

INTRODUCTION TO ORGANISATION BEHAVIOUR

I. INTRODUCTION TO OB:

Organization:

Organization is a social system which consists of factors of production provides infrastructure and facilitates provides various sources to work to be done and others.

It is also defined as a group of people come together to work for individual goals as well as common goals. It is also defined as a group of people regularly working together to achieve common goals. Organisations refers as the people the resources the infrastructure environment structures individuals' groups teams and others.

Behaviour:

Behaviour is related to physical and psychological factors such as personality, perception job satisfaction values, attitude motivation interest desires actions reactions, behaviour, and others. Behaviour is also defined as the internal and external physical and psychological factors of human beings in individual as well as group.

Organizational behaviour:

- Organizational behaviour is the study and application of knowledge about how people individuals and groups act in organisations. It does this by taking a system approach. Its purpose is to build better relationships by achieving human objectives, organizational objectives, and social objectives.
- It is also defined as organizational behaviour is concerned with the study of human behaviour at work.

Definitions:

- “It is the study and application of knowledge how people act and behave within the organization”. **Devis and Newstram**
- “Organizational behaviour is the understanding, prediction and management of human behaviour in organisations”. **Fred Luthans**
- “Organizational behaviour is to understand, predicting and controlling human behaviour at work.” **Callahan**

Meaning of Organisational Behaviour:

- Organisational Behaviour simply is a process of studying and understanding the behaviour of individuals in the organisation. It is a part of the management process which aims at improving the performance of organisations through understanding and controlling human behaviour. It is through the organisational behaviour that organisations can understand the behaviour of the people working with them. Once they get to know about their peoples' behaviour, organisations can easily influence and motivating them towards achievement of goals.

Nature of Organizational Behaviour:

1. A separate field of study:

Organizational Behaviour is a separate field of study. Many research and analysis have been done in this field. But it is not still accepted as a science. There is no foundation of basic concepts that may guide its development as a science. Therefore, it will be appropriate to call it a field of study rather than discipline.

2. It is an applied science:

The aim of OB is to solve problems of organizations related with human behaviour aspect. Therefore, applied research are concentrated, in place of fundamental research. Though many of the research may be carried in laboratory, but the behaviour of an individual cannot be analysed so. Therefore, Organizational Behaviour is both science as well as art.

3. Goal Oriented:

Since OB is applied science, it is oriented towards organizational goals. Sometimes there may be conflict of organizational goals with individual goals. In that case, both the objectives are achieved simultaneously.

4. Interdisciplinary Approach:

Organizational Behaviour is interdisciplinary in nature. It is based on behavioural and social sciences that contributes to the subject. It applies from these disciplines ideas that will improve the relationships between people and organization.

5. Focus Attention On people:

OB focus the attention on people. It is based on the concept that need and motivation of the people should be given priority. If the people are given proper environment and working condition, they are creative, independent, and capable of achieving organizational objectives.

6. Normative Science:

OB is a normative science. It not only defines the cause-and-effect relationship but also suggests, how the results of various research can be applied to get organizational results. What acceptable by society is not defined positive science, but it is done by normative science.

7. Human Tool:

OB is a human tool for human benefit. It helps in understanding and predicting the behaviour of individuals. It provides generalisations that managers can use to anticipate the effects of certain actions on human behaviour.

Objectives of Organisational Behaviour:

1. Understands Employee's Behaviour:

Organizational behaviour plays an efficient role in understanding the behaviour of people working within organization. It acquires and provides all information regarding behavioural aspects of employees to managers. Managers can get which employees behave in what way while performing their roles.

2. Enhancing Organizational Efficiency:

It helps in increasing the overall efficiency of organization. Organizational behaviour aims at fuller utilization of all resources and eliminating the wastage. It enables managers in selecting the right personnel and matching them with right job by properly understanding their behaviour.

3. Resolving Conflicts:

Organizational behaviour focuses on avoiding and resolving all conflicts arising within the organization. It helps in developing better employer-employee relations and promotes co-operation. Proper knowledge of human behaviour enables in treating them accordingly. All people are encouraged for participation in decision making which reduces any conflicts arising due to difference in opinions.

4. Motivating Employees:

It supports managers in motivating the people working under them towards their roles. Managers with application of organizational behaviour are easily able to identify their needs and problems. They develop better understanding towards them. By focusing and fulfilling their needs efficiently, they can be motivated to work with full dedication towards achievement of desired targets.

5. Enables Performance Appraisal:

Rewarding employees in accordance with their performance is an efficient way of improving their productivity. It motivates them to work better in view of getting more rewards. Organizational

behaviour helps management in appraising the work quality & quantity of all details regarding them.

6. Optimum Utilization of Employees:

Organizational behaviour focuses on fuller utilization of all resources. It enables manager to understand the working styles of employees and their skills and weakness. Management with the help of proper understanding can impart proper training and develop employees for using them in an optimum way. It ensures that right man is placed at right job and delivers efficient output.

CHARACTERISTICS OF OB:

1. Organizational behaviour is a rational thinking, not an emotional feeling about people. The major goals of organizational behaviour are to explain and predict human behavioural in organizations. It is action-oriented and goal-directed.
2. Organizational behaviour seeks to balanced human and technical values at work. It seeks to achieve productivity by building and maintaining employee's dignity, growth, and satisfaction.
3. Organizational behaviour integrates behavioural sciences. Many of its core concepts are borrowed from other fields and discipline like social psychology, sociology, and anthropology, etc.
4. Organizational behaviour is both a science and an art, the knowledge about human behaviour in organization's leans towards being science.
5. Organizational behaviour exists at multiple like levels. Behaviour occurs at the individual, the group, and the organizational systems levels.
6. Organizational behaviour does not exist in vacuum. Organizations are made up of both social and technical components therefore characterized as social-technical systems.

IMPORTANCE OF ORGANIZATION BEHAVIOR/ WHY TO STUDY OB:

1. It builds better relationship by achieving, people, organizational, and social objectives.
2. It covers a wide array of human resource like Behaviour, training, and development, change management, leadership, teams etc.
3. It brings coordination which is the essence of management.
4. It improves goodwill of the organization and relations in the organization.
5. It helps to achieve objectives quickly and leads to higher efficiency.
6. It makes optimum utilization of resources and facilitates motivation

SCOPE OF ORGANISATIONAL BEHAVIOUR:

OB is the study of human behaviour at work in organisations. Accordingly, the scope of OB includes the study of individuals, groups and organisations structure. Let us briefly reflect on what aspects each of these three covers.

(i) Individuals:

Organisations are the associations of individuals. Individuals differ in many respects. The study of individuals, therefore, includes aspects such as personality, perception, attitudes, values, job satisfaction, learning and motivation.

(ii) Group of Individuals:

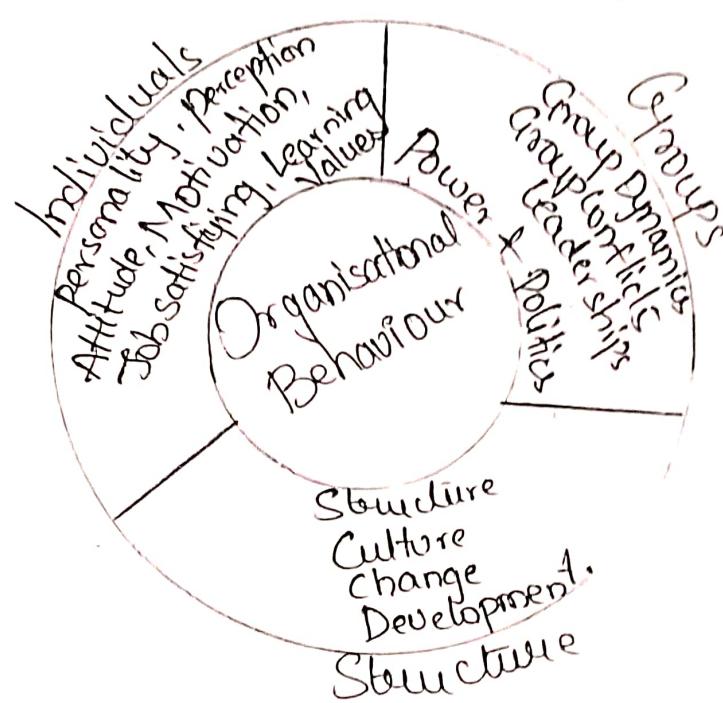
Groups include aspects such as group dynamics, group conflicts, communication, leadership, power and politics and the like.

(iii) Organisation / Structure:

The study of organisation / structure includes aspects such as formation of organisational structure, culture and change and development.

In nutshell, OB studies how organisations influence people or how people influence organisations.

The Scope of OB is depicted below:



Conceptual Framework.

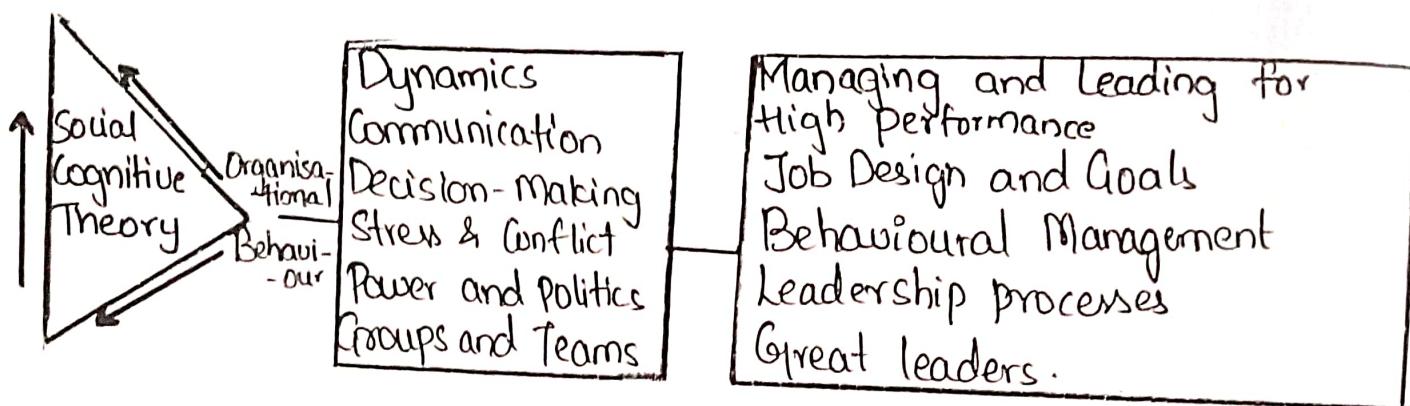
As indicated, Social cognitive theory is the foundation and consists of the reciprocal interaction among the environmental and organisational context, cognitive process and importantly, the organisational behaviour itself, which produces and is a product of the environmental organisational context and the cognitive processes. At a more macro level are graphic depiction of the dynamics of organisational behaviour.

