:	Differences in connotation and interpretation of language from person to person may lead to misunderstanding.
<b>Upward Communication</b>	:	Information flow from lower level to the higher level people.

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## **BLOCK – V : ORGANISATIONAL BEHAVIOUR, CULTURE AND CLIMATE**

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In this block, we will discuss the organisational behaviour, culture and climate. This block consists of 5 units.

Unit-18 discusses the leadership styles and effectiveness, leadership skills, and also describes the theories of leadership. Unit-19 explains the need and importance of motivation, theories of motivation Unit-20, discusses the organisational culture and its indicators, factors influencing climate and also discusses how to create organisational culture, while unit-21 explains the nature of organisational culture and factors influencing organisational culture.

The last unit of this block i.e. unit-22, highlights the models of organisational effectiveness, its indicators and suggests the strategies for improving organisational effectiveness.

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## **UNIT – 18: LEADERSHIP**

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### **Aims and Objectives**

The main aim of this unit is to explain importance of leadership in organisations, various theories of leadership and also discuss the different styles of leadership.

After studying this Unit, you should be able to:

- define the term “Leadership”;
- explain how leadership is different from managership;
- appreciate the importance of leadership in organisations;
- discuss the various theories of leadership; and
- analyze different styles of leadership.

### **Structure**

- 18.0 Introduction
- 18.1 Meaning
- 18.2 Importance of Leadership
- 18.3 Characteristics of Leadership
- 18.4 Leadership Vs. Managership
- 18.5 Transactional Vs. Transformational Leadership
- 18.6 Leadership Skills
- 18.7 Leadership Styles
- 18.8 Sources of Power
- 18.9 Theories of Leadership
- 18.10 Likert’s Management System
- 18.11 Why Leaders Fail?
- 18.12 Successful Vs. Effective Leader
- 18.13 Summary
- 18.14 Self Assessment Questions
- 18.15 Further Readings
- 18.16 Key words

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## **18.0 INTRODUCTION**

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So far you studied and understood the term ‘organisation’, various theories of organisation, about organizational behaviour and also various issues relating to the behaviour of the individuals and groups in organisations. The behaviour of either the individuals or groups in an organisation depends to a greater extent on the leader of the organization. In view of

## What is Leadership?

There are many definitions of leadership. Here are a few:

**Robert Tannenbaum:** Leadership is the interpersonal influence exercised in a situation and directful through communication process towards the attainment of specified goals.

**Peter F. Drucker:** Leadership is the listing of man's visions to higher sights, the raising of man's performance to higher standard, the building of man's personality beyond its normal limitations.

**Alford & Beatty:** Leadership is the ability to secure desirable actions from a group of followers voluntarily without the use of coercion.

**Stephen P. Robbins:** Leadership is the ability to influence a group towards the achievement of goals.

**Walter F Ulmer, Jr.:** Leadership is an activity – an influence process – in which an individual gains that trust and commitment of others and without reliance on formal position or authority moves the group to the accomplishment of one or more tasks.

**Harry S Truman:** Leadership is the ability to get men to do what they don't like to do and like it.

Leadership, however, is a powerful concept, capable of conveying much more than can be contained within a concise definition and capable of meaning many different things to different audience in different contexts.

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## 18.2 IMPORTANCE OF LEADERSHIP

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From the above definitions, it is clear that leadership plays a very important and crucial role in the smooth and successful functioning of the organization because for the achievement of the organizational goals what is required is **teamwork**. The importance of leadership can better be understood from the following:

- It motivates subordinates towards realization of both individual as well as group goals
- It helps in eliciting the willing cooperation of subordinates which will lead for the better coordination of the efforts
- It helps in building high morale in subordinates by infusing a sense of confidence, courage, self-esteem and self-respect in them
- It creates confidence in followers by guiding, advising, and directing them properly
- It helps in creating a healthy environment conducive for achieving the organization's objectives
- It facilitates introduction of changes in the organization by influencing the attitude and behaviour of the employees.

- d) There is no one style of leadership, which can be applied in all situations. Hence, leadership is situational.

In the first characteristic of the leadership mentioned above, it is said that leadership means certain personal qualities of the leader. We will now see what are those qualities:

- Assertive
- Adaptable to situations
- Intelligent
- Energetic
- Cooperative
- Decisive
- Dependable
- Creative
- Good Communication Skills
- Patience
- Willing to accept responsibility
- Self-Confident
- Ambitious
- Tolerant of Stress
- Alert to Changes, etc.

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## 18.4 LEADERSHIP VS. MANAGERSHIP

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Leadership is an important element of directing function of a manager. It is only a part of one of the five functions of a manager's job, other functions being planning, organising, staffing, and controlling. Thus, leadership is only an important part of management. The main differences between leadership and managership are:

- i) The primary role of a leader is to influence others to voluntarily seek defined objectives. Managers also plan activities, organize appropriate structures, and control resources.
- ii) Managers hold formal positions, whereas anyone can use his or her informal influence while acting as a leader.
- iii) Managers achieve results by directing the activities of others, whereas leaders create a vision and inspire others to achieve this vision and to stretch themselves beyond their normal capabilities.

In fact, in recent years, many theorists and practitioners emphasize the difference between managers and leaders. According to Warren Bennis "To survive in the 21<sup>st</sup> century, we are going to need a new generation of leaders – leaders, not managers. The distinction is an important one. Leaders conquer the context – the volatile, turbulent, ambiguous surroundings that sometimes seem to conspire against us and will surely suffocate us if we let them – while managers surrender to it". In his view, the main differences in some of the characteristics of managers and leaders in the 21<sup>st</sup> century are:

From the vantage point of the followers, transformational leaders come across as Charismatic, Inspirational, Considerate and Stimulating.

### Characteristics of Transformational Leaders:

According to Tichy and Devanna (1986) the common characteristics of transformational leaders are:

- They clearly see themselves as **Change Agents**
- They are **Courageous**
- They **Believe in People**
- They are driven by strong set of **Values**
- They are **Life-Long Learners**
- They can cope with **Complexity, Uncertainty and Ambiguity**
- They are **Visionaries**

From the above, it can be concluded that what the organisations need today is transformational leadership instead of transactional leadership.

### Activity – II

State the characteristics of a Transformational Leader.

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## 18.6 LEADERSHIP SKILLS

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The three broad types of skills leaders (managers also) use are technical, human and conceptual, which are briefly explained below:

**Technical Skill:** It refers to a person's knowledge of and ability in any type of process or technique. Examples are the skills learned by engineers, accountants, toolmakers, etc.

**Human Skill:** It is the ability to work effectively with people and to build teamwork

**Conceptual Skill:** It is the ability to think in terms of models, frameworks, and broad relationships, such as long-range plans. It becomes increasingly important in higher managerial jobs.

Technical skill involves things, while human skill concerns people and conceptual skill deals with ideas. A proper mixture of these three skills will lead to the high performance of a leader.

**Autocratic Leader:** He is task-centered person who does not give much importance to relationship with his subordinates. He makes all decisions by himself and announces them to the subordinates, telling them what is expected of them and how the tasks should be accomplished. He loves power and never delegates authority. Based on the assumption that subordinates will not work on their own due to lack of ability and willingness, an autocratic leader believes in forcefully directing and coercing the subordinates. Autocratic style of leadership may be appropriate when subordinates are uneducated, unskilled and submissive and may be less desirable as employees are becoming more educated and well organised.

**Democratic Leader:** He is both task and relationship-oriented. He encourages his subordinates to participate in decision-making at every level as also in implementation. However, decisions are taken by the leader himself, after consulting the subordinates.

**Participative Leader:** He decentralizes authority and encourages subordinates to participate and involve in decision-making and implementation processes. Here, decisions are made by the leader and his subordinates jointly.

**Free-Rein or Laissez-Faire Leader:** He involves complete delegation of authority so that subordinates themselves take decisions within the limits defined by him. He avoids power and relinquishes the leadership position. This style of leadership may be appropriate when the subordinates are well trained, highly knowledgeable, self-motivated and ready to assume responsibility.

### Leadership Styles Based on Modern Theories

Leaders of modern organizations exhibit inspirational style with vision and perform the work effectively, i.e., do the right things. The leadership styles based on the charismatic and transformational theories are classified into three, viz., Envisioning, Energizing and Enabling.

**Envisioning:** This style includes creating a picture of the future or a desired future state with which people can identify. This style emphasizes on articulating a compelling vision and setting high goals and expectations.

**Energizing:** This style directs the generation of energy, the motivation to act among the organizational employees. This style also includes demonstrating personal excitement and confidence, seeking, finding and using success.

**Enabling:** This style of leadership helps the followers psychologically to act or perform in the face of challenging goals. This style includes empowering, expressing personal support and empathizing.

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## 18.8 SOURCES OF POWER

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Earlier we discussed that leadership means influencing the behaviour of others. How a leader can influence others? A leader is able to secure the cooperation of others and influence their behaviour because they perceive him to be possessing power over them. There are various sources through a leader can get this power. The important sources of

## i) Trait Theory

Trait theories assume that leaders are born, not made. This is because, according to these theorists, a leader can be effective only if he possesses certain traits or characteristics. Since many of the traits prescribed for a leader are inborn in a person, this theory seems to advocate that leaders are born, not made (eg., Mahatma Gandhi, Indira Gandhi, Nelson Mandela, etc.). A number of research studies were conducted during the last few decades to identify the characteristics or qualities of the individuals who proved themselves as successful leaders. Most of them single out the following traits:

<b>Physiological Characteristics</b>	:	Age, Height, Weight
<b>Background Characteristics</b>	:	Education, Experience, Social Status and Mobility
<b>Intelligence</b>	:	Ability, Judgment, Knowledge
<b>Personality</b>	:	Self-Confidence, Enthusiasm, Decisiveness, Aggressiveness, Extroversion, Alertness, Dominance, Authoritarianism, Independence
<b>Task-Oriented Characteristics</b>	:	Initiative, Persistence, Need for Achievement (NAch), Responsibility
<b>Social Characteristics</b>	:	Tact, Diplomacy, Prestige, Supervisory Ability, Cooperativeness, Popularity.

Stodgill classified these traits into five categories, viz., Intelligence and Scholarship; Physical traits like age, height, weight, strength, etc., Personality characterized by self-confidence, honesty, integrity, creativity and imitation; Social status and experience; and Task-Orientation.

Trait theory is over-simplistic in explaining the complex concept of leadership. We still do not have a set of traits, which discriminates leaders and non-leaders. Many people have traits specified for leaders and still do not show leadership. How to measure traits? Some of the traits may describe a successful leader but predicting successful leaders on the basis of traits alone is not a correct approach. The theory does not take into account the followers and the situations who make a leader successful. Besides, there is no agreement over the traits also.