Finally at an applied level is the graphic representation of the role that managing and leading for high performance plays in the conceptual framework for organisational behaviour.

Obviously, this conceptual framework give only a bare-bones sketch of organisational behaviour rather than a full-blown explanation.

Environmental Content
Info Tech and Globalisation
Diversity and Ethics

Organisational Context
Design and Culture
Reward System



Cognitive Processes

Perception and Attribution

Personality and Attitudes

Motivational Needs and Processes

Optimism, Emotional Intelligence
and Self-Efficacy

Conceptual Framework for the Study of

Organisational Behaviour.

7. It is multidisciplinary in the sense that applies different techniques, methods, and theories to evaluate the performances.

Elements of organisation behaviour

Below are the explanations of elements of an internal and external organization.

1. People:

The first element of internal organization is People consisting of individuals and groups. Groups may be official/ unofficial, formal/ informal, and large/ small. The organization's objectives and goals exist to serve the people in the organization.

2. Structure:

Structure in an organization determines the sole relationship of people. In an organization, the structure relates to power and duties where one has the authority and others must obey them.

3. Technology:

Technology is the third element in the internal organization. It covers the physical and economic conditions of the people working. The technology depends on the organization's nature, which influences the working conditions.

4. Social System:

A social system is the only external environment and a final element in an organization. Therefore, it has the power to influence people's attitudes and working conditions.

I.IMPACT OF IT:

A: Role of information Technology

Effects of Computerized Information System

Buchanan and McCalman (1988) studied the effects of computerized information systems in hotels and concluded that they offered several advantages, which they describe as a visibility theory. These five items perhaps best summarize the general impact of Information Technology of management in on the role any modern organisation, perhaps except for the last, which to optimistically suggest that conflict and political activity would be reduced. appears

- Sharing:**

Computer based systems encouraged manage to share information more readily than manual systems

- Confidence:**

The more widely available information encouraged and motivated managers, thus increasing confidence levels.

- **Pressure:**

The wider and timely availability of information because of computerization puts pressure on managers to react quickly and effectively in pursuing business objectives.

- **Visibility:**

Improved information flows bring into the open the relative performance of individual managers.

- **Co-operation:**

These four previous elements combine to produce a situation where managers find it easier to work together and reduce levels of conflict generally.

Information technology not only can be applied across all sectors of a given economy and the world (which is true of the other technologies as well), but it can affect every function within an organisation.

B: E-Commerce:

What is e-commerce?

E-commerce, also known as "electronic commerce," is the buying and selling of goods or services electronically on the internet. It can also refer to other online activities like online auctions, ticketing, and banking. E-commerce is an essential part of many businesses that rely on the sale of physical products or services online.

Types of E-Commerce:

- **Business-to-consumer (B2C):** B2C is the most common kind of e-commerce. When shoppers buy something from an online store, they are involved in business-to-consumer e-commerce.
- **Business-to-business (B2B):** B2B is when businesses sell raw goods or parts through e-commerce to other companies that will then use those materials to create their own products.
- **Consumer-to-consumer (C2C):** C2C e-commerce is when consumers sell to other consumers. Sites like eBay and Craigslist are examples of this kind of e-commerce.
- **Consumer-to-business (C2B):** C2B e-commerce is when consumers sell their products or services to businesses.

- **Business-to-administration (B2A):** B2A e-commerce refers to transactions between businesses and public administration, which includes areas such as special security, employment and legal.
- **Consumer-to-administration (C2A):** C2A e-commerce refers to transactions between consumers and public administration, where consumers pay for services like taxes and legal document preparation.

Benefits of E-Commerce:

Benefits to Organisations:

- Using e-commerce, organizations can expand their market to national and international markets with minimum capital investment. An organization can easily locate more customers, best suppliers, and suitable business partners across the globe.
- E-commerce improves the brand image of the company.
- E-commerce helps organization to provide better customer services...
- E-commerce helps to simplify the business processes and makes them faster and efficient.
- E-commerce reduces the paperwork.

Advantages to Customers

- It provides 24x7 support Customers can enquire about a product or service and place orders anytime, anywhere from any location.
- E-commerce application provides users with more options and quicker delivery of products.
- E-commerce application provides users with more options to compare and select the cheaper and better options.
- It provides readily available information. A customer can see the relevant detailed information within seconds, rather than waiting for days or weeks
- E-Commerce increases the competition among organizations and as a result, organizations provide substantial discounts to customers.

Advantages to Society

- Customers need not travel to shop a product, thus less traffic on road and low air pollution.
- E-commerce helps in reducing the cost of products, so less affluent people can also afford the products

- E-commerce has enabled rural areas to access services and products, which are otherwise available to them.
- E-commerce helps the government to deliver public services such as healthcare, education, social services at a reduced cost and in an improved manner.

Limitations of E-Commerce:

Technical Limitations of Electronic Commerce

- There is a lack of system security, reliability, standards, and some communication protocols.
- There is insufficient telecommunication bandwidth.
- The software development tools are still evolving and changing rapidly.
- It is difficult to integrate the electronic commerce software with some existing applications and databases.
- Vendors may need special web servers and other infrastructure in addition to network servers.

Non-Technical Limitations of Electronic Commerce

- Cost and justification.
- Security and privacy.
- Lack of trust and user resistance.

C: INTRANET AND ITS SYSTEM

An intranet is private network, like the Internet and using the same protocols and technology contained within an enterprise or not-for-profit organisation. Widely referred to as the home page of the internal website, the intranet also includes many inter-linked Local Area Networks (LANs), desktop computers, websites and portals, and email system(s).

Definition: According to the American Heritage Dictionary "A privately maintained computer network that can be accessed only by authorized persons, especially members or employees of the organisation that owns it".

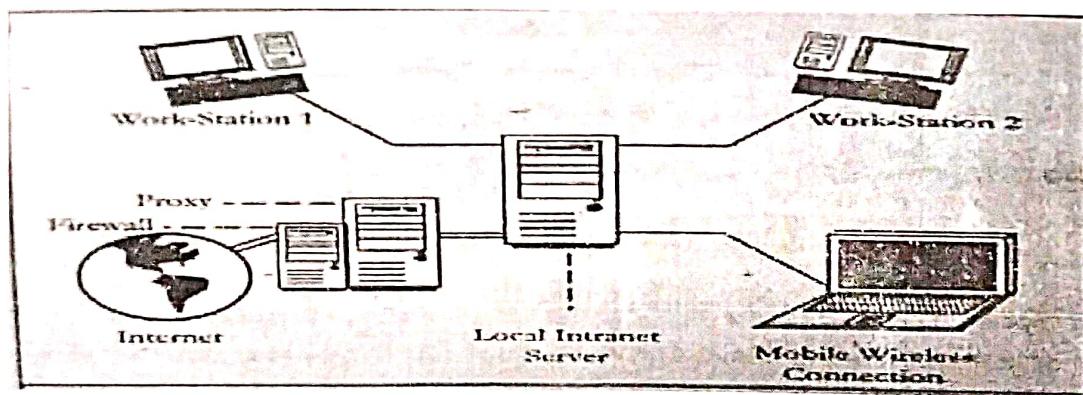
An Intranet is essentially a mini-in-house Internet. It can define intranet as an organisation's private, secured computer network system that uses the same concepts, technologies, and protocols (standards) as The Internet, but operates, on a Local Area computer Network (LAN). It incorporates a working, interactive custom environment to serve the business/organisation model, with familiar

Internet website-like navigation and functionality. In other words, an intranet is a corporate networked internal web site with other features like internal e-mail, news group and chat facilities etc. Just like you find on the Internet.

A speciality of the intranet is, it can be as basic or comprehensive as is needed. And intranets operate on a local area computer network consisting of client and server compute and other interconnecting devices and technologies. The intranet is formed in such a way the all the information, applications and other resources the organisation's employees need accessible via the intranet. Control and security measures are also available just like computers, (example, restricted access, user accounts and many more measures are the intranet as well).

The intranet's content and software are many and include business applications departmental forms, internal forums and collaborations, news and messages from top executive business reports, points of interest, maps of the area, and upcoming training events etc. In addition it provides a common interface for the organisations information systems and acts as a resource centre for the organisation. It also facilitates interdepartmental cooperation and save hard and soft resources.

Principle uses of intranets are like the uses of the Internet like file transfers, electronic mail (e-mail) and communication, information dissemination etc. But unlike the Internet, which can be accessed and used by anyone, and which also allows to logon to a computer from a remote location, the intranet is only and strictly accessible within the internal Local Area Network (LAN) of the organisation alone.



Advantages:

- **Time:** With intranets, organisations can make more information available to employees on a "pull" basis (i.e., employees can link to relevant information at a time which suits them) rather than being deluged indiscriminately by emails.

- **Communication:**

Intranets can serve as powerful tools for communication within an organisation, vertically and horizontally. From a communications standpoint, intranets are useful to communicate strategic initiatives that have a global reach throughout the organisation.

- **Business Operations and Management:**

Intranets are also being used as a platform for developing and deploying applications to support business operations and decisions across the internetworked enterprise.

- **Promote Common Corporate Culture:**

Every user is viewing the same information within the Intranet.

- **Enhance Collaboration:**

With information easily accessible by all authorised users, teamwork is enabled.

D: KNOWLEDGE MANAGEMENT:

What is knowledge management?

Knowledge management (KM) is the process of organizing, creating, using, and sharing collective knowledge within an organization. Successful knowledge management includes maintaining information in a place where it is easy to access.

Only a few initiatives can truly transform how an organization operates, and knowledge management is one of them.

Importance of Knowledge Management

- It helps to serve customer well as companies know about them enough if they manage the knowledge efficiently.
- It reduces the cycle time of business.
- Through knowledge management companies operate with minimum fixed assets and overhead (people, inventory, and facilities).
- It shortens product development time.
- It improves customer service and empowers employees
- It helps in innovations and delivers high quality products.
- It enhances flexibility and adoption.

Benefits of KM:

- Relatively easy and inexpensive to begin.
- Employees may respond well to recognition of the (claimed) knowledge.
- Likely to create interest in further knowledge management processes.
- Important knowledge kept in tacit form may be less likely to "leak" to competitors.

Disadvantages:

- Individuals may not have the knowledge they claim to have.
- Knowledge profiles of individuals need frequent updating.
- Ability to transfer knowledge constrained to moving people, which is costly and limits the reach and speed of knowledge dissemination within the organization.
- Organization may lose key knowledge if key people leave the organization.

Approaches to Knowledge Management

1. Process approach

Process approach to knowledge management attempts to organize organizational knowledge through formalized controls, processes, and technologies

- Focuses on explicit knowledge and IT.
- Explicit knowledge deals with more objective, rational, and technical knowledge (data, policies, procedures, software, documents, etc.)

2. Practice approach

Practice approach focuses on building the social environments or communities of practice necessary to facilitate the sharing of tacit understanding

- Focuses on tacit knowledge and socialization.
- Tacit knowledge is usually in the domain of subjective, cognitive, and experiential learning; it is highly personal and difficult to formalize

3. Hybrid approaches to knowledge management

The practice approach is used so that a repository(warehouse) stores only explicit knowledge that is relatively easy to document

- Tacit(implicit)knowledge initially stored in the repository is contact information about experts and their areas of expertise

- Increasing the amount of tacit knowledge over time eventually leads to the attainment of a true process approach.

II. GLOBALIZATION ON O.B

- One of the other major environmental contexts impacting organizational behaviour is globalization.
- Today, well-known U.S.-based multinational corporations have more than half their assets overseas.
- With trends toward similar clothes, entertainment, material possessions, and recognition that English is the international business language, people around the world still think and behave in different ways.
- The starting point of how the globalization environment affects and is affected by organizational behaviour is culture.

Definition

Globalization means to increase their base of investments and provide new minimal investments. Services to a broad range of consumers operations.

Types Globalization

1. Industrial:

Emergence of worldwide production markets and broader access to a range of foreign products for consumers and companies.

2. Financial:

Emergence of worldwide financial markets and better access to external financing for borrowers.

3. Economical:

Realization of a global common market, based on the freedom of exchange of goods and capital.

4. Political:

Politically, the United States has enjoyed a position of power among the worlds' powers, in part because of its strong and wealthy economy. With the influence of globalization and with the help of The United States own economy, the People's Republic of China has experienced some tremendous growth within the past decade.

5. Competition:

To survive in the new global business, market calls for improved productivity and increased competition. Industries must upgrade their products and use technology skilfully for facing the competition and increasing their competitive.

6. Cultural:

Growth of cross-cultural contacts; advent of new categories of consciousness and identities embodies cultural diffusion.

7. Informational:

Increase in information flows between geographically remote locations. This is a technological change with the advent of fibre optic communications, satellites, and increased availability of telephony and Internet.

Main reasons that have caused globalization:

1. Improved transport:

Making global travel easier. For example, there has been a rapid growth in air travel, enabling greater movement of people and goods across the globe.

2. Improved technology:

Which makes it easier to communicate and share information around the world. E.g. internet. For example, to work on improvements on this website, I will go to a global online community, like elance.com. There, people from any country can bid for the right to provide a service. It means that I can often find people to do a job relatively cheaply because labor costs are relatively lower in the Indian sub-continent.

3. Growth of multinational companies:

With a global presence in many different economies.

4. Improved mobility of capital:

In the past few decades, there has been a general reduction in capital barriers, making it easier for capital to flow between different economies. This has increased the ability for firms to receive finance. It has also increased the global interconnectedness of global financial markets.

5. Reduced tariff barriers:

Which encourage global trade. Often this has occurred through the support of the WTO.

6. Internet:

This enables firms to communicate on a global level, this may overcome manage diseconomies of scale. The firm may be able to get cheaper supplies by dealing with a wide choice of firms. Consumers are also able to order more goods online E.G. Dell Computer takes orders online and can meet customer specifications.

Globalization and Organizational Behaviour:

The term globalization has been a buzz word now for many years. It's one of those words that are easier to describe than it is to define. However, the generally accepted meaning of globalization is the integration of world politics, economies, and cultures from one country or countries upon another country or countries.

- Organization behaviour is a subject that analyses the behaviour of people in group and attempt to create efficient and effective business environment. Globalization is the process that improves the interaction through integration of society,
- Culture, politics, and business across the world. Globalization refers to the shift towards a more integrated and interdependent
- World economy. Globalization has brought a lot of people into contact with the world by declining
- The barriers of the free flow of goods and services,

Impact of globalization on organizational behaviour

Organizational behaviour is a field of study that investigates the impact that individuals, groups, and structures have on behaviour within an organization for the purpose of applying such knowledge towards an organization's effectiveness. It is an interdisciplinary field that includes sociology, psychology, communication, and management

Globalization is the free movement of goods, services, and people across the world in a seamless and integrated manner. Globalization means to increase their base of operations, expand their workforce with minimal investments, and provide new services to a broad range of consumers

Thirty years ago, national borders acted to insulate most firms from foreign competitive pressures. Capitalism is replacing the government control and now organizations are no longer constrained by national management.

Advantages of globalization:

- Increased free trade between nations - Increased liquidity of capital allowing
- Investors in developed nations to invest in developing nations
- Corporations have greater flexibility to operate across borders
- Global mass media ties the world together
- Increased flow of communications allows vital information to be shared between individuals and corporations around the world

Disadvantages of globalization:

- Spread of a materialistic lifestyle and attitude that sees consumption as the path to prosperity
- International bodies like the World Trade Organization infringe on national and individual sovereignty
- Increase in the chances of civil war within developing countries and open sovereignty developing countries as they vie for resources
- Decreases in environmental integrity as polluting corporations take advantage of weak regulatory rules in developing countries.
- Increased flow of skilled and non-skilled jobs from developed to developing nations as corporations seek out the cheapest labour
- Increased likelihood of economic disruptions in one nation effecting all nations

III. DIVERSITY IN ORGANIZATION

Diversity in the workforce can help in strengthening organizations as it provides them with a chance to put varied talent to use. Organizations of the 21st century have adopted this ideology and are putting diversity to its best use.

Concept and Nature of Diversity:

According to Fred Luthans, diversity is the presence of members of different ages, genders, ethnic groups and/or educational backgrounds in an organization'. Diversity in organizations is increasing in the 21st century and managing people coming from diverse cultures in an organization is posing a challenge to managers. The people being appointed in the managerial positions are also selected from diverse backgrounds. When managers know the reasons for the emergence of diversity in their organization and its nature, they can better manage such diversity.

Effective diversity management increases an organization's access to the widest possible skills, abilities, and ideas. Managers also need to recognize that differences among people lead to miscommunication, misunderstanding, and conflict.

Diversity in the Workplace:

Workplace diversity refers to the variety of differences between people in an organization. This sounds simple, but diversity encompasses race, gender, ethnic group, age, personality, cognitive style, tenure, organizational function, education, background and more.

Dimensions of Workforce Diversity:

People differ based on biological factors, intellectual ability, and physical abilities. These are

1. Age:

The workforce comprises of people of different age. Young are hardworking, enthusiastic, and healthy while elderly are full of experience and maturity.

2. Gender:

Organization has both genders (males and females) as its workforce which causes diversity. Males are generally materialistic while females are more considerate towards quality of life.

3. Education:

There may be less educated (lower-level labours) to highly educated employees (top level management) who generally dislike the practice of discrimination.

4. Culture:

It is an amalgamation of religion, caste, social traditions, language, values, and beliefs. Different employees have different ethnic orientation. They may have favouritism towards their religion or nation.

5. Psychology:

Organizations deal with human who have different perspectives and psychology. They can be timid, bold, pessimistic, or optimistic.

6. Intellectual Ability:

It comprises of memory, deductive reasoning, verbal comprehension, some individuals have good instincts and skills to make decisions and perform mental activities, while some are good at following the decisions and physical work, number aptitude.

Reasons for the Diversification

There are different reasons for the emergence of diversity in organizations. Globalization has contributed significantly to the increase of diversity in organizations. With companies expanding their operations to different countries in the world, workforce diversity in organizations has also increased. Organizations too have realized that to improve competitiveness, diversity needs to be encouraged. Other reasons for the emergence of diversity are:

1. Changing demographic structure of the workforce:

The people working in modern organizations have varying backgrounds of knowledge. The increase in the number of women workers, people belonging to minority communities, people of different ages, and people with different educational qualifications has altered the demographic structure of the workforce and contributed to increasing diversity in organizations.

2. Government Legislation and lawsuits alleging discrimination:

The legislations of different countries have made a provision for equal opportunity for all employees. There are also many laws against discrimination in organizations. For example, the US government has come up with different laws periodically to ensure that there is no discrimination.

- **Age discrimination Act, 1978:**

Initially, this law increased the retirement age from 65 to 70. The law was later amended, and the upper age limit was eliminated.

- **Pregnancy Discrimination Act 1978:**

This law ensures protection of employment to pregnant women.

- **Americans with Disabilities Act 1990:**

This law protects individuals with disabilities against discrimination in employment.

- **Equal Remuneration:**

The Equal remuneration Act 1976 provides for the payment of equal remuneration to men and women workers. It also aims at preventing discrimination against women on grounds of sex in matters of employment.

- **Maternity Benefit Act, 1961:**

The Maternity Benefit Act 1961 regulates the employment of women in establishment for certain period before and after childbirth and provides for Maternity benefit and certain other benefits for pregnant employees.

3. Recruiting Best Talent:

Global organizations have realized that diversity, if encouraged, helps organizations to remain competitive. By recruiting a diversified workforce, an organization can get the best talent from different backgrounds to work for it. This helps in generating different kinds of ideas for better functioning of the organization.

4. Increasing Globalization:

When organizations began operations in countries other than their country of origin, there was a need to employ local people (people from the host nation) so as to ensure that the organization functioned with thorough knowledge about the values and culture of the people in the country in which it was operating. This was essential to serve the host country in accordance with the customs and social norms of the people of that country. With globalization, companies employed various people from different countries in the world to ensure the smooth functioning of global operations. Thus, globalization was an important reason for the emergence of diversity in organizations.

Challenges of Diversity in the Workplace:

Taking full advantage of the benefits of diversity in the workplace is not without its challenges. Some of those challenges are:

1. Communication:

Perceptual, cultural and language barriers need to be overcome for diversity programs to succeed. Ineffective communication of key objectives results in confusion, lack of teamwork, and low morale.

2. Resistance to change:

There are always employees who will refuse to accept the fact that the social and cultural makeup of their workplace is changing. The "we've always done it this way" mentality silences new ideas and inhibits progress.

3. Implementation of diversity in the workplace policies:

This can be the overriding challenge to all diversity advocates. Armed with the results of employee assessments and research data, they must build and implement a customized strategy to maximize the effects of diversity in the workplace for their organization.

4. Successful Management of Diversity in the Workplace:

Diversity training alone is not sufficient for your organization's diversity management plan.

Major Forms of Workforce Diversity:

Workplace diversity initiatives target specific demographics because it's socially responsible, brings in needed resources and talents, enhances the corporate brand and reputation, provides an economic return, and drives the business forward strategically. Effectively harnessing this practice means going further than biological differences and racial quotas. The newest generation of diversity management gathers people of many different demographic backgrounds for the purpose of idea generation, problem solving, product development and new business initiatives. Learn how the demographics that are missing in your workplace can contribute to your bottom line.