## ii) Group & Exchange Theories of Leadership

This theory was developed in 1969. Social psychology is the basis for these theories. We know that a leader influence his followers. But why do the followers get influenced? This is because of the benefits provided by the leader. But what are these benefits? May be pay rise, promotion or praise. In return, the followers respect the leader and allow him to influence them. As we are aware, a leader emphasizes initiating structure when followers do not perform very well, and consideration when they perform well. In return, the perception of his followers regarding his leadership improves. In short, the leader and the followers mutually affect each other.

### iii. The University of Michigan Studies

At about the same time, when studies were conducted at the Ohio State University, a similar study was conducted by Rensis Likert and his associates at the University of Michigan. Two sets of leadership styles emerged from the University of Michigan studies, viz., Production-Centred and Employee-Centred Leadership Styles.

**Employee-Oriented Leaders** focus on the individuality and personality needs of their employees and emphasize building good interpersonal relationships.

**Production or Job-Centred Leaders** focus on production and the job's technical aspects.

Likert, ultimately, concluded that "Supervisors with the best record of performance focus their primary attention on the human aspects of their subordinates' problems and on endeavoring to build effective work groups with high performance goals."

From the above it is clear that these two leader behaviours were assumed to be at opposite ends as leaders were believed to emphasize either on job-centred or on employee-centred approach, but not both at a time.

### iv. Managerial Grid

Industrial psychologists Blake and Mouton developed the managerial grid basing on the Ohio State study. They developed a two-dimensional grid for appraising leadership styles. This Managerial Grid used the behavioural dimensions "concern for people" and "concern for production" and evaluated a leader's use of these behaviours, ranking them on a scale from 1 (low) to 9 (high). The concern for production is similar to task-centred and initiating structure behaviours and the concern for people is similar to employee-centred and consideration behaviours. When the two dimensions are placed on the managerial grid, 81 possible leadership styles may be identified and analyzed. But Blake and Mouton emphasized on five critical managerial styles which were shown in Fig. 18.2.

- |                                       |   |  |
|---------------------------------------|---|--|
| <b>Impoverished Management (1,1)</b>  | : | Minimum concern for production &<br>Minimum concern for people   |
| <b>Management (1,9)</b>               | : | Minimum concern for production &<br>Maximum concern for people   |
| <b>Authority-Obedience Mgt. (9,1)</b> | : | Maximum concern for production &<br>Minimum concern for people   |
| <b>Team Management (9,9)</b>          | : | Maximum concern for production &<br>Maximum concern for people   |
| <b>Middle of the Road Mgt. (5,5)</b>  | : | Half way concern for production &<br>Half way concern for people |

Of these five styles, the researchers concluded that managers performed best when using a 9,9 style. Unfortunately, the grid offered no answers to the question of what made a manager an effective leader; it only provided a framework for conceptualizing a leadership style. In fact, there's been little substantive evidence to support the conclusion that 9,9 style is most effective in all situations.

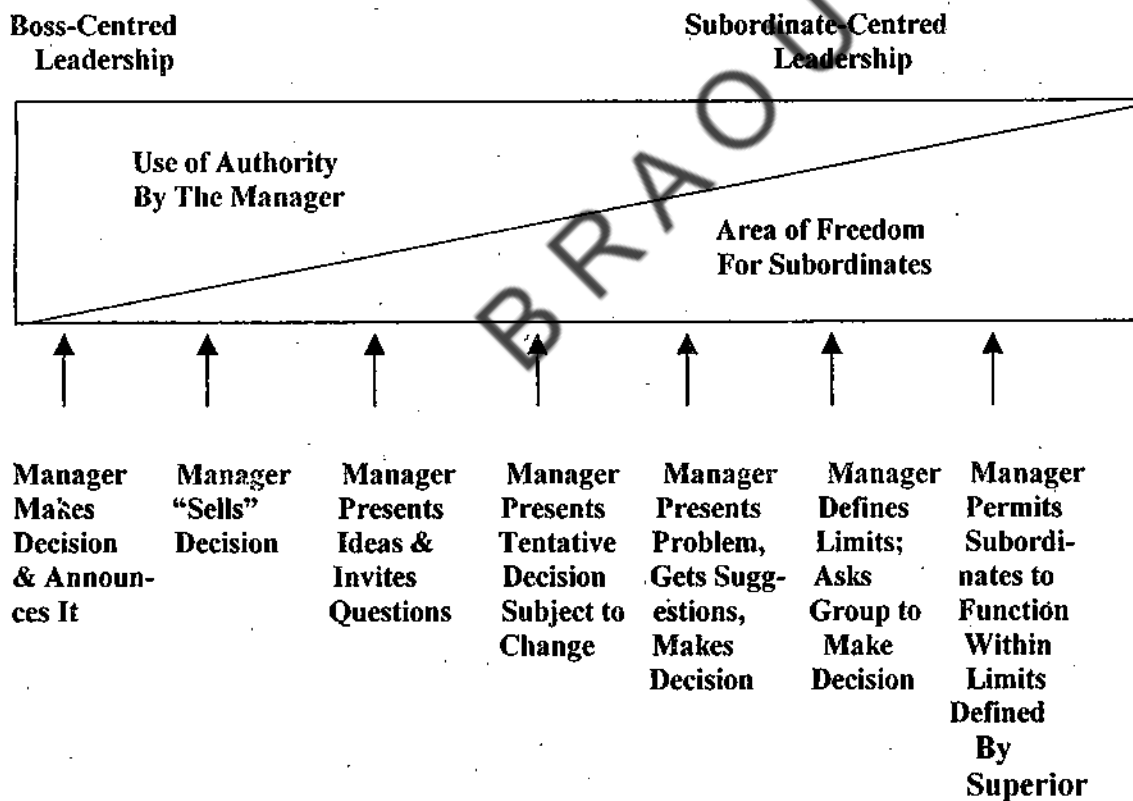
**Forces in the Manager:** Manager's value system, his confidence in the subordinates, his leadership inclinations and his tolerance of ambiguity.

**Forces in the Subordinates:** Subordinates' need for independence, their tolerance for ambiguity, their willingness to assume responsibility for decision-making, their interest in and understanding the problems, their understanding and identification with organizational goals, their experience with and expectations of leadership.

**Forces in the Situation:** Type of organization, nature of problems, group effectiveness, time pressure, etc.

The continuum approach to leadership provides a wide range of leader behaviours. It identifies the behavioural alternatives available to a manager and highlights the dynamic nature of leadership. It also suggests that the leadership style should be adapted to the requirements of the particular situation.

**Fig. 18.3 : Leadership Continuum**



Self-Assured	8	7	6	5	4	3	2	1	Hesitant
Efficient	8	7	6	5	4	3	2	1	Inefficient
Gloomy	8	7	6	5	4	3	2	1	Cheerful
Open	8	7	6	5	4	3	2	1	Guarded

(Source : Gene Burton & Manab Thakur, "Management Today : Principles and Practice", Tata McGraw Hill Publishing Co. Ltd., New Delhi, 1995, p.335)

According to Fiedler, high LPC scores identify leaders who are relationship oriented and tend to evaluate the least preferred co-worker in generally unfavourable terms. These are leaders who need close interpersonal relationships in their lives and who hold task accomplishment as a secondary need. On the other hand, leader with low LPC scores are task-oriented and tend to establish good social and interpersonal relations only after tasks have been accomplished.

After an individual's basic leadership style had been assessed through the LPC, it was necessary to evaluate the situation in order to match the leader with the situation. Fiedler grouped the situational variables into three areas of concern:

**Leader-Member Relations:** The degree of confidence, trust, and respect employees had for their leader; rated as either good or poor

**Task Structure:** The degree to which job assignments were formalized and procedurised; rated as either high or low

**Position Power:** The degree of influence a leader had over power-based activities such as hiring, firing, discipline, promotions, and salary increases; rated as either strong or weak.

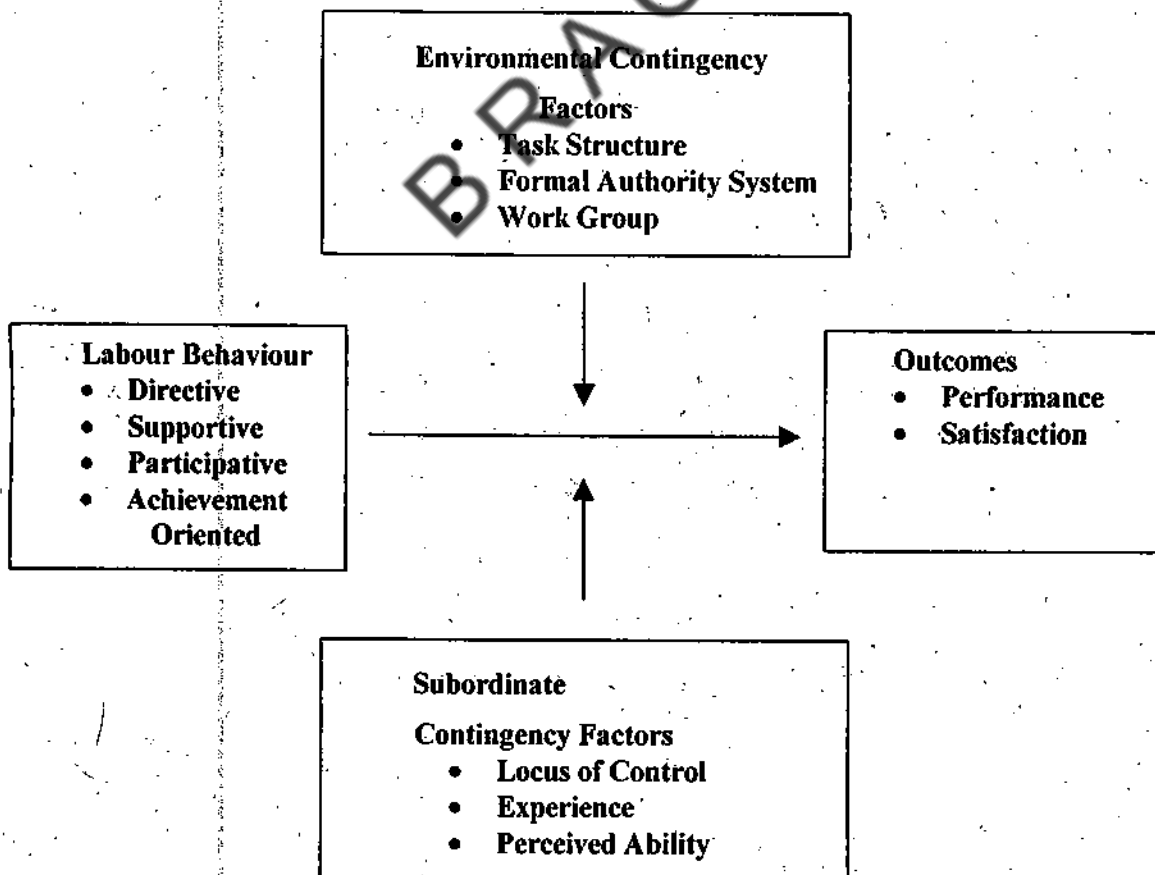
Fiedler perceived eight possible combinations of the three situational variables as shown in Table - 18.2. As a leadership situation varies from high to low on these variables, it falls into one of the eight combinations or situations. The most favourable situation is one in which the leader-follower relations are very good, the leader enjoys great position power and the task structure is well-defined. On the other hand, the most unfavourable situation signifies that the leader is disliked, the leader has little position power and the task is unstructured.

For this, what the leader should do is to help, guide and motivate the employees to achieve the goals of the organization. The leader can extend this type of help or support in four different ways:

- (a) **Directive Leader:** He lets subordinates know what's expected of them, schedules work to be done, and gives specific guidance on how to accomplish tasks.
- (b) **Supportive Leader:** He is friendly and shows concern for the needs of followers.
- (c) **Participative Leader:** He consults with group members and uses their suggestions before making a decision.
- (d) **Achievement-Oriented Leader:** He sets challenging goals and expects followers to perform at their highest level.

But what type of behaviour the leader should exhibit? This depends on two situational factors, viz., (i) The personal characteristics of the subordinates; and (ii) The characteristics of the environment, which are explained in Fig. 18.6.

Fig. – 18.6 : Situational Factors Influencing Leadership Behaviour



#### iv) Leader Participation Model

Victor Vroom and Phillip Yetton developed a leader-participation model. It is a leadership theory that provides a set of rules to determine the form and amount of participative decision-making in different situations. This model is a normative and it provides a sequential set of rules that should be followed for determining the form and amount of participation desirable in a decision-making as determined by different situation.

This theory was developed by analyzing the decision-making styles/leadership styles of the managers. Vroom and Yetton categorized these styles into five, viz.:

- Autocratic – I** : Leader individually solves the problem using the information already available;
- Autocratic – II** : Leader obtains data from subordinates and the decodes;
- Consultative-I** : Leader explains problem to individual subordinates and obtains ideas from each before deciding;
- Consultative-II** : Leader meets with group of subordinates to share the problem and obtain inputs, and then decides; and
- Group** : Leader shares problem with group and facilitates a discussion of alternatives and a reaching of group agreement on the solution.

Of them, which style has to be adopted in a situation? This again depends on various factors like decision significance, importance of commitment, leader expertise, likelihood of commitment, group support, group expertise, team competence, etc.

The usefulness of this model rests on at least three key assumptions. First, it assumes that managers can accurately classify problems according to the criteria offered. Second, it assumes that managers are able and willing to adapt their leadership style to fit the contingency conditions they face for each major decision. Third, it assumes that employees will accept the legitimacy of different styles being used for different problems, as well as the validity of the leader's classification of the situation at hand. If all these assumptions are valid, the model holds considerable promise for helping managers choose the appropriate leadership style.

#### v) The Hersey-Blanchard Life Cycle Theory of Leadership:

The Hersey and Blanchard Life Cycle Theory of Leadership or Situational Approach (1982) contends that the most effective leadership style depends on the maturity of subordinates. The theory defines maturity, not as age or emotional stability, but as a desire for achievement, a willingness to accept responsibility, and task-related experience and ability.

Fig.-18.8 illustrates the life cycle theory of leadership model. The curved line indicates the maturity level of the followers: Maturity level increases as the maturity curve runs from right to left. The key for leadership effectiveness in this model is to match up the situation with the appropriate style. The four styles are:

## 18.10 LIKERT'S MANAGEMENT SYSTEMS

Rensis Likert along with his associates at the University of Michigan studied the styles of managers and identified that the managers operate under four different systems. They are:

- **System – 1 :** The leader behaves like an exploitative authoritative way and exploits the subordinates
- **System – 2 :** The leader takes a paternalistic approach
- **System – 3:** The leader uses democratic approach, where he consults subordinates in decision-making
- **System - 4:** The leader allows his subordinates to participate in decision-making process and the decisions are taken by the leader and subordinates.

These models are explained in a more detailed manner in Table – 18.3.

<i>Organisational Variable</i>	<i>System 1 (Exploitative) (Authoritative)</i>	<i>System 2 (Benevolent) (Authoritative)</i>	<i>System 3 (Consultative)</i>	<i>System 4 (Democratic)</i>
1. Extent to which superior has confidence and trust in subordinates.	Has no trust and confidence in subordinates	Has condescending confidence and trust such as master has on servant.	Substantial but not complete confidence and trust, still wishes to keep control of decisions.	Complete confidence and trust in all matters.
2. Extent to which superiors behave so that subordinates feel free to discuss important things about their immediate superior.	Subordinates do not feel at all free to discuss things about the job with their superior.	Subordinates do not feel very free to discuss things about the job with their superior.	Subordinates feel rather free to feel discuss things about the job with their superior.	Subordinates feel completely free to discuss things about the job with their superior.
3. Extent to which superior generally tries to get subordinate's ideas and opinions and make constructive use of them.	Seldom gets ideas and opinions of subordinates in solving job problems.	Sometimes gets ideas and opinions of subordinates in solving problems.	Usually gets ideas and opinions and tries to make constructive use of them.	Always get ideas and opinions and tries to make constructive use of them.

Table – 18.3 : Likert's Systems of Leadership

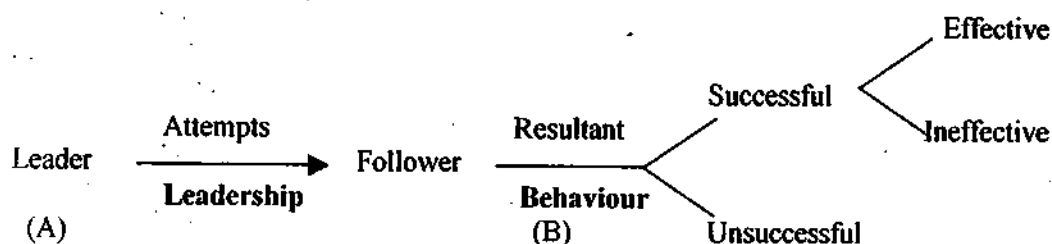
- Unable to adapt to a superior with a different leadership style
- Over-dependence on a superior or a mentor.

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## 18.12 SUCCESSFUL VS. EFFECTIVE LEADER

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Leadership influences the behaviour of subordinates for group objectives. Leaders attempt to affect the followers, as a result of which they are successful to get the work done (better productivity or output) or unsuccessful.



When the follower's needs are also satisfied along with the satisfaction of the organization's needs, the leader is effective.

If the follower B performs because A has power of position, A is successful. But if which performing if B is attitudinally hostile towards A, A is successful but not effective. B's needs are not being fulfilled while performing for A due to a reward punishment consequence. When B performs finding the job rewarding, he sees the job as fulfilling his personal needs also. A's leadership is effective.

Success is concerned with the behaviour of the individual or group. Effectiveness describes the internal state of predisposition. It is attitudinal in nature. For being successful as well as effective, a leader needs both the power of position and personal power.

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## 18.13 SUMMARY

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Leadership is the process of influencing and supporting other to work enthusiastically toward achieving objectives. It is determined partly by traits, which provide the potential for leadership, and partly by role behaviour. A leader needs power to influence the behaviour of others, and he gets this power from different sources. A leader may possess reward power, coercive power, legitimate power, referent power and expert power. Various experts in the areas of concern propounded different theories relating to leadership and these theories are broadly categorized into three groups, viz., traditional theories, behavioural theories and contingency theories. In addition to them, two more theories (Charismatic Leadership Theory and Transformational Leadership Theory) are also gaining popularity. Based on these theories, the styles of leaders are identified. These styles are: Autocratic, Democratic, Participative and Free-rein. Although a positive, participative, considerate leader tends to be more effective in many situations, but that may not be compulsorily successful in all situations. Ultimately, it is the leader who should decide which style of leadership would be successful in a given situation. That's why, it can be concluded that leadership is situational.

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## 18.16 KEYWORDS

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- Autocratic Leader** : Who takes decisions and imposes them on the group.
- Democratic Leader** : Who takes decisions after discussing with the followers
- Laissez-faire Leader** : Who plays a passive role in group affairs, and normally interacts with group members only on their initiative
- Leadership** : It is the process of influencing the behaviour of others towards the accomplishment of goals in a given situation.
- Participative Leader** : Who takes decisions jointly with the followers, i.e., both the leader and the followers take the decisions
- Transactional Leader** : Who guides or motivates his followers in the direction of established goals by clarifying role and task requirements
- Transformational Leader** : Who inspires followers to transcend their own self interests for the good of the organisation and is capable of having a profound and extraordinary effect on his followers.

At one time, employees were considered just another input into the production of goods and services. What perhaps changed this way of thinking about employees was research, referred to as the Hawthorne Studies, conducted by Elton Mayo from 1924 to 1932. This study found employees are not motivated solely by money and employee behavior is linked to their attitudes. The Hawthorne Studies began the human relations approach to management, whereby the needs and motivation of employees become the primary focus of managers.

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## 19.1 MEANING AND DEFINITION OF MOTIVATION

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"Motivation is putting high level of effort in order to achieve the planned goals of an organization and also an individual puts his or her effort in order to achieve his or her desired need". Everyone is motivated everyday by something that rouses the mind or emotions to take action in pursuit of a goal or to fulfill a need." High level of motivation always leads to greater quantity as well as greater quality of work which in turn leads to high profits which enables the organization to provide their employees with greater rewards and recognition. This is a circular process.

The key elements in motivation are the effort, organizational goals and needs.

"Effort is generally the measure of intensity." Some one works very hard only when he or she is motivated. But efforts can lead to good performance when the effort is channeled in a direction that benefits the organization.

"Need means that certain outcomes appear to be attractive with some internal state." (Stephen P. Robbins, 1996). Generally a need that is not satisfied creates tension in the mind of an individual. If a desired goal is achieved then the tension in the mind of an individual will reduce. Numerous motivation theories address these questions and like the majority of leadership theories, most have been developed and tested in the U.S. Each of this theories attempt to explain why human beings behave in the ways they do and what managers can do to encourage certain types of behavior while discouraging others.