Two major forms of workplace diversity:

- Surface Level Diversity

- Deep Level Diversity

- **Surface-level diversity:**

Human differences that are easily visible to us, such as differences in ethnicity, race, age, sex, gender, and other social and observable features.

- **Deep-level diversity:**

Differences in values, personality, and work preferences that become progressively more important for determining similarity as people get to know one another better.

- **Unfair Discrimination:**

Assuming stereotypes about groups and refusing to recognize differences.

Techniques/Strategies for Managing Diversity:

Diversity management sensitizes individuals about the diversity in the organization and respecting it. Following are the strategies for managing diversity

1. Awareness:

Creating awareness about the diversity and the basis of such diversity such as culture, education, age etc. This helps the individuals in accepting diversity in rational manner.

2. Conditions for Shared Organizational Culture:

The training program must incorporate cross cultural segments and create organizational climate which enables the members to work cooperatively.

3. Exceptional Programmes for the Diversity:

Special care for aged people, better work schedules for woman employees etc.

4. Avoiding Discrimination:

Enforcing policies and rules for non-discrimination among workforce and penalizing any misconduct. E.g., Women should be given equal opportunity for promotions.

5. Career Enhancement Programmes:

Everyone must be given equal opportunity to grow and develop his career. Individuals should be respected for their different characteristics and should be given enough opportunities to gauge their weaknesses and strengths.

Individual and Organizational Approaches to Managing Diversity:

There are different approaches to managing diversity in an organization Individual approach is through learning and empathy. The organizational approaches through programs for testing, training, and provision of alternative work schedules help in managing diversity. Individual or organizational approaches can be adopted to manage diversity for the better prospects of the organization overall.

A. Individual Approaches:

Individual approaches to managing diversity can be through learning, that is, by improving the knowledge of an individual about other people, or with empathy, i.e., Understanding others by putting oneself in other person's shoes

1. Learning:

Learning through interaction with employees at all levels can help managers in understanding them better. When they interact with employees, the managers get to know about the employees' personal values and attitudes. This gives the managers the opportunity to get to know how the employees expect to be treated Feedback from employees about the way they are being treated will also help managers in learning about diversity and improving their behaviour.

2. Empathy:

(Empathy is thinking how the other person thinks.) If managers empathize with their employees, they can understand their problems. By empathizing, they will be able to

manage diversity in the workforce. For example, when a manager talks with a physically challenged employee, he should take care that the employee does not feel he/she is being discriminated against. This is possible only when the manager empathizes with the employee and understands that the employee likes to be treated on par with other employees.

B. Organizational Approaches:

Organizational approaches to manage diversity are testing, training, mentoring, and devising alternative work schedules. All these approaches help in increasing employee morale while enabling them to bring in a balance between family and work.

1. Testing:

Tests conducted to select people for an organization should be free from bias based on religion, caste, gender, and ethnic background.

The tests for selecting a diverse workforce should concentrate on the skills required for the job. They should be designed in such a way that they are of the same difficulty level for all those taking them. The candidates should be tested based on the skills required for the job and the test should make the authorities choose the person fitted for it. Methods such as role play, and group discussions can help in appropriate assessment of the candidates.

2. Training:

Training is an effective organizational approach to manage diversity. Employees can be trained in dealing with different groups in an organization. Training can be provided through interactive games where each group questions other groups about their practices and they answer the questions to gain points. By this, all the groups gain knowledge about the other groups in the organization and the perceptions of different groups about each other. This helps in better interaction at the workplace and the effective management of diversity.

3. Mentoring:

Mentoring can be explained as the guidance provided by a senior employee to a less experienced employee to ensure that the latter is developing and adapting him/her to the requirements of the organization. Mentors help protégés in the following ways:

- To acquire specific skills required in performing a job efficiently.
- Guiding them about things that can be done or avoided in the organization.

- Clarifying their doubts on various issues and providing emotional support.
- Correcting the mistakes, they make and helping them to learn.

A formal mentoring program can last for about a year and helps proteges to work efficiently in future.

4. Alternative work schedules:

Alternative work schedules enable employees to work at the time they find most convenient in the day. There are various ways of providing alternative work schedules. Some of them are flex time, compressed workweek, job sharing, and telecommuting. With flex time, an employee is free to choose the timings in a day that fall within the working hours of the organization. The total number of work hours in a day should be eight hours.

IV. ETHICS:

Ethics is the branch of philosophy dealing with values relating to human conduct, with respect to the rightness and wrongness of certain actions and to the goodness and badness of the motives and ends of such actions.

Ethics is a philosophical term derived from the Greek word "ethos" meaning character or custom. Ethics refers to the rules and standards governing a person's conduct. Ethics has only recently become an important area of study in organizational behaviour. It has been found that ethical behaviour is influenced not only by individual or group behaviour but also by factors in the cultural, organizational, and external environment. Factors in cultural environment include family, friends, neighbour's education, religion, and media. Ethical codes role models, policies and practices and reward and punishment system comprise the organizational influences. The external factors include developments taking place in the political, legal, economic, and international arena. All these factors work together in determining the ethical behaviour of individuals and groups in organizations.

Ethics guide the conduct and thinking of a manager and facilitate him to make rational decisions. Usually, the decisions made on ethical grounds are proven to be successful and highly accepted.

Ethics are vital for an individual and an organization. In organizational context, they are the guidelines of behaviour and conduct. In today's business, the importance for this is growing as it has become the prime concern of relying on business operations. The following lines identify are needs of ethics.

Ethics' is important in the study of organizational behaviour since it affects, the way employees are treated and has a great impact on their performance and well-being.

Definitions:

"Ethics is the science of judging specifically human ends and the relationship of means to those ends. In some way it is also the art of controlling means so that they will serve human ends."

Thomas Garret

"Ethics refer to a set of moral principles which should play a very significant role in guiding the conduct of managers and employees in the operation of any enterprise."

Dale S. Beach

Types of Ethical Issues in Organization:

If you are to run an ethical business, you first need to know what types of issues you can expect to face and may need to overcome.

1. Discrimination:

- One of the biggest ethical issues affecting the business world in 2020 is discrimination. In the last few months, many corporations have come under fire for lacking a diverse workforce, which is often down to discrimination. However discrimination can occur at businesses of all sizes. It applies to any action that causes an employee to receive unequal treatment.
- Discrimination is not just unethical; in many cases, it is also illegal. There are statutes to protect employees from discrimination based on age, gender, race, religion, disability, and more. Nonetheless, the gender and race pay gaps show that discrimination is still rampant. Other common instances of discrimination include firing employees when they reach a certain age or giving fewer promotions to people of ethnic minorities.

2. Unethical Accounting:

Publicly traded companies may engage in unethical accounting to appear more profitable than they are. In other cases, an accountant or bookkeeper may change records to skim off the top.

3. Abuse of Leadership Authority:

Abuse of power often manifests as harassment or discrimination. However, those in leadership roles can also use their authority to pressure employees to skip over some steps of proper procedure to save time (potentially putting the employee at risk), punish workers who are unable to meet unreasonable goals, or ask for inappropriate favours.

4. Nepotism and Favouritism:

Nepotism is when a company hires someone for being a family member. Favouritism occurs when a manager treats an employee better than other workers for personal reasons.

Not only are nepotism and favouritism unfair, but they are also disheartening to employees. Workers often find they must work much harder to receive a promotion or other rewards.

5. Employee Privacy Issues:

Another major ethical issue in organizations concerns the privacy of employees in the workplace. There have been many developments in recent years that have had an impact on the privacy of employees. One of these is the advances in computer technology. These advances have given employers easy access to personal information about their employees. Mandatory drug testing at some organization is also regarded as a violation of the privacy of employees. Some organizations try to influence the lifestyle of their employees. Such attempts have an impact on the privacy of the employees.

6. Harassment:

- The second major ethical issue businesses face is harassment, which is often related to racism or sexism. This can come in the form of verbal abuse. Sexual abuse, teasing, racial slurs, or bullying. Harassment can come from anyone in the company, as well as from customers. It is an ethical issue for the business if a supervisor is aware of harassment from a client and takes no action to prevent it.
- In addition to causing a toxic workplace. Harassment can cause employees to leave the company prematurely-a second reason why some businesses lack diversity. Harassment can have a long-term impact on employees: psychologically, in terms of earnings, and even impacting a person's entire career path.

Business Ethics and its Needs:

Business ethics are the applications of moral principle to business problems, wherein moral principles are accepted customs of conduct and behaviour. They are essential for guiding the

Definition:

Organizational culture can be defined as the group norms, values, beliefs, and assumptions practiced in an organization. It brings stability and control within the firm. The organization is more stable, and its objective can be understood more clearly

"A general constellation of beliefs, morals, value systems, behavioural norms and ways of doing business that are unique to each corporation".

Turnstall

Characteristics of Organizational Culture:

The following characteristics help us to understand the nature of organizational culture better. When we mix and match these characteristics, we get to the basis of culture.

1. Individual Autonomy:

The degree of responsibility, freedom, and opportunities of exercising initiative that individuals have in the organization.

2. Structure:

The degree to which the organization creates clear objective and performance expectation. It also included the degree of direct supervision that is used to control employee behavior.

3. Management Support:

The degree to which managers provide clear communication, assistance, warmth, and support to the subordinates.

4. Performance Reward System:

The degree to which reward systems in the organization like increase in salary, promotion etc., is based on the employee's performance rather than on seniority, favouritism and so on.

5. Communication Pattern:

The degree to which organizational communications are restricted to the formal hierarchy of authority.

6. Outcome Orientation:

The degree to which management focuses on results or outcomes rather than on the techniques and processes used to achieve these outcomes.

7. People Orientation:

The degree to which management decisions take into consideration the impact or outcome on people within the organization.

managerial operations to go in tune with organizational goals by following right procedures.

- They are essential for an individual to develop a behaviour pattern.
- They guide the society for binding people together.
- They are vital for an organization to develop a culture and gain reputation.

Ethical Obligations:

1. Employees:

Companies need to treat all their employees ethically. Ethical businesses, however, may go beyond the minimum requirements in the way that they treat their employees.

2. Shareholders and Investors:

There is a moral obligation to pay back investors and meet the needs of shareholders, particularly low-level shareholders.

3. Customers:

Every business needs to build ethical customer relationships by providing safe products and honouring warranties

4. Community:

Businesses have an ethical obligation to be involved in their local communities. This includes communities where they interact with customers and beyond.

5. Vendors and Other Companies:

Always deal ethically with vendors Companies organizations you work with.