Motivation commonly refers to anything that causes people to behave as they do. Most people have a clear sense of what it feels like to be motivated to do something. But scientists have found it difficult to define motivation. When studying motivation, most psychologists and behavioral scientists focus on two specific aspects of motivated behavior- the arousal of behavior and the direction of behavior.

Motivation can be defined as "a concept used to describe the factors within an individual, which arouse, maintain and channel behavior towards a goal".

### Activity – I

What is Motivation?

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these personal needs, they will probably be more motivated to ensure that the company's business objectives are achieved.

In education, teachers sometimes use rewards to motivate students to learn. They may also motivate students to find satisfaction in the learning activity itself by emphasizing the value of being able to work through problems. Such an approach encourages students' mastery of problem-solving techniques and an increased expectancy of success in future tasks.

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## 19.3 THEORIES OF MOTIVATION

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There are various theories of motivation as explained below:

### Content Theories

Content theories focus on factors within a person that:

- a) Energize behavior,
- b) Direct behavior,
- c) Sustain behavior,
- d) Stop behavior,
- e) These factors can only be inferred.

These theories suggest that people have certain needs and/or desires, which have been internalized. (This means that as we have grown up we have learned that these are things that we want and need and we come to believe it so strongly that we think that it is a natural thing to want these things.) These theories look at what it is about certain people that make them want the things that they do and what things in their environment will make them do or not do certain things. For example why would a person who was getting a lot of money for a job still be unhappy? May be there are other things, which they consider to be more or equally important such as the work environment or the friendship and support of the people that they work with.

### Process Theories

Process theories are concerned with HOW people think and behave to get what they want. These theories describe and analyze how behavior is:

- a) Energized,
- b) Directed,
- c) Sustained,
- d) Stopped.

### 19.3.1 MASLOW'S NEEDS HIERARCHY THEORY

Abraham Maslow (1943) provided the content perspective with a hierarchy of needs theory which postulates that people are motivated by multiple needs, which could be arranged in a hierarchy as depicted in Fig-19.1. According to Maslow, there are five general categories of needs in order of ascendance:

1. *Physiological needs* are the most basic physical needs for food, water, shelter, etc. On the job, these needs consist of needs for adequate heat, air, and a base salary to ensure survival.

Maslow believed that the lower needs (physiology and safety etc.) needed to be at least partially covered before the higher needs (such as ego and self actualization) could be activated (In fact Maslow believed that these two higher needs are very rarely satisfied in anyone). He believed that once set of needs was at least partly satisfied people would begin to be motivated by needs from the next category. An example, which might be used here, is a shift in the emphasis of the union movement in Australia from wages and working hours to now emphasizing issues such as job security, industrial health and other security issues. There is also a move away from unsatisfying specialization to a team or group work system which gives workers more responsibility and hence more satisfaction. Informal groups such as sporting or friendship groups are also often encouraged in the work environment.

Maslow also believed that people were often motivated by more than one set of needs at a time and that they place varying importance on different needs. This means that someone could be motivated by their basic need for food, shelter and comfort but may override these needs by refusing to do a job which contradicts their personal values. Their self-esteem (which is an ego need) was the dominant one. As our circumstances change the needs that we consider to be the most important to us can change too. If the physiological needs are neglected for too long we may starve or become ill. These needs may then become the dominant ones and the job taken even though it conflicts with a person's values.

#### Activity – II

Critically discuss the Maslow's need hierarchy theory.

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### 19.3.2 HERTZBERG'S TWO-FACTOR THEORY

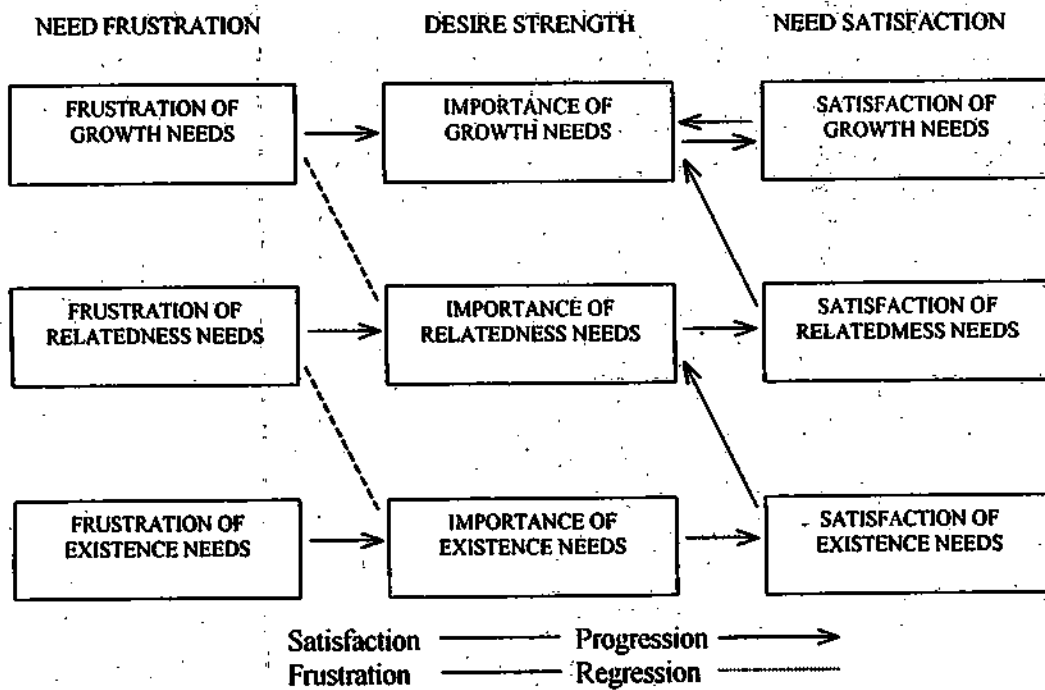
Like Maslow, Herzberg believed that people had higher and lower levels of needs. Unlike Maslow who had five levels of needs Herzberg has divided human needs into two categories.

#### 1. Hygiene factors

"Environmental factors" such as salary, inter-personal relationships, working conditions, and style of leadership and types of supervision, security, and type of work, working hours, status. Hygiene factors are so called because they are seen to work like preventative medicine. They stop you from getting sick but do not really do anything to make you the healthiest that you can be, or better than you were. In a management context this means that hygiene factors don't motivate people to do their very best but they are needed to stop people becoming dissatisfied with their jobs.

#### 2. Motivating factors

Factors within a job, which allow for such things as achievement, responsibility, recognition, advancement, and challenge. Herzberg suggests that these factors are the ones which encourage people to strive to do well, in other words to motivate them to do their best.



**Fig. 19.2 Two key components of ERG theory: Satisfaction - Progression and Frustration - Regression**

If we compare Herzberg and Maslow's models we can see that Herzberg's theory is not much different from that of Maslow. Most of the maintenance factors of Herzberg come under low-level needs of Maslow. Maslow says when the lower-level needs are satisfied they stop being motivators and what Herzberg says is the same in the sense that they are maintenance factors (not motivators). But one particular difference that can be talked off here is that Maslow emphasizes that any unsatisfied need, whether of lower or higher level, will motivate people and Herzberg clearly identifies certain needs and calls them as maintenance factors which can never be motivators.

Hertzberg's Model	Maslow's Model	Alderfer's Model
Motivating	5. Need for Self-Actualization	GROWTH
Maintenance Factors	4. Esteem Needs	RELATEDNESS
	3. Affiliation or Acceptance Needs	
	2. Security or Safety Needs	EXISTENCE
	1. Physiological Needs	

**Fig. 19.3 Comparison of Maslow's, Hertzberg's and Alderfer's ERG Models.**

The individual's preferences are based on the:

Strength (valence) of the desire to achieve a second-level state. Perception of relationship between first-and second-level outcomes.

### Principles

$$VI = \sum (V_2 \times I)$$

The valence associated with various first-level outcomes is a sum of the multiplication of the valences (V<sub>2</sub>) attached to all second-level outcomes with their respective instrumentalities (I)

$$M = f(VI \times E)$$

Motivation is a multiplicative function of the valence for each first-level outcome (VI) and the perceived expectancy (E) that a given behavior will be followed by a particular first-level outcome.

$$P = f(M \times A)$$

Performance is considered to be a multiplicative function of motivation (the force) and ability.

### Management practices

Managers need to focus on employee expectations for success. Managers must actively determine which second-level outcomes are important to employees. Managers should like desired second-level outcomes to the organization's performance goals.

## 2. Equity Theory

An employee compares her/ his job's inputs-outcomes ratio with that of referents.

If the employee perceives inequity, she/ he will act to correct the inequity:

- a) Lower productivity,
- b) Reduced quality,
- c) Increased absenteeism,
- d) Voluntary resignation.

Employees compare their efforts and rewards with those of others in similar work situations. Individuals, who work in exchange for rewards from the organization, are motivated by a desire to be equitably treated at work. Equity exists when employees perceive that the ratio of their input (efforts) to their outcomes (rewards) are equivalent to the ratios of other similar employees.

- i) Inequity exists when these ratios are not equivalent,
- ii) Alternatives to Restore Equity,
- iii) Changing inputs,
- iv) Changing outcomes,
- v) Changing the reference person
- vi) Changing the inputs or outcomes of the reference person,
- vii) Changing the situation.

the results will be low performance, a decrease in job satisfaction, and an increase in turnover and absenteeism statistics.

4. Rewards should also be perceived by employees as equating with the inputs they bring to the job. At a simplistic level, this should mean that experience, skills, abilities, effort, and other obvious inputs should explain difference in performance and hence pay, job assignments and other obvious rewards.

#### Activity - IV

If you are the manager HRD, how do you motivate your employees? Suggest.

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### 19.5 BARRIERS OF WORK MOTIVATION

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The barriers of work motivation are:

- i) **Attitude to employees:** Considering employee as cog of the machine rather as a human system having unique needs, abilities, personality traits, values, aptitudes, skills etc.
- ii) **Work Goal:** Undefined, unachievable and immeasurable.
- iii) **Path:** Job responsibilities are undefined, unachievable, immeasurable and unrelated to work goal.
- iv) **Leadership:** Leadership failure in manipulation of incentives.
- v) **Third party:** Influence of informal communication systems through colleagues, unions and family members.