V. ORGANIZATIONAL CULTURE:

Organizational culture, also known as corporate culture, refers to the values, attitudes, beliefs, and behaviours that characterize and contribute to organization's unique social and emotional work environment. Organizational culture is unique for every organization and one of the hardest things to change and consists of written and unwritten rules that have been developed over time. Organizational culture helps the group members to resolve their differences, overcome the barriers and helps them in tackling risks.

Organization culture is intangible and functions like invisible hands guide the employees of an organization for better performance and more satisfaction everybody and is also influenced by everybody's thinking and action.

Functions of Culture:

A high degree of culture has a high influence on the performance and behaviour of the employees. Shared meaning provides a strong culture and creates a favourable environment in the organization. The functions of culture are numerous but a few of them are given below:

- The organization is recognized by its culture. Whenever people name an organization, the culture attached to the organization is immediately remembered. One organization is distinctively different from other organizations by its culture.
- Organizational culture makes the boundary beyond which no employees are permitted to go. They automatically adopt the limit known as a cultural limit.
- Several organizations are well recognized by the culture. They are given a sense of pride and identity by the public.
- Organizational culture provides facilities for self-satisfaction. Employees get internal satisfaction with an esteemed culture. People are more satisfied this way than when their individual interests are fulfilled.
- Organizational culture acts as a motivator that guides and controls the employees. Satisfied employees get more spirit and enthusiasm for performing their respective jobs.

Different Types of Organizational Culture:

The culture a firm follows can be further classified into different types. They are

1. Mechanistic and Organic Culture:

Mechanistic culture is formed by formal rule and standard operating procedures. Everything needs to be defined clearly to the employees like their task, responsibility and concerned authorities. Communication process is carried according to the direction given by the organization. Accountability is one of the key factors of mechanistic culture.

Organic culture is defined as the essence of social values in an organization. Thus there exists a high degree of sociability with very few formal rules and regulations in the company. It has a systematic hierarchy of authority that leads towards free flow of communication. Some key elements of organic culture include authority, responsibility, accountability, and direct flow towards the employee.

2. Authoritarian and Participative Culture:

Authoritarian culture means power of one. In this culture, power remains with the management. All the decisions are made by the top management with no involvement in the decision making as well as goal shaping process. The authority demands obedience from the employee and warns them for punishment in case of irregularity. This type of culture is followed by military organization.

In participative culture, employees actively participate in the decision making and goal shaping process. As the name suggests, it believes in collaborative decision making. In this type of culture, employees are perfectionist, active and professional. Along with group decision making, group problem solving process is also seen here.

3. Subculture and Dominant Culture:

In subculture, some members of the organization make and follow a culture but not all members. It is a part of organizational culture; thus, we can see many subcultures in an organization. Every department in a company have their own culture that gets converted to a subculture. So, the strength and adaptability of an organizational culture is dependent on the success of subculture.

In dominant culture, majority of subculture combine to become a dominant culture. The success of dominant culture is dependent on the homogeneity of the subculture, that is, the mixture of different cultures. At the same point of time, some cold war between a dominant culture and a minor culture can also be seen.

4. Strong and Weak Culture:

In a strong culture, the employees are loyal and have a feeling of belongingness towards the organization. They are proud of their company as well as of the work they do. They are slave towards their goal with proper coordination and control. Perception and commitment are two aspects that are seen within the employees. In this culture, there is less employee turnover and high productivity.

In a weak culture, the employees hardly praise their organization. There is no loyalty towards the company. Thus, employee dissatisfaction and high labour turnover are two aspects of this culture.

5. Entrepreneurial and Market Culture:

Entrepreneurial culture is a flexible and risk-taking culture. Here the employees show their innovativeness in thinking and are experimental in practice. Individual initiations make the

goal easy to achieve. Employees are given freedom in their activity. The organization rewards the employees for better performance.

Market culture is based on achievement of goal. It is a highly target-oriented and completely profit-oriented culture. Here the relationship between the employees and the organization is to achieve the goal. The social relation among the workers is not motivating.

Elements of Organizational Culture:

The two key elements seen in organizational culture are -

- **Visible elements:** These elements are seen by the outer world Example, dress code, activities, setup, etc.
- **Invisible elements:** These inner elements of the group cannot be seen by people outside the group or firm Example, values, norms, assumptions, etc.
- Now let us discuss some other elements of organizational culture. They are:
- **Stories:** Stories regarding the history of the firm, or founder Rituals - Precise practices an organization follows as a habit
- **Symbol:** The logo or signature or the style statement of a company
- **Language:** A common language that can be followed by all, like English,
- **Practice:** Discipline, daily routine or say the tight schedule everyone follows without any failure
- **Values and Norms:** The idea over which a company is based, or the thought of the firm is as its value and the condition to adopt them are called norms.
- **Assumptions:** It means we consider something to be true without any facts Assumptions can be used as the standard of working means the employees prepare themselves to remain above standard.

Sustaining Organizational Culture:

Organizational culture is created by three forces, which are as follows

1. Selection:

Select the individual who believes in the value of the organization and is productive

2. Top Management:

Top management reflects and shows which behaviour is acceptable and which act is not. For instance, an employee behaving in an acceptable manner is rewarded and recognizing,

while an employee is punished for an undesirable behaviour. Thus, the top ~~top~~
depict the acts and behaviour by setting examples.

3. Socialization:

It is the adaptation of employee with new culture. This adaptation takes place in socialization. It has three stages on

- **Pre-arrival Stage:** learning about the culture and work to be done before the new employee joins the organization.
- **Encounter Stage:** The employee faces the culture and matches the expectations with the reality.
- **Metamorphosis Stage:** With due passage of time, the employee learns and adapts to the organizational culture. This is the final stage of socialization.

Advantages and Disadvantages of Organizational Culture:

- Culture maintains an interaction between the people and develop cohesiveness or bond among the members. This creates the strong energy and momentums.
- Strong culture makes successful to energy employee and their work.
- Culture provide boundary and maintain a distinction between one unit with the other unit of the same organizations and between the organization.
- It conveys a sense of identity among the community, members, and organizations
- Culture develops a talent and engage people to perform well.
- It maintains and create a social system of shared values.

Disadvantages:

- When the organization is operating as a dynamic environment, culture doesn't allow changing in accordance with the environment change.
- A new diversified culture is maintained when the entrants are bringing in the organization
- A strong culture needs new employees to confirm its value rather than diversifying the culture.
- Due to strong culture many businesses alliance I.C., mergers and acquisition are tending change in the aspects of work.

VI. What is Reward System in HRM?

The achievement and benefit received by employees for their job performance in an organization are known as reward. Employees join the organization within certain expectation of reward. Some may be expecting for better salary and wages i.e., economic rewards while other may be seeking for facilities like accommodation, transportation, health, safety and other benefits as reward. Thus, economic, and non-economic benefits provided by organization to employees for their job performance regardless of their expectation is known as reward. Employees must be communicated about the reward provision in advance.

Types of Rewards in HRM

Rewards can be of two types:

- **Intrinsic:**

They are incentives which satisfy an employee internally. Only money is not enough to motivate people and it is important to make people realize their contribution to the organization matters. That motivates employees internally.

Intrinsic incentives can be giving meaningful work to employees, giving autonomy to employees, allowing employees to take responsibility in areas of their expertise and provide developmental opportunities to employees

- **Extrinsic:**

They are mostly tangible incentives like pay, advancement, recognition, time off etc. Extrinsic rewards the ones which are more sought after by employees as it can improve the motivation and job satisfaction in the short term and addresses immediate issues.

Purpose of Reward System:

1. Internal Purpose:

Reward aims to enhance job performance, to retain valuable employees and develop the corporate unit. The internal purpose is served with intrinsic rewards. Intrinsic rewards are associated with the job itself. Internal rewards are tied up directly with behaviour and performance. The income of an organization is increased as a result the enhanced performance through behaviour. A part of the income is used to motivate the employees. Promotion decision is also tied up with performance. An employee is motivated to perform higher than the normal standard in anticipation of promotion. Reward attempts to motivate

job performance through a selective distribution. Valued employees are retained if they are properly rewarded. The organization continues to develop through reward motivation.

2. External Purposes:

The external purposes of the reward system are to attract large number of laborer's who have skipped and proficient in the respective jobs. In an age of competition, it is essential to attract enough competent persons. Money, recognition, social esteem, and other motivational rewards are effective in attracting different types of employees.

Strategies for Rewarding Employees:

Strategies for rewarding employee's performance and contribution include both non-financial and financial mechanisms. Some of their primary ones are discussed below. The list is not exhaustive, and individual units/departments may identify additional mechanisms that are appropriated for and support their culture and goals.

1. Praise/Recognition from Supervisors:

Praise and recognition from supervisors are consistently found to be among the most important motivations, employees want to be recognized and feel their contributions are noticed and valued. It is important that supervisors recognize the value and importance of sincerely thanking employees verbally and/or in writing for their specific contributions.

2. Can Challenging Work Assignments:

Challenging/new work assignments are another mechanism available to supervisors to reward good performance. Such assignments provide employees opportunities to develop new skills, expand their knowledge, and/or increase their visibility within the organization. They such assignments, supervisors should consult employees about the types of assignments what would be most valued, and they should also assess whether workloads will need to be redistributed to ensure employees have adequate time to devote to new tasks.

3. Professional Growth and Development Opportunities:

Supervisors may provide employees opportunities to participate in educational program or other activities that will expand their skills/knowledge. Employees benefit by developing new skills, and the institutional benefits from the additional expertise individuals bring to the job.

4. Paid Leave:

Supervisor may award employees up to 32 hours of paid leaves annually in recognition of meritorious performance.

Pay: The Dominant Organisational Reward

Organisational provide reward to their personnel to try to motivate their performance and encourage their loyalty and retention. Organisational rewards like several different forms including money (salary, bonuses, incentive pay), recognition and benefits.

Money as a Reward:

Money plays an important role in motivation. Management generally makes use of financial incentives like wages and salaries, bonus, retirement benefits, health insurance, medical reimbursements etc., to motivate the workers. However, such incentives may not always provide to be motivating. In many cases, management may have to increase the financial incentives to keep the workers with the organisation.

Money is a real motivating factor when the physiological and security needs of the workers have not been fully satisfied. Money plays a significant role in satisfying these needs. Therefore, management can use financial incentives for motivation. Money helps in satisfying the social needs of the workers to some extent because money is often recognized as a basis of status, respect, and power. Money is also an important means of achieving a 'minimum standard of living.

A. TRADITIONAL METHOD OF ADMINISTRATIVE PAY

Traditionally organisations have used two methods of administrative pay. They are:

- Base Pay
- Contingent Pay

1. Base Pay:

Base (or basic) pay is the level of pay (the fixed salary or wage) that constitutes the rate of the job. It may provide the platform for determining additional payments related to performance, competence, or skill. It may also govern pension entitlement and life insurance. Levels of pay may be agreed through negotiation, by collective bargaining with trade unions or by reaching individual agreements. The base rate for a job is sometimes regarded as the rate for the competent or skilled person in that job. Such a rate may be varied in a skill-based or competence-based system according to the individual's skill or competence.

Base pay may be expressed as an annual, weekly, or hourly rate. This can be termed a time-rate or time-based payment system. Such systems are simple, but they can be made more complex by the addition of various kinds of allowances such as overtime or shift payments.

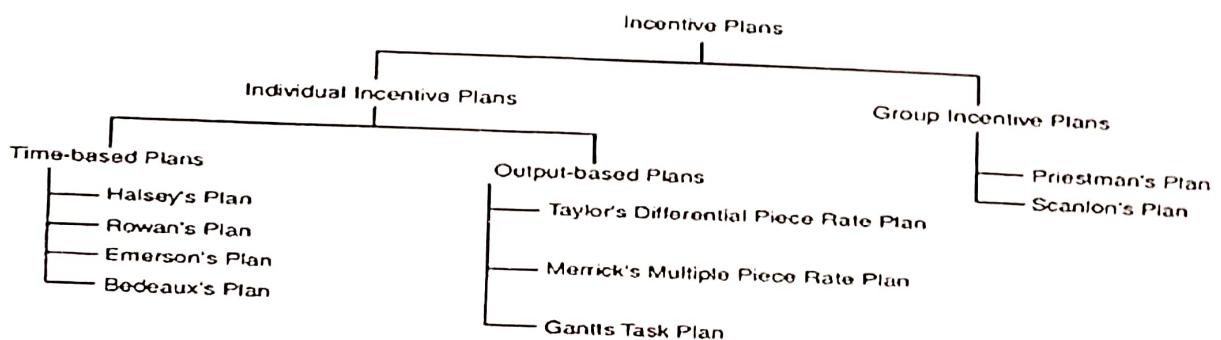
2. Contingent Pay:

Additional financial rewards may be provided that are related to performance, contribution, skill and/or experience. These are referred to as 'contingent pay'. If such payments not consolidated into base pay, they can be described as 'variable pay'. Variable pay is sometimes defined as "pay at risk".

- i. **Individual Performance-related Pay:** Individual performance-related pay in which increases in the base pay or cash bonuses are determined by performance assessment and ratings (also known as merit pay).
- ii. **Bonuses:** Bonuses rewards for successful performance which are paid as cash (lump sums) related to the results obtained by individuals' teams or the organisation.
- iii. **Incentives:** Incentive's payments linked with the achievement of previously set targets which are designed to motivate people to achieve higher levels of performance. The targets are usually quantified in such terms as output or sales.
- iv. **Commission:** Commission a special form of incentive in which sales representee are paid based on a percentage of sales value they generate.
- v. **Service-related Pay:** Service-related pay which increases by fixed increments on a scale or pay spine depending on service in the job. They may sometime be scope for varying the rate of progress up the scale according to performance.

B. PAY FOR PERFORMANCE:

The various incentive plans can be classified into two groups: 1. Individual Incentive Plans 2. Group Incentive Plans.



1. INDIVIDUAL INCENTIVE PLANS:

Under individual incentive plan, individual employee is paid incentive based on individual performance or output. The employers are liable to pay incentives to those employees who are

producing more than the standard output. Individual incentive plans can be either time based, or production based.

In case of time-based incentive plans, a standard time is determined for doing a job and this standard time served as a basis for giving incentive. A worker is considered as efficient if he completes his job in less than standard time. The worker is awarded for his efficiency by giving incentive under some incentive plans.

i. **Some of the time-based incentive plans are:**

- A. Halsey Incentive Plan.
- B. Rowan Incentive Plan.
- C. Emerson Efficiency Plan.
- D. Bedaux Incentive Plan.

In case of production-based incentive plans, a standard of output is determined, and wages are paid since number of units produced.

ii. **Some of the production-based incentive plans are:**

- A. Taylor's differential piece rate system.
- B. Merrick's multiple piece rate plan.
- C. Gantt's task and bonus wage plan.

i. **TIME-BASED PLANS:**

A. Halsey Incentive Plan:

In this method a standard time is fixed for the completion of the job. A minimum base-wage is guaranteed to every worker. If a worker completes his job in just the standard time, he will not be given any incentive. If a worker performs his job in less than standard time, he is given incentive. The incentive will be equal to 50% of the time saved by the worker.

B. Rowan Plan:

This plan is quite like Halsey plan. It differs only in terms of calculation of incentive for time saved. The worker gets the guaranteed minimum wages. The incentive for completing the job in time lesser than standard time is paid based on a ratio, which is time saved over standard time per unit standard time.

C. Emerson's Efficiency Plan:

In this plan, a minimum wage is guaranteed to every worker on time basis and incentive is given based on efficiency. Efficiency is determined by the ratio of time taken to standard time. Payment

of bonus/incentive is related to efficiency of the workers. Incentive will be given to those who attains more than $2/3^{\text{rd}}$ i.e., 66.67% of efficiency. No incentive will be given at 66.67% efficiency. At 100% efficiency incentive is 20% of the hourly rate. For efficiency exceeding 100%, 1% incentive/bonus is paid for every 1% increase in efficiency.

D. Bedeaux Point Plan:

Bedeaux system also called units or point system also guarantees a minimum base wage. Under this plan, the standard time and time taken for each job is reduced to minutes. Each minute is referred to, as 'B' i.e., one hour is the same as 60B's. The workers who complete the job within standard time are paid at a normal time rate.

Those who complete the job in less time are paid bonus. The bonus paid to the worker is 75% of the wages for time saved. The time saved is divided between workers and management.

ii. Output-based plans:

A. Taylor's Differential Piece Rate System:

This system was introduced by Taylor, the father of scientific management. The main characteristics of this system are that two rates of wage one lower and one higher are fixed. A lower rate for those workers who are not able to attain the standard output within the standard time; and a higher rate for those who are able to produce the standard output within or less than the standard time.

B. Merrick's Multiple Piece Rate Plan:

To overcome the limitations of Taylor's differential piece rate system, Merrick suggested a modified plan in which, three-piece rates are applied for workers with different levels of performance.

These are:

- Workers producing less than 83% of the standard output are paid at basic rate.
- Workers producing between 83% and 100% of standard output will be paid 110% of basic piece rate.
- Those producing more than 100% of the standard output will be paid 120% of basic piece rate.

C. Gantt's Task and Bonus Plan:

This plan is based on careful study of a job. The main feature of this plan is that it combines time rate, piece rate and bonus. A standard time is fixed for doing a particular job. Worker's actual performance is compared with the standard time and his efficiency is determined.

If a worker does not complete the job within standard time i.e., he takes more time than the standard time (efficiency below 100%), he will not receive any bonus, but he is given wages for the time taken by him.

If a worker completes the job within standard time (100% efficiency), he is given wages for the standard time and bonus of 20% of wages earned.

If the worker completes the job in less than the standard time (i.e., efficiency more than 100%), wages are paid according to piece rate.

2. GROUP INCENTIVE PLANS:

A group incentive plan scheme is designed to promote effective teamwork, as the bonus is dependent on the performance and output of the team. Under group incentive plan, each employee is paid incentive based on collective performance of his group to which he belongs. Within the group, each employee gets an equal share of the incentive.

Some of the group incentive plans are:

- I. Priestman's Plan.
- II. Scanlon's Plan.

I. Priestman's Plan:

In this plan workers are not considered individually but collectively. This system considers the productivity of all workers. Bonus is paid in proportion more than standard output per week. If in a year, the output increases either above the standard output or the output of the previous year, the wages are increased in the same ratio.

For example, if in 2009 the output per worker per unit time is 10 units and in year 2010 the output per worker per unit time comes out to be 12 units, the wages in 2010 will be 20% more than in 2009. The drawback of this system is that individual efficiency is not considered.

II. Scanlon's Plan:

A Scanlon plan is a type of gain sharing plan that pays a bonus to employees when they improve their performance or productivity by a certain amount as measured against a previously established standard. A typical Scanlon plan includes an employee suggestion program, a committee system, and a formula-based bonus system. A Scanlon plan focuses attention on the variables over which the organization and its employees have some control.

NEW PAY TECHNIQUES

The standard base-pay technique provides for minimum compensation for a particular job, not reward above average performance nor penalize below average performance. Pay performance plan correct this problem.

- **Commissions beyond Sales to Customers:** As with all these new pay plans, the commission paid to sales personnel are aligned with the Organisation's strategy and core competencies. As a result, besides sales volume, the commission is determined by customer satisfaction and sales team outcomes such as meeting revenue or profit goals.
- **Rewarding Leadership Effectiveness:** This pay approach is based on factors beyond just the financial success of the organisation. It also includes an employee satisfaction measure to recognize a manager's people management skills.
- **Rewarding New Goals:** In addition to being based on the traditional profit, sales and productivity goals, rewards under this approach are aimed at all relevant employees (top to bottom) contributing to goals such as customer satisfaction, cycle time or quality measure
- **Pay for Knowledge Workers in Teams:** With the increasing use of teams, pay is being linked to the performance of knowledge workers or professional employees who are organised into reengineering, product development, inter functional or self-managed teams
- **Skill Pay:** This approach recognises the need for flexibility and change by paying employ based on their demonstrated skills rather than the job they perform.
- **Competency Pay:** This approach goes beyond skill pay by rewarding the more abstract knowledge or competencies of employees, such as those related to technology, the international business context, customer service or social skills.
- **Broad banding:** This approach has more to do with the design of the pay plan than the others. Formally defined as a compensation strategy, broad banding "is the practice collapsing the traditional large number of salary levels into a small number of salary grade with broad pay ranges".

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SHUGUFTA NISHTA
ASST. PROFESSOR, BRCCW

5. Promotions and Lateral Moves:

Promotions and lateral moves may be long term rewards that recognize employee's professional growth, expertise, and capacity to contribute to the institution in new roles. Promotions are typically associated with an increase in salary, and the increase may be any amount up to 10% of an employee's current salary.