#### Strategies to overcome Barriers

- a) **Job Analysis:** More emphasis on personnel specification and regression analysis to determine weight age on job related individual characteristics.
- b) **Human resource accounting:** Accounting IQ, EQ, personality traits, aptitude profiles of each employee.
- c) **Selection:** Selecting right man for right place at the right time.
- d) **Attitude change:** Employee as human system having specific needs, aptitudes, temperament, attitudes towards job and the organization.
- e) **Role clarity:** Well defined job description and work roles. Introduce role drama for role understanding for both lower level employees and the managers.

3. Distinguish between motivation and emotion.
4. What is frustration? How it is different from satisfaction.

## II. Long Answer Questions

1. What is motivation? State the motivation factors?
2. Explain the Maslow's two-factor theory of motivation?
3. Discuss the Hertzberg's two factor theory of motivation?
4. Critically compare the expectancy theory and equity theory of motivation?
5. Explain the barriers to motivation and suggest how to over these barriers.

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## 19.8 FURTHER READINGS

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- |                             |   |   |
|-----------------------------|---|---|
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| Fred Luthans                | : | <b>Organisational Behavior(8<sup>th</sup> Ed.),</b> McGraw Hill – 2002.   |
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| Pinder, Craig.C.            | : | <b>Work motivation in organisational Behavior,</b> Upper Saddle River, NJ, Prentice Hall –2000.   |
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## 19.9 KEYWORDS

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- |                     |   |   |
|---------------------|---|---|
| <b>Motivation</b>   | : | Psychological stimulus behind the acts of courses of action adopted by individuals. |
| <b>Needs</b>        | : | Basic requirement or want satisfaction.   |
| <b>Satisfaction</b> | : | Feeling positively from an act or achievement.                                      |
| <b>Influence</b>    | : | Ability to make others accept to your act.  |
| <b>Goal Setting</b> | : | Fixing the future achievement-in advance.   |
| <b>Safety needs</b> | : | Basic needs satisfied about protection from danger or feel safe.                    |

## 20.1 SIGNIFICANCE OF ORGANISATIONAL CLIMATE

The study of Organizational Climate is gaining lot of significance because of the following reasons.

### 1. Acts as a Stimuli

The elements of Organizational Climate define the stimuli that confront the individuals. As stimuli they influence individual's arousal level, which is a motivational variable directing human behavior. Thus, the behavior of the people in the organization is affected by organizational climate. Further, the level of arousal will directly affect the level of activation and hence performance.

### 2. Constraint System

Organizational Climate places constraints upon the individual's freedom of choice and this has both the positive and negative sense. Providing information to the employees about what kind of behavior will be rewarded, punished or ignored can do this. Thus it provides sources of rewards and punishment. Further, the varying degrees of rewards and punishments can influence behavior. Such a constraint system would influence the behavior of those people who are most interested in those specific values, which are assigned to different behavioral outcomes.

### 3. Evaluation of Self and Others

The elements of organizational climate may affect behavior through evaluation of self and others. In this evaluation process both physiological and psychological variables will be associated. Thus Organizational Climate help evaluate self and others

### 4. Helps the Individual to form a Perception

Organizational factors influence the behavior by helping the individual in forming a perception of the organization. The perception then influences behavior.

Therefore, there is a need to understand the various dimensions of organizational climate. These enable the organization to attract and keep people who fit into the climate, so that its patterns are to some extent perpetuated. Employees of the organization can expect certain rewards, satisfaction and frustration by properly perceiving the organizational climate.

### Activity - I

i) What do you mean by organizational climate? Why it is important in organizations?

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## **20.3 DIMENSIONS OF ORGANIZATIONAL CLIMATE**

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In our previous discussion we have stated that organizational climate is a multi dimensional concept. Now, we shall discuss the major dimensions of organizational Climate are:

### **i) Dominant Orientation**

Dominant orientation of the organization is an important determinant of climate. It is the major concern of its members. It shows the Members Orientation to the existing rules and regulations. If the dominant orientation is to adhere to established rules and regulations, it indicates the control orientation. On the other hand, if the orientation is to produce excellence the climate is characterized by achievement orientation.

### **ii) Inter-personal Relations**

Interpersonal relations, which are reflected in the form of the way informal organizations formed and operated. Informal organizations, many times benefit the organizations. Sometimes, they also result in goal displacement.

### **iii) Individual Autonomy**

Individual Autonomy and freedom experienced at the work place. If the individual employees are given sufficient freedom to work and exercise authority, it may result in greater efficiency in operations. This autonomy will reduce the burden of higher-level executives.

### **iv) Organizational Control System**

The organizational control systems talk about the degree of control on the subordinates. These controls could be rigid or flexible. Rigid control will lead to impersonal or bureaucratic atmosphere in the organization. There will be minimum scope for self-regulation.

### **v) Organizational Structure**

The organizational structure serves the basis of inter personal relations between superiors and subordinates. It clearly states that who is responsible to whom and who is to direct them. This structure could be, centralized or decentralized, mechanistic or organic structure. A decentralized and organic structure could result in greater participation from subordinates compared to centralized and mechanistic structures.

### **vi) Management Orientation towards Employees**

The dominant style of managers will also have impact on the climate of organization. This style could be concern for production (Task Orientation) or Concern for employees (Relationship Orientation). In Task Orientation leaders will be autocratic. Employees obey out of fear of punishment. This may result in low morale. On the other hand, Relationship Orientation, results in considerate and supportive climate. This may result in team spirit because the needs and aspirations of the workers will be given due importance.

these beliefs and expectations are being fulfilled. Further Rousseau has brought out the following distinction:

- i) Culture is normative, climate is descriptive.
- ii) Organizations may not have distinct cultures (strong norm may be absent), but climate exists in all organizations (at least at the individual level).
- iii) All individuals in an organizational setting experience a climate. Not all individuals are part of a culture, the reason being culture is product of sharedness among individuals, for climate it is not necessary so.
- iv) Culture is a group or social unit phenomenon. Climate is attached to individual perceptions.
- v) Organization culture is based on anthropology and sociology whereas organizational climate is based on psychology.
- vi) Organizational climate refers to current situations in organizations and the linkage among teams, employees and performance, whereas organizational culture refers to the historical context and its input on employees behavior. It is difficult to alter organizational culture in the short-run.
- vii) People learn to communication what is acceptable and unacceptable in an organization (its values and norms) through its culture whereas Organizational climate does not deal with values and norms. It is concerned with the current atmosphere in an organization.

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## **20.5 FACTORS AFFECTING ORGANISATIONAL CLIMATE**

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The Climate of an organization is influenced by a host of factors such as Organizational Context, Organizational structure, Process, Physical environment, System Values and Norms influence the climate of an organization.

Let us discuss some of the factors that influence the climate of an organization in detail.

### **1. Organizational Context**

Organizational Climate is being influenced by contextual factors like the philosophy of management which is vividly manifested in the form of rules and regulations, and policies. Besides the reactions of the associations of employees and the degree to which they agree with management's philosophy is critical to the development of a favorable climate. If management is able to match employees' goals to organizational goals, it is most likely to put a positive influence on climate. The management's attitude towards employees is indeed a major determinant to the overall organizational climate.

### **2. Organization Structure**

The structure of the organization is one of the ways through which the philosophy of the management is manifested. The Structure of an organization is a framework within which the formal relationships namely, authority and responsibility exist. This structure serves as the basis of inter-personal relationships between the superiors and the subordinates and the

ii) Explain the factors influencing organizational climate.

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## 20.6 MEASURING ORGANISATIONAL CLIMATE

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Measuring Organizational climate enables to capture the essence, environment, order and patterns of organization. Usually organizational climate is measured through survey questionnaire. Several instruments have been developed to measure organizational climate. These instruments measure a number of elements of climate, assign them numerical scores, and then interpret the scores. The various elements measured to determine organizational climate are related to conformity, responsibility, standards, motivation, leadership, communication and others. To measure these elements questionnaires are developed based on five points or ten-point scale. Organizational Climate scores can range along a continuum from favorable to neutral to unfavorable. The scores of the organizational climate give a fairly good idea about the attitudes of employees towards organization. They also enable the managers to take suitable steps to build a congenial climate, which contributes to higher-level performance and greater job satisfaction.

Litwin and Stringer developed a questionnaire covering nine elements viz., structure, responsibility, reward, and risk. Warmth, support, standards, conflict and identity. They concluded that different management approaches lead to different climates. Further they stated that climate affects motivation, performance and satisfaction.

Another research, which was developed by Rensis Likert, focused on the style of management. His study covered seven elements viz., leadership, processes, motivational forces, communication, interaction-influence process, decision-making, goal setting and control. The researcher concluded that the more human-oriented climate produces both a higher levels of performance and greater job satisfaction.

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## 20.7 HOW TO IMPROVE ORGANIZATIONAL CLIMATE

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The purpose of measuring organizational climate is to improve it to reap the benefits of good organizational climate in the form of greater productivity, higher level of job satisfaction and reducing absenteeism and labor turnover. The following techniques, to a large extent, may be useful in improving the organizational climate:

### i) Effective Communication System

By encouraging open communication and allowing employees to express their opinions freely. The manager can modify the decision on the basis of feedback received.

### ii) Concern for People

The managers must be interested in developing the human resources of the organization. They should work for welfare of employees and the improvement in their working conditions. By showing concern for people and their development the management can build favorable organizational climate.

leadership qualities which fits into the environment and showing concern for people. These measures help to build good climate in the organization to improve productivity, profitability and job satisfaction.

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## 20.9 SELF ASSESSMENT QUESTIONS

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### II. Short Answer Questions

1. Explain the concept of Organizational Climate.
2. Briefly discuss the determinants of Organizational Climate.
3. How do you distinguish between culture and climate?

### I. Long Answer Questions

1. Explain the significance of Organizational Climate to improve productivity, profitability and job satisfaction.
2. What are the factors affecting organizational climate?

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## 20.10 FURTHER READINGS

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## 20.11 KEYWORDS

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<b>Organizational Climate</b>	:	The summary perceptions which people have about an organization.
<b>Organizational Culture</b>	:	This is connected with the nature of beliefs and expectations about organizational life.

Before understanding the concept of organizational culture, let us get clarity regarding the concept of culture. Culture is an anthropological term. Culture is the set of important understandings that members of a community share in common. It consists of patterned way of thinking, feeling and reacting that are acquired by language and symbols that create distinctiveness among human groups. It also refers to characteristics, individuals in the group have in common such as language, value system, religious beliefs, preferences and other patterns of behavior. Thus, when we talk about culture, we are referring to the pattern of development reflected in a society's system of knowledge, ideology, values, laws, social norms and day to day rituals. The culture of any country depends upon the pattern and stage of development. Besides, the culture is passed on from generation to generation.