ORGANISATION DESIGN IS ON PAGE NO: 55

PERCEPTUAL PROCESS :

- 1) Receiving : Receiving is the first stage in the process of perception. It is the initial stage in which a person collects all information and receives the information through the sense organs .
- 2) Selecting : Selecting is the second stage in this process . Here a person doesn't receive the data randomly but selectively . A person selects some information out of all in accordance with his interest or needs .
- 3) Organizing : Keeping things in order or say in a synchronized way is organizing . In order to make sense of the data received , it is important to organize them . Usually data can be organized through grouping them on the basis of their similarity , proximity , closure , continuity .
- 4) Interpreting : Finally , we have the process of interpreting which means forming an idea about a particular object depending upon the need or interest . Interpretation means that the information we have sensed or organized , is finally given a meaning by turning it into something that can be categorized

Cognitive Process – I Perception and Attribution

I. PERCEPTION:

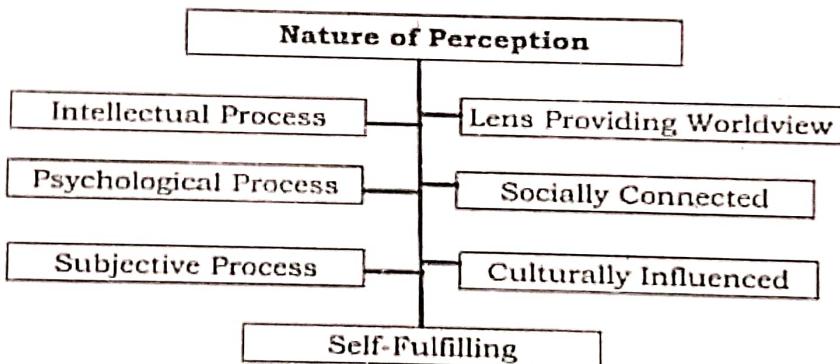
Perception is the process by which information obtained from the outside environment is selected, organized, analysed, and evaluated to make it meaningful for people. This meaningful information leads to better decisions and activities.

Perception is the process by which organisms interpret and organize sensation to produce a meaningful experience of the world. Sensation usually refers to the immediate, relatively unprocessed stimulation of sensory receptors in the eyes, ears, nose, tongue, or skin.

Definition:

- "A process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment". - **Stephen P. Robbins**
- "Perception is an important mediating cognitive process through which persons make interpretations of the stimulus or situation they are faced with". - **Fred Luthans**

Nature of Perception:



1. Intellectual Process:

Perception involves selection, organization, and analysis of data from the surroundings to gain some viewpoints. Hence, it is an intellectual process.

2. Psychological Process:

Perception is based on the psychology of individuals. Hence, it can be said that how a person acts, thinks, or feels is influenced by the perception of his environment.

3. Subjective Process: Two or more persons might observe the same event differently. This depends on their ability to choose what to understand, how to classify the information collection and analysis of the event. Thus, perception is a subjective process.

4. Lens Providing Worldview:

Perception acts as a lens because it equips a person with a viewpoint about his surroundings and their reality.

5. Socially Connected:

Every individual needs to understand the nature of another person every now and then because the mindset of an individual keeps on changing with time. Hence, it is said that perception is socially connected.

6. Culturally Influenced:

Views of people can be influenced by their cultural values about the world. For example, people belonging to different cultures speak different languages.

7. Self-Fulfilling:

When we talk about person perception, both the perceiver and the perceived are the persons, which ultimately makes the scenario more complex. For example, during hard times, people believe that the present situation is bad, and it will become worse in the days to come. Hence, they start behaving selfishly. They just focus on protecting themselves and their families.

Importance of Perception:

1. Helps in Understanding Human Behaviour:

Every individual observes the world differently and deals with the problems differently.

An object might not be perceived in the same manner as it really is. If a person purchases fruits from a particular vendor, it is not because the vendor is selling the best fruits in the whole market but because the person perceives him to be doing so. It is due to the perception that a job that one person finds suitable and satisfying might not appear as good to the other. So, perception plays a significant role in understanding human behaviour.

2. Helps in Forecasting Behavior:

Different individuals behave differently when facing the same situation as they view the same situation differently. A person's behavior can be predicted by understanding his current situation and his current perception of the environment.

3. Facilitates Needs Determination: A person's perception is influenced by his needs. Hence, by understanding the perception of a person about a certain situation, his needs can

also be understood. For example, mirrors in an amusement park show different in the same object.

4. Assists in Handling Subordinates Effectively:

If a manager wants to be effective and intends to avoid mistakes in the work environment he needs to understand the perception of his employees. This would help him in predicting the behaviour of employees as he would be aware of their viewpoints.

Perception Process in Pg no: 33

II. PERCEPTUAL SELECTIVITY AND ORGANIZATION:

Under the process of perception, it has been pointed out that it is a selective process. In everybody's environment there are various stimuli. These stimuli are in the form of objects, events, and people. An individual cannot get attracted towards all these stimuli. He is attracted towards only those stimuli which interest him. The stimuli towards which he gets attracted are selected and the others get ignored.

For example, when we read a newspaper, we get attracted towards only some of the news and ignore the remaining news.

Now the question arises as to what are the factors which influence the perceptual selectivity. There are various factors influencing it. For the convenience of study, they can be divided into the following two categories:

A. External Factors:

These factors are related to the external environment or stimuli. These factors are the characteristics of the stimuli. It is only these characteristics of the stimuli that attract a person, and he selects them, otherwise he overlooks them. The following are the chief external factors that influence perceptual selectivity:

- **Size:** (The size of the object or stimulus has a greater impact on the perception process) because the size influences attention and recognition in a more effective manner. Employees are greatly influenced by tall and well-built managers as compared to the normal-sized individuals. The engineering department pays more attention to big and attractive machines. Big-sized objects have a natural attraction and get more attention.
- **Intensity:** Researchers on human behaviour have revealed that the more intense the stimuli, the higher the attention and recognition in the perception process. A strong voiced manager has more impact on supervisors and employees. It is observed that managers use voice

- modulation to get the attention of employees. The intensity varies as per the needs of the organization. The same type of intensity may not be useful for all the situations and objects.
- **Contrast:** Contrasting objects have more impact on behavior. Employees pay more attention and recognition to contrasting objects and situations. Machines making noises are hardly noticed, but a machine coming to a halt is immediately noticed because of contrast stimuli. Normal communication and performance have less impact than abnormal and contrast communication. The purpose of contrast stimuli is to attract more attention and recognition.
 - **Repetition:** Repeated stimuli have more impact on statement. Repetition has the advantage of being attention-catching, when stimuli are waning, repetition generates fresh attention and recognition. Supervisors repeat orders performances than a single several times to have them followed by employees.
 - **Motion:** People pay more attention to the moving objects than to stationary objects. This is just the impact of eyes on the mind. Workers are more attentive towards working machines than stationary machines. The video films of some training programmes create more of an impact on employees than others.
 - **Familiarity:** Employees would like to hear and see those programmes with which they are familiar. Training programmes demonstrated in the language of the employees are highly attended and recognized. Examples which are known and easily understood are used for motivating employees.
 - **Situations:** Situations have a great influence on people's perceptions. A favorable work environment develops a positive attitude and work culture because the perception process is easily channelized and rightly directed. The management style and functioning of the organization influences the employee's mental state through attention and recognition. Work relations also have some impact on perception forces.

B. Internal Factors of Perceptual Selectivity:

External factors influencing the perceptual selectivity relate to the stimuli while internal factors relate to the perceivers. In fact, these factors are the characteristics of the perceivers. These characteristics of the perceivers attract them towards some stimulus. If a particular person gets attracted to some stimuli, he selects them, otherwise he ignores them. The following are the internal factors influencing the perceptual selectivity:

- **Self-concept:** The way a person views others depends on himself. Knowing one's own characteristics makes it easier to see others accurately. People's own characteristics affect which they are willing to see in others. They select only that aspect which they find matching with their characteristics.
- **Beliefs:** An individual's belief has profound influence on his perception. He conceives what he sees but what he believes in.
- **Expectations:** Expectations affect the perceptions of individuals. Expectations refer to the participation of a particular behaviour from a person. These expectations may be lasting and difficult to change.
- **Inner Needs:** Perception is determined by the inner needs of people. Need is a state of condition of lacking something. People with different needs usually experience different stimuli. People with different needs tend to select different stimuli to respond to. When people are not able to satisfy their needs, they are engaged in wishful thinking or daydreaming, thus people will perceive only those items which are in accordance with their wishful thinking.
- **Response Disposition:** It refers to the tendency of an individual to perceive familiar information rather than unfamiliar ones. Thus, an individual will perceive those things with which he is familiar.
- **Perceptual Difference:** It refers to screening out those elements which are threatening an individual. In a situation the perceiver does not perceive the stimuli which conflict with him. He may even perceive other factors of the situation sometimes.

PERCEPTUAL ORGANISATION IS ON PAGE NO: 59

III. ATTRIBUTION AND ITS TYPES

Attribution refers to how a person tries to understand other's behaviour by interpreting the causes as caused by certain factors. In other words, the person tries to attach cause-and-effect explanation to their behaviour. Thus, attribution is a distinct factor creating a tendency to visualise identical behaviour differently. Perception is distorted by the efforts of the person to attribute a causal explanation to an outcome. According to attribution theory, the perceiver himself attributes causes for the behaviour of others.

The attributes are of two kinds:

It is the process of assigning causal explanation to own or other's behaviour. Helps us to understand own and other's behaviour.

- Internal
- External
- **Internal Attributes:** Internal attributes refer to abilities, motives, traits, intentions, etc of others. The perceiver believes them to be under the control of the individual.
- **External Attributes:** The perceiver attributes cause for the behaviour of others. External attributes refer to social, technical, economical, and religious factors which are not controllable. The perceiver believes them to be not controllable.

The manager must decide the behaviour of others whether caused externally or internally and the manager should realize that the behaviour depends upon three factors,

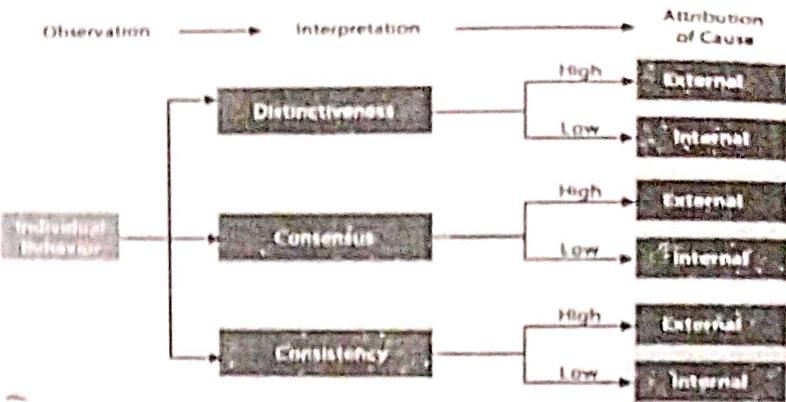
- **Distinctiveness:** It refers to whether an individual displays different behaviour in different situations.
- **Consensus:** If every one of the group members in the given situation responds in the same way, then the behaviour is said to be consensus behaviour.
- **Consistency:** If an individual behaves the same way over time and again, he is said to be consistent.