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## **21.1 CONCEPT OF ORGANISATIONAL CULTURE**

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In order to have a better understanding let us discuss the concept of organizational culture. Organizational culture may be understood as 'the philosophies, ideologies, values, assumptions, beliefs, expectations, attitudes, and norms that knit an organization together and are shared by its employees.

The concept of culture and its application has acquired lot of relevance and significance due to the following reasons:

- Organizations are social systems and must operate in the given cultural subsystems, which is a part of the social system.
- People working in the organizations have been drawn from diverse culture. Therefore, understanding culture gained lot of significance.

Thus, the study of organizational culture is very important because it conveys vital information like norms, values, assumptions that enable employees of the organization how to do things in the organization so that their actions may be acceptable. According to Martin, Organizational culture may specifically include:

- i) The routine behaviors and norms which are practiced and shared throughout the organizations such as organizational rituals, ceremonies, and common language used and the concept of what should be fair day's work for a fair day's pay.
- ii) The dominant values and philosophy followed by the organization such a product quality or price leadership
- iii) The rules of the game for a newcomer to learn in order to be accepted as a member of the organization
- iv) The organizational climate of an organization conveyed by the physical layout and the manner in which managers and employees interact with customers and outsiders.

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## **21.2 LEVELS OF CULTURAL ANALYSIS**

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There are three important levels of culture. The first level is observable, second level is shared and the third is common assumptions.

- iii) Clarifying power and status differentials
- iv) Setting standards for intimacy and friendship
- v) Identifying how rewards and punishments are earned
- vi) Establishing ideology to give meaning to unexplainable events.

**Activity – I**

i) What do you mean by Organizational Culture?

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ii) What are the levels of Organizational culture?

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## **21.4 CHARACTERISTICS OF ORGANIZATIONAL CULTURE**

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Stephen Robins opines organizational culture as a system of shared meaning held by members that distinguishes the organization from other organizations. According to Cambell Organizational culture is concerned with how employees perceive the six basic characteristics-individual, autonomy, reward, consideration and conflict. Forehand and Glimer feel that cultural characteristics of an organization are relatively enduring over time and relatively static in their propensity to change. Edgar Schein states that organizational culture is “a pattern of basic assumption –invented, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration-that has worked well enough to be considered valuable and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems.

Stephen Robins suggests the following characteristics to capture the essence of the culture of an organization are as follows:

- i) **Members Identity:** The degree to which employees identify with the organization as a whole rather than with their type of job or field of professional expertise.
- ii) **Group Emphasis:** The degree to which work activities are organized around groups rather than individuals.
- iii) **People focus:** The degree to which management decisions take into consideration the effect of outcomes on people within the organization.
- iv) **Unit integration:** The degree to which units within the organization are encouraged to operate in a coordinated or interdependent manner.

### 3. Dominant Culture and Subculture

A dominant culture expresses the core values that are shared by a majority of the members of the organization. Generally organizational culture refers to its dominant culture only. This is the macro view of culture which gives an organization a distinct personality. Each department of an organization may have its own culture, in which case there is subculture. Subcultures tend to develop in large organizations to reflect common problems, situations, or experiences that member face. These are minicultures within an organization, typically defined by departmental designations and geographical separation. These subcultures include the core values of the dominant culture plus additional values unique to members of the department.

### 4. Strong Cultures and Weak Culture

In the case of strong cultures the core values of the organization are intensely held and widely shared. The more members who accept the core values and the greater their commitment to those values, the stronger the culture is. A strong culture will have greater influence on its members and there will be lower employee turnover. Organizations having no common history or has high turnover of its employees is said to have weak culture.

### 5. Material Culture and non-material Culture

The culture prevailing in the organization may be classified into material culture and non-material culture. **Material culture** comprises of all the things that man produces - artifacts. We find material culture in the organizations in the form of uniform they wear, tools and equipment they use etc., **Non-material culture** refers to intangible beliefs, philosophies, habits, customs among the members of the organization. This non-material culture, for example rituals, taboos and jargon, will have profound impact on the behaviour and commitment of the members of the organization. **Rituals** are usually associated with ceremonies. In organizations rituals can be found in the form of welcoming the new employees, celebrating on the occasion on silver jubilees functions and bidding farewell to the employees etc., **Taboos** also prevail in organizations. They represent generally the nature of acceptable human conduct affecting morality, for example, it may be wrong to accept gifts from customers or suppliers in some organizations. **Jargon** or the language used by people when they are in a group. For example railroaders have a special language which they use when they join as a group.

#### Activity - III

What are the dimensions of organizational culture?

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## 21.6 IMPACT OF CULTURE ON ORGANIZATIONS

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Keith Davis examined the impact of culture on the organizations in terms of freedom, equality, security and opportunity.

## **Environment**

Because all organizations must interact with their environments, the environment has a role in shaping their cultures. Liberalization and deregulation of the industry in late 1990 of the Indian economy has altered the economic environment. Before deregulation, the environment was relatively risk-averse and non-competitive. Increase in costs was automatically passed on to customers. As a result of liberalization and deregulation cultures of organizations are undergoing transformation.

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## **21.8 HOW ORGANIZATIONAL CULTURE SUSTAIN**

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Once a culture is created, there are practices within the organizations that help keep it alive. This is done through Selection process, actions of the top management and socialization methods.

### **Selection**

Organizations tend to hire, retain, and promote persons who are similar to current employees in important ways. A person's ability to fit in can be important in these processes. This 'fit' criterion ensures that current values are accepted and that potential challenges of 'how we do things' are screened out.

### **Top Management**

The actions of top management also have a major impact on the organization's culture. Through what they say and how they behave, senior executives establish norms that filter down through the organization as to whether risk taking is desirable; how much freedom managers should give their subordinates, what is appropriate dress; what actions will pay off in terms of pay raises, promotions and other rewards.

### **Socialization**

While an organization's values, norms, and beliefs may be widely and uniformly held, they are seldom written down. The new employees, least familiar with the culture, are most likely to challenge. It is, therefore, important to help the newcomer adopt the organization's culture. Companies with strong cultures attach great importance to the process of introducing and indoctrinating new employees. This process is called socialization. The socialization process not only reduces threats to the organization from newcomers, but it also lets newly hired employees know what is expected of them.

The socialization process has three stages, namely, pre-arrival stage, encounter stage and transformation stage.

- e) Organizational rites, ceremonies and sharing of success stories of the organization helps to carry out good cultural values of the organization.
- f) Employees learn the organizational culture through the stories which circulate through many organizations. These stories related to the sacrifices of the founders, rags to riches, successes, difficult initial years of the organizations and crisis periods in the later years and how the organization coped with these periods. These stories anchor the present in the past and provide explanations and legitimacy for current practices.
- g) Rituals refer to any practice or pattern of behavior repeated regularly in a prescribed manner. Repeated activities help the employees in learning the cultures of the organization. Prayers and oath taking are a few examples of rituals practiced in the organizations.
- h) Material symbols of a particular organization convey to the employees, the organizational culture. Examples are layout of corporate headquarters, dress attire, size of offices etc.,
- i) The language used by the organization and the units within organization can identify members of a culture or sub-culture. The newcomers who learn this language give their acceptance to the culture and in doing so, help to preserve it. Sometimes, the organizations develop their own terminology which acts as a common denominator which unites members of a given culture and subculture.

**Activity – IV**

- i) Explain how culture develops in organizations.

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- ii) What are the ways through which organization culture is maintained?

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**21.9 CHANGING ORGANIZATIONAL CULTURE**

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Sometimes it becomes imperative to change the culture of the organization in order to make it more effective in the changing environment. Some of the following may become imperatives to change the culture of the organization.

- i) Dramatic crisis in the organization like a major financial set back, loss of a major consumer or a technological breakthrough. This may make the management to look into the cultural aspect of the organization.
- ii) Sometimes old top executives leave and new top management may come. This may necessitate new culture.

have propounded theory Z. They have identified the practices of American and Japanese organizations on seven major dimensions and explained theory Z.

Variable	American	Japanese	Theory z
Employment	Short term	Life time	Long term
Decision-making	Individual	Consensus	Consensus
Responsibility	Individual	Collective	Individual
Evaluation & Promotion	Rapid	Slow	Slow
Control	Explicit & Formal	Implicit & informal	Implicit Informal with explicit formalized measures.
Career paths Specialized	specialized	Non-specialized	Moderately
Concern including	Segmented	Holistic	Holistic family

#### i) Period or Length of Employment

The significant difference between American and Japanese organization is the length of employment. American organizations are characterized by short tenure and high labour turnover rate and less loyalty to the organizations. Whereas Japanese organizations have lifetime employment. Theory Z suggests that the employment should be long-term employment. This will improve the morale in the organization and integrates employees with the organization. This will also result in low labour turnover rate. Adjustments are made during business cycles.

#### ii) Decision Making

Decision-making in American organizations is done by individuals whereas Japanese organizations take decisions based on the agreement of the members. Theory Z that suggests decisions should be made on collective wisdom and it should be participative.

#### iii) Responsibility

In American organizations people shoulder responsibility individually whereas Japanese organizations it is collective. Theory Z suggests it should be individual, in fact they are collective where all the members are to see that the goals of the organizations are accomplished.

#### iv) Evaluation and Promotion

Appraisals are done frequently in American organizations and also the promotions. Whereas Japanese organizations appraisals are slow and opportunities to move up are also limited. Theory Z also suggests slow evaluation and promotion policy.

## Activity – VI

What is theory 'z'? Examine erotically.

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### 21.11 SUMMARY

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Culture is an anthropological term. Culture is the set of important understandings that members of a community share in common. Organizational culture is concerned with how employees perceive the basic characteristics of an organization -individual, autonomy, reward, consideration and conflict. Culture plays a vital role in preserving the values of the organization and also enabling employees to behave in an acceptable manner by removing the ambiguities.

A strong organizational culture is not always beneficial to the organization. Sometimes it comes in the way of organizational effectiveness as it poses a strong resistance to changes when the organizational environment actually demands it. Basically, three separate factors contribute to the emergence an organization's culture: Critical incidents, its history, and its environment. The cultures of an organization are sustained through the process of selection of members of the organization, actions of the top management and socialization methods. The implementation of Theory Z will encourage workers to take active part in the organisation and improves the quality of work life. The term high quality of work life varies from time to time, organization to organization within the organization over a period of time and country to country depending upon its stage of development and ideology.

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### 21.12 SELF ASSESSMENT QUESTIONS

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#### I. Short Answer Questions

1. Explain the concept of organizational culture.
2. Explain various dimensions of organization culture.
3. Explain the concept of quality of work life.
4. What are the dimensions of quality of work life?
5. What do you mean by Theory 'Z'?

#### II. Long Answer Questions

1. What do you mean by organizational culture? Explain its significance and dimensions.
2. How do organizational cultures emerge? Is it possible to change the organizational culture.
3. Define culture? Explain the impact of culture on organizations with suitable examples.
4. Define organizational culture? How Organizational culture sustain?
5. Define Quality of Work Life? Explain its dimensions.
6. Explain the term quality of work life in the Indian Context.

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## UNIT – 22: ORGANIZATIONAL EFFECTIVENESS

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### Aims and Objectives

The main aim of this unit is to explain the nature of organizational effectiveness, assessing organizational effectiveness, models, indicators and also discuss the factors and approaches to study organizational effectiveness.

After studying this Unit, should be able to:

- understand the term organizational effectiveness;
- distinguish between efficiency and effectiveness;
- identify the indicators of effectiveness;
- explain approaches and models to organizational effectiveness; and
- suggest measures to improve organizational effectiveness.

### Structure

- 22.0 Introduction
- 22.1 Nature of Organizational Effectiveness
- 22.2 Effectiveness and Efficiency
- 22.3 Assessing Organizational Effectiveness
- 22.4 Model of Organizational Effectiveness
- 22.5 Indicators of Organizational Effectiveness
- 22.6 Factors Affecting Organizational Effectiveness
- 22.7 Improving Organizational Effectiveness
- 22.8 Approaches to Organizational Effectiveness
- 22.9 Summary
- 22.10 Self Assessment Questions
- 22.11 Further Readings
- 22.12 Keywords.

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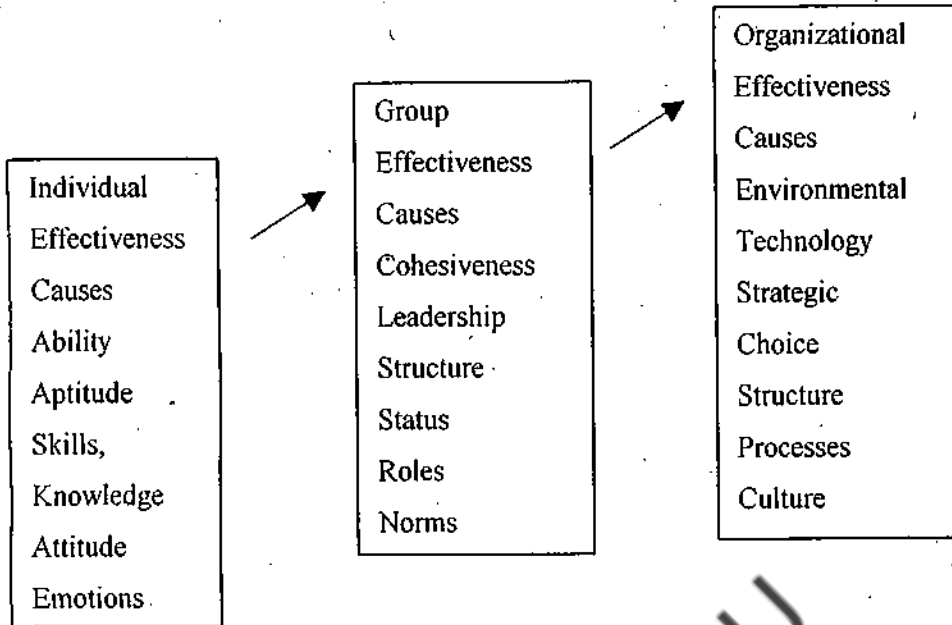
### 22.0 INTRODUCTION

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Organizational behavior is a field of study that investigates the impact that individuals, groups, and structure have on behavior within organization for the purpose of applying such knowledge toward improving an organization's effectiveness. **Stephen P. Robins.**

The above definition clearly points out that organizational effectiveness is the focus of organizational behavior. It is very difficult to think organizational theory and behavior without including the concept of organizational effectiveness. The concept of organizational effectiveness has been receiving considerable importance because of the following reasons:

**Fig-22.1**  
**Levels of Organizational Effectiveness**



**Group effectiveness:** is simply the sum of the combinations of all its members. Many a time group effectiveness is more than the sum of the individual contributions. The important causes of group effectiveness are group cohesiveness, leadership, structure, status, roles and norms.

**Organizational Effectiveness:** consists of individual and group effectiveness. However, organizational effectiveness is more than the sum of individual and group effectiveness. Through synergetic effects, organizations are able to achieve higher levels of performance than the sum of their parts. The important causes of organizational effectiveness are environment, technology, strategic choices, structure, processes and culture.

There is close relationship among the three levels of effectiveness. Group effectiveness depends on individual effectiveness and that organizational effectiveness depends on group effectiveness. The exact relationships among the three views vary depending on such factors as the type of the organization, the work it does, and the technology used in doing that work. Further, it has to be understood that there is a synergistic effect of the three perspectives.

**Activity - I**

i) What do you mean by organizational effectiveness?

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## 22.3 ASSESSING ORGANIZATIONAL EFFECTIVENESS

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According to Hugh J. Arnold and Daniel C. Feldman the assessment of Organization's effectiveness is very much dependent upon the following a) Perspective, b) time frame and c) standard of comparison.

**Perspective:** Different individuals and groups, both inside and outside the organization, may focus upon different components of the organization's performance and as a result develop different assessments of the organization's effectiveness. For example, shareholders and investors may evaluate an organization's effectiveness solely in terms of its profitability, growth and productivity. Managers within the same organization tend to focus more upon the adaptability and innovativeness of the organization, as well as on the satisfaction of customers or clients with the products or services offered by the organization. Lower-level employees may judge the organization's effectiveness primarily in terms of how they are treated by the organization and their resulting levels of commitment to the organization. It would be incorrect to assume that the assessments of organizational effectiveness from one perspective are right while the others are wrong. The key point is that whether an organization is judged to be effective or not depends largely on who is asked for an assessment and what their particular perspective is.

**Time Frame:** Assessments of organizational effectiveness are very much dependent upon the time period during which effectiveness is measured. For example, an organization may be able to increase its profitability in the short-to-medium term by cutting expenditure on maintenance, research and development, and the like. These same actions, however, may inhibit the organization's capacity to innovate and adapt effectively to changing conditions in the longer term. Thus, an assessment of the same organization over a longer time period might lead to the conclusion that the organization was very ineffective in terms of innovation, adaptability, and ultimately profitability. Any discussion of organizational effectiveness must clearly specify the time frame employed in the assessment.

**Standard of Comparison:** Whether an organization is judged to be effective according to any of the components depends upon the standard against which the organization is being assessed. There are three standards of comparison commonly used in assessing organization effectiveness. The first standard is the performance of other, similar organization making the same types of products or offering the same types of services. For example, if compared to organizations in general Company X might be judged to be very effective in terms of innovation. But the key to assessing Company X's effectiveness on this dimension might well be in determining whether X company is more innovative than those of Company Y or Z in the same industry and its other top competitors.

The second common basis for assessment of effectiveness is the past level of performance of the organization itself. In a rapidly growing personal computer industry a company that grew by 20 percent in one year might be judged ineffective if it had been growing in size by 50 percent each year for the previous five years. In a declining industry such as steel manufacturing, a company that had been shrinking for several years might be judged extremely effective if its sales grew by 5 percent in a subsequent year.

Finally, organizational effectiveness may be judged in terms of the levels of performance that the organization had hoped or planned to attain, i.e., the organization's own performance goals. An organization that had set a target or a 5 percent increase in profits feel it had performed very effectively if a 7 percent increase in profits were achieved.

### a) Causal Variables

These are the factors which influence the course of developments within an organization. They include management strategies, structure, styles, skills, policies, procedures etc. They are independent variables within the control of organization and its management.

### b) Intervening Variables

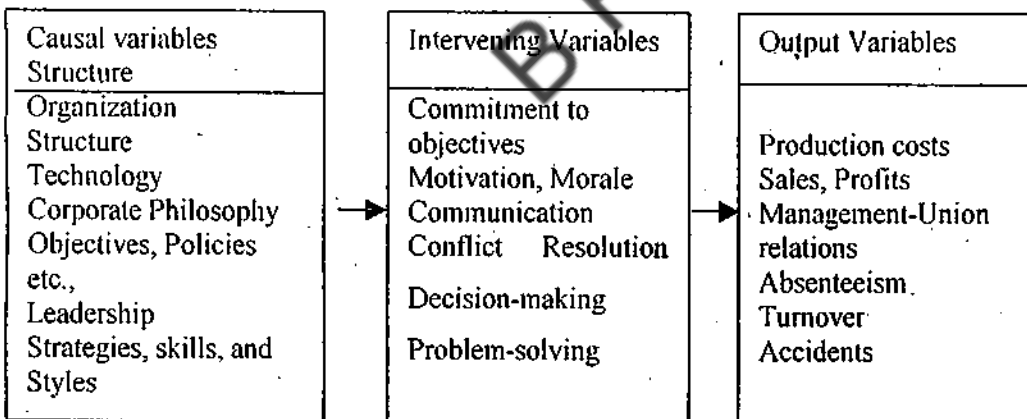
Intervening variables are those factors which represent the internal state of the organization. They include such aspects like commitment to objectives, morale and motivation of employees, decision-making and problem solving, skill/approaches, communication, group cohesiveness etc., Causal variables like leadership style and behavior affect the intervening variables.

### c) End-result (Output) Variables

They reflect the result /accomplishments/ failures of the organization. Output could be measured in terms of production, sales, net profit etc.

The inter-relationship among the above sets of variables as stimuli (causal variables) acting upon the organization (intervening variables) and creating certain responses (end-result variables).

The internal state of an organization reflected by the intervening variables. This is influenced by causal variables and result in the end result/output variables. Many times intervening variables are overlooked in organizations which are concerned merely with the short-term results But organizations with a long-term perspective give importance and recognition to develop and build morale, motivation, commitment etc.,



### Time Dimension and Organizational Effectiveness

Time is one of the universally agreed dimensions of organizational effectiveness. An organization is said to be effective if it sustains itself over time in the environment.

It is a long-run measure of effectiveness. But this model considers short-run and also intermediate indicators. The long-run measure is survival. The short-run indicators are production, efficiency and satisfaction. The intermediate effectiveness indicators are

## 22.5 INDICATORS OF ORGANIZATIONAL EFFECTIVENESS

Organizations can be effective or ineffective. There are several indicators, which indicate the effectiveness of an organization. Let us discuss some of the indicators of organizational effectiveness. A large number of indicators, which are discussed below, are not independent of each other. Many a time they may overlap.

- a) **Productivity:** One of the indicators of effectiveness of the organizations is its ability to produce more with the same inputs or produce same with lesser inputs. This is termed as productivity. An organization is said to be effective if it is able to be more productive compared to its counterparts.
- b) **Efficiency:** Even though efficiency is not the effectiveness, in the long run, efficiency of the organization contributes to the effectiveness of the organization. Efficiency may help an organization in becoming effective by increasing the possibilities of energy storage and by helping in long run growth and survival, but it is only as aspect of organizational effectiveness.
- c) **Employee absenteeism:** Absenteeism is the failure to report to work. It is obviously difficult for an organization to operate smoothly and to attain its objectives if employees fail to report to their jobs. The levels of absenteeism beyond the normal range in any organization have a direct impact on that organization's effectiveness. Therefore, one of the indicators of effectiveness is the low rate of absenteeism.
- d) **Labor Turnover:** This is the voluntary and involuntary permanent withdrawal from an organization. A high turnover rate results in increased recruiting, selection, and training costs. A high rate of turnover can also disrupt the efficient running of an organization when knowledgeable and experienced personnel leave and replacements must be found and prepared to assume positions of responsibility. Thus, a low labor turnover indicates the effectiveness of an organization, with which it is able to satisfy their needs and retain them in the organization.
- e) **Goal consensus:** Yet another indicator of organizational effectiveness is the ability of the organization to achieve goal consensus among its members who have varied interests and goals.
- f) **Conflict:** It is a fact that conflicts are all pervasive. One of the features of an effective organization is its ability to generate, contain and resolve conflicts in the organizations.
- g) **Participation in decision-making:** Participation of members in the decision making process whole heartily is another distinction features of an effective organization. This indicates the motivation levels of the employees and the efforts of the management to satisfy the needs of the employees.
- h) **Stability:** Stability of the employees of an organization shows the beliefs of the employees in the long run survival and their dependability on the organization. In an effective organization people will show inclination to grow along with it and stay with the organization.
- i) **Quality of Management:** One of the features, which distinguish an effective organization, is the quality of management it provides in various spheres of its activities like Research and Development, production, marketing, human resources and its concern for the society.

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## 22.6 FACTORS AFFECTING ORGANIZATIONAL EFFECTIVENESS

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Let us try to understand the factors that affect organizational effectiveness. This will help us to concentrate on critical factors and improve organizational effectiveness. The major sets of factors that have impact on organizational effectiveness are:

1. Organizational characteristics
2. Environmental characteristics
3. Employee characteristics
4. Managerial policies and practices.

### 1. Organizational characteristics

The two components, which have impact on organizational characteristics, are a. Organizational structure and b. Technology.

- a) **Organizational structure:** influences the effectiveness in terms of functional specialization, centralization in decision making and even formalization is likely to impact on productivity and efficiency. Further, job satisfaction of the employees is also related to the organizational structure. For example division of work, authority and responsibility, generate the feeling of satisfaction among people at work.
- b) **Technology:** and organizational structure is interrelated. The type of technology determines the nature and structure of organization. Change of technology will have impact on task, structure, people, strategy etc., If the organization fails to change the structure according to needs of technology, it will never prove to be effective.

### 2. Environmental Characteristics

Every organization is influenced by a set of environmental factors. These environmental factors are segregated into external environment and internal environment. External environment consists of the market, legal and technical aspects, which have a direct bearing on the supply of materials and other factors of production and distribution. The internal environment of the organization is deeply influenced by psycho-sociological factors, which determine individual responses to organizational expectation. Therefore, every organization requires a proper management information system, which will monitor such changes in the environmental setting, which have a bearing on organizational structure. The three sets of factors which determine the appropriateness of organizational response to environmental changes are:

- a) the accuracy with which environmental states are forecast
- b) accurate perception of environmental states
- c) pragmatism enshrined in organizational system.

### 3. Employee Characteristics

Human factor is the most important factor which influences the goal achievement of organization. If there is a close integration among the individual and organizational goals, the organization will be highly effective. It is influenced by employee characteristics such as their goals, skills, motives, attitudes and values, role clarity, ability, willingness, knowledge and commitment.

- i) **Understanding:** This is the extent to which the relations are accurately perceived.
- ii) **Normative Conformity:** This is the extent to which actual behavior confirms to the perceived behavior.
- iii) **Affective Conformity:** This is the extent to which the actual behavior confirms to the desires and reflections.
- iv) **Satisfaction and dissatisfaction:** This is the extent to which the prescribed, perceived or actual relations are also desired or rejected.
- v) **Affective atmosphere:** This is the state of balance between the affectivity positive and affectedly negative choices in an organizational unit.
- vi) **Centralization:** This is the extent of concentration of choices (prescribed, actual, desired, perceived or rejected) in a particular person or group.

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## 22.8 APPROCHES TO ORGANIZATIONAL EFFECTIVENESS

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Let us discuss the approaches to organizational effectiveness. The various approaches to organizational effectiveness are:

1. Goal Attainment Approach,
2. Systems Resource Approach,
3. Internal Processes Approach,
4. Strategic Constituency Approach.

Besides the above approaches we shall also discuss Maximization or Optimization Approach and Behavioral Approach

### 1. Goal Attainment Approach

The goal attainment approach is a traditional view of the concept of the effectiveness. This is widely used by organizational theorists. According to **Cherter Barnard** it is the accomplishment of recognized objectives of cooperative effort. The degree of accomplishment indicates the degree of effectiveness. Organizational effectiveness is appraised in terms of the accomplishment of ends rather than means. The following are the assumptions of this approach

- a) The complex organizations have an ultimate goal towards which they are striving and
- b) That the ultimate goal can be identified empirically and progress toward it can be measured. The traditional economists and organization theorists defined effectiveness in terms of profit maximization, providing an efficient service, high productivity or good employee morale.

**R L Thorndire** has noted a general tendency on the part of personal and industrial psychologists to accept as ultimate criterion of organizational success of the following:

Organizational productivity, net profits, the extent to which the organization accomplishes its various missions and success of the organization in maintaining or expanding itself.

Organizations interact with the external environment on a continuous basis. Feedback is important in helping the organization learn from experiences with the environment, so it can develop the means for adjusting to environmental demands. Therefore, rather than viewing an organization's effectiveness as merely the extent to which it attains its goals, the systems approach suggests that effectiveness can be viewed in terms of optimizing and maintaining elements of the input-process-output performance cycle as well as the extent to which an organization adjusts to feedback from the environment.

According to this approach, there are several criteria, which determine the effectiveness of the system. W. A. Bennis, considers the following points:

- a) **Adaptability or ability to solve problems and to react with flexibility to change:** This indicates that how able is the organization in solving its problems and reacting with the flexibility to changes is a very important consideration in determining the organization's effectiveness.
- b) **A sense of identity:** This represents the knowledge and insight on the part of the members about the goals of the organization and how outsiders perceive them.
- c) **Capacity to test reality:** This implies ability to search out, accurately perceive and correctly interpret properties of the environment.
- d) **State of integration:** The last criteria for determining organizational effectiveness is to check the state of integration among the subparts of the total organization such that various parts are not working at cross-purposes.

In terms of the above criteria, effectiveness cannot be ensured merely by selecting the right type of people and training them for jobs, by keeping them satisfied, or by reducing intergroup competition, etc. Rather, the systems concept leads us to a different way of thinking which suggests the analysis of relationship between the organization and its environment.

An organization must follow the following points in order to be effective:

- i) The organization should have favorable relations with the environment to ensure continued availability of inputs and positive acceptance of outputs.
- ii) This approach also emphasizes flexibility of response of the organization to changing environment; the efficiency with which the transformation takes place in the organization, the level of employee job satisfaction and the clarity of communication etc.
- iii) Managers have a responsibility to understand the nature of the environment and to set the realistic goals accordingly.
- iv) The organization should be able to successfully adapt structure, technologies and policies with the changing environment to facilitate the achievement of organizational goals.

**Limitations:** In spite of its contribution to measure organizational effectiveness, the systems resource approach suffers from the following limitations.

- i) The acquisition of resources ultimately relates to some goals, which are difficult to be measured.

management to derive an appropriate combination of effectiveness criteria. Multiple criteria are necessary to fulfill the requirements of each situation.

The following guidelines for choosing the appropriate criteria are offered:

- a) The goal accomplishment approach is appropriate when goals are clear, consensual, time-bounded and measurable.
- b) Use the resource acquisition approach when inputs have a traceable impact on results or output.
- c) The internal processes approach is appropriate when organizational performance is strongly influenced by specific processes (e.g. cross-functional team work)
- d) Use the strategic constituencies approach when powerful stakeholders can significantly benefit or harm the organization.

Let us also discuss a few more approaches to organizational effectiveness

### **Maximization or Optimization Approach**

Another conflict in the concept of organization effectiveness is that of maximization vs. optimization. This conflict gives rise to two clearly separate sets of decision making models one based upon maximization and one based upon optimization. The first approach is referred to as the 'Economic Man Approach' and the second is referred to as the 'Administrative Man approach of decision making'. Both these approaches help us to find out to what extent an organization can become effective. Let us discuss these two approaches:

#### **Maximization or The Economic Man**

This approach assumes that the economic man was completely rational and tried to maximize returns by his efforts. He makes his decisions in terms of Means-Ends relationships. He assumes that a complete and consistent system of preferences is there which allows him to make a choice among alternatives. He also assumes availability of complete knowledge and information regarding the alternatives so that he chooses the best alternatives. This approach states that the decisions of the economic man will be directed towards goal achievement, which is, generally profit maximization. In reality, rarely this happens, due to the following reasons' Maximization of effectiveness, even if possible, is not in the best interests of the organization rather it will be destructive from long run point of view. This may result in the depletion of resources, or environmental problems or attracting the resentment of the public due to mere profiteering. Thus, a short-term gain may result into long run losses.

#### **Optimization or Administrative Man Approach**

Administrative Man approach is associated with Herbert Simon. This approach is in contrast to economic man approach. In contrast to perfect rationality of economic man, this approach emphasizes optimization in decision making which satisfies the administrative man. This is why; he tries for satisfactory alternatives only. Optimization represents the real situation of decision-making behavior as against the maximization which represents very hypothetical position to assist in the analysis of economic theory Because of this reason,

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