Limitations:

- **Fundamental Attribution Error:** The tendency of observer to underestimate the influence of external factors and overestimate the influence of internal factors while judging the behaviour of others is called fundamental attribution error.
- **Self-servicing Bias:** The tendency of individuals to attribute their success to internal factors and blame external factors for his failure is known as self-servicing bias.

Attribution Theory and its Process:

Perception refers to seeing, selecting, and recalling information. Attributions are causes effects assigned to observed behaviour. Attributions are interfered causes; that is, the cause and-effect connections are not necessarily based on actual behaviour. Attributions are assigned to other's behaviour based on whether these three factors are high or low in the perceiver's judgement not necessarily in fact or reality. For example, a perceiver who determines the conditions of the target's behaviours as having high consensus, low consistency, and high distinctiveness, most likely attributes the target's behaviour to external causes.



Attribution refers to how a person tries to understand behaviour of events by interpreting them as caused by certain other factors. In other words, the person tries to explain why something happened or someone behaved in a particular way. Our perceptions of what is happening in the environment depend very much on the attribution we make. Attribution explains the ways in which we judge people differently, depending on what meaning we attribute to a given behaviour. Basically, the theory suggests that when we observed an individual's behaviour, we attempt to determine whether it was internally or externally caused.

The determination, however, depends largely on three factors,

- Distinctiveness
- Consensus and
- Consistency

1. Consensus.

(If everyone who is faced with a similar situation responds in the same way, we can say the behaviour shows consensus.)

The extent to which you believe that the person being observed is behaving in a manner that is consistent with the behaviour of his or her peers. High consensus exists when the person's actions reflect or are like the actions of the group; low consensus exists when the person's actions do not.

2. Consistency.

Finally, a manager looks for consistency in an employee's actions.

The extent to which you believe that the person being observed behaves consistently—in a similar fashion—when confronted on other occasions with the same or similar situations. High consistency exists when the person repeatedly acts in the same way when faced with similar stimuli.

3. Distinctiveness:

Distinctiveness refers to whether an individual displays a behavior in many situations or whether it is particular to one situation.

The extent to which you believe that the person being observed would behave consistently when faced with different situations. Low distinctiveness exists when the person acts in a similar manner in response to different stimuli; high distinctiveness exists when the person varies his or her response to different situations.

ATTRIBUTION THEORIES Pg NO: 58

IV. LOCUS OF CONTROL

Locus of control:

Locus of control is defined as a degree or an extent to which an individual believes that he has control over the events, which has an impact on his life. It is the locus of control which determines how one responds to the occurrences and whether that person is motivated enough to take any action for or against it.

In simple terms, it is a belief about whether the outcomes of our activities are dependent on what we have done or are outside our control, for instance, in the hands of so-called destiny. In the case of internal locus of control, a person will try to take some action to change the situation or the result.

Types of locus of control:

- Internal
- External

Internal locus of control:

While dealing with various challenges in life if a person believes that he is in full control of the outcome, then it is referred to as internal locus of control. As per the study, men have a higher internal locus of control than women and that the degree of control tends to become more internal as a person starts ageing.

Some essential characteristics of internal locus of control are as follows-

- Individuals with an internal locus of control will in most cases take responsibility for their actions
- The opinion of someone else will not influence individuals with an internal locus of control

- Individuals with an internal locus of control are more robust and healthier, and they are eager to go on their own and complete a task to their satisfaction
- Individuals with an internal locus of control are self-reliant with a strong sense of dependency
- Individuals with an internal locus of control are better at completing a task when they are allowed to work as per their will

Advantages of internal locus of control

- Individuals with an internal locus of control tend to find success easily as they take responsibility for their actions
- Individuals with an internal locus of control will not be influenced by the mindset or opinion of others as their path is defined and clear from the onset
- In case of a mishap or adverse condition a person with an internal focus of control will take suitable action to improve the situation
- Individuals with an internal locus of control will learn from their mistakes and try not to repeat them again
- Individuals with an internal locus of control are better at making decisions as they are self-reliant and independent by nature

Disadvantages of internal locus of control:

- Individuals with an internal locus of control believe in direct speaking. They are to-the-point while offering their opinion and this can cause hurt feelings in others
- Individuals with an internal locus of control often sound arrogant to others. Their self-confidence is misinterpreted as pride and conceit and can create strained relations in the workplace
- Individuals with an internal locus of control want to have full control over every situation. They are not comfortable with delegation or sharing of responsibilities, and this can cause problems in the workplace
- Individuals with an internal locus of control are perfectionist by nature that work against them if they are part of a team, and everyone is not working as per their set standards.

External locus of control:

While dealing with various challenges in life if a person believes that he is not in full control of the outcome, and it is instead dependent on external forces then it is referred to as external locus of control.

Some essential characteristics of external locus of control are as follows-

- Individuals with an external locus of control will blame outside forces or others for their circumstances
- The opinion of someone else will influence individuals with an external locus of control
- Individuals with an external locus of control will not give their best and are often laidback in their approach as they do not believe in hard work
- Individuals with an external locus of control are not sure of themselves. They give credit to chance or luck for any success which is achieved.
- Individuals with an external locus of control often feel helpless all the time because of unforeseen as well as uncontrollable forces
- Individuals with an external locus of control feel powerless and hopeless in the face of a challenge or during adverse situations

Advantages of external locus of control

- Individuals with an external locus of control are generally happy by nature. This proves an advantage for them because people like these types of people and they lead a great social life
- Individuals with an external locus of control can adapt to every situation very easily as they have low expectations
- Individuals with an external locus of control make good team players as they are good followers without a drive to lead the team and snatch the rein of command from someone else.
- The attitude of letting go helps during tense situations when you need everyone to calm down and let go of things so that it can be started fresh once again.
- Individuals with an external focus of control are unlikely to suffer from anxiety and depression as they do not take unnecessary stress, and most often leave things on destiny.

Disadvantages of external locus of control

- Individuals with an external locus of control are generally eager to blame external factors for every catastrophe that befalls them.
- Individuals with an external locus of control feel hopeless and powerless and do nothing to change the outcome.
- Individuals with an external locus of control lack the self-confidence to give themselves credit for achieved success. They in fact credit all their success to luck, chance, and fate.
- Individuals with an external locus of control feel as if they are the victim of circumstances and give up faster during adverse conditions.
- Individuals with an external locus of control are underachievers, and this might be a case of worry for a business entity that wants to promote efficiency and productivity at all costs.

V. IMPRESSION MANAGEMENT

Definition

Impression management is defined as a process where someone or other tries to influence the decision, opinion, or observation of others about something or someone. Within a business entity, it can be someone in a management position who might try to regulate information during his interaction with other employees or even the public.

This is done to display a favourable impression of the company, its vision, and its mission to the outside world.

Meaning Of Impression Management:

Impression management is a conscious or unconscious effort towards influencing the perceptions, decisions, and opinions of other people. In simpler words, it is a process of controlling or managing impressions of others in social interactions. Let's look at some of the types and examples of impression management to understand the concept.

There are two primary types of impression management.

- **Constructive: one that helps in the formation of self-identity.**

We see the success of constructive impression management in the advertising world. Take Starbucks, for example. It's considered 'cool and hip' when you purchase a chai tea latte.
(associating with trendy brands)

Strategic: one that helps in achieving interpersonal goals.

We see maximum instances of strategic impression management in our professional lives. Whether you're attending a job interview, interacting with a client, or attending a conference—you dress appropriately and regulate your tone and language accordingly.

Strategies of impression management:

No matter what anybody says, first impressions in business environments matter to a great extent. Not only do impressions help you maintain professionalism but also contribute to business growth and development. You'll see two basic types of strategies of impression management in workplaces:

- Demotion-preventive:**

If someone is trying to stay out of trouble or lessen the impact of a damaging event, they'll use the demotion-preventive strategy. Many will justify their action(s) or find excuses to prove themselves right. Many will offer their apologies so that they can repair the damage to some extent.

- Promotion-Enhancing:**

If someone is trying to project an ideal version of themselves, they'll use a promotion-enhancing strategy. Some will work towards identifying personal or professional obstacles that interrupt their career growth. Some will work harder with stricter deadlines or more workload, therefore stepping outside their comfort zone. Some will even voice their concern(s) about their efforts not going.

Impression Management Techniques:

Impression management is a valuable tool that helps you engage in strategic behaviour but it can get tricky. Learn to differentiate between constructive and destructive impression techniques before you engage with people. Here's a list of seven common techniques that we use in everyday life.

- Conformity:**

It's the act of matching your behaviour with the group or environmental norms and attitudes. For example, students need to conform to a set of rules while they're present on school grounds or in the classroom.

- **Excuses:**

They generally refer to an explanation that cushions the consequences of a negative unacceptable event. For example, we may make excuses when we're late to work.

- **Acclaim:**

It means to acknowledge proudly and openly somebody when they do their work properly or correctly. For example, in team feedback sessions, managers give employees who are doing a good job a pat on the back.

- **Flattery:**

To excessively compliment someone to appear likable or perceptive is to flatter them. For example, if you want an extra serving of food, you may compliment and flatter the chef.

- **Self-promotion:**

To emphasize your best characteristics or downplay your weaknesses are some of the effective ways of promoting or advertising yourself. Social media influencers are widely known for self-promotion.

- **Favours:**

To do something nice for others to receive approval or acceptance is to do a favour.

For example, you may take on some extra work so that your co-worker can attend their child's school play.

- **Association:**

Sometimes we associate with certain people to protect or promote our self-image. For example, people network at conferences so that they can reach out to more people in the industry later.

VI. ATTRIBUTION ERROR / BIAS

Attributional biases are cognitive biases which affect attribution, the way we determine who or what was responsible for an event or action. Such biases typically rely on actor/observer differences, people involved in an action view things differently from those people outside (observers).

- **Fundamental Attribution Error:** In attribution theory, the fundamental attribution error (sometimes referred to as the actor-observer bias, correspondence bias or over attribution effect) is the tendency for people to over-emphasize dispositional, or personality-based,

explanations for behaviours observed in others while under-emphasizing the role and power of situational influences on the same behaviour. In other words, people tend to have a default assumption that what a person does is based more on what "kind" of person he is, rather than the social and environmental forces at work on that person. This default assumption leads to people sometimes making erroneous explanations for behaviour. This general bias to over-emphasizing dispositional explanations for behaviour at the expense of situational explanations is much less likely to occur when people evaluate their own behaviour.

- **A Self-serving Bias:** A self-serving bias occurs when people are more likely to claim responsibility for successes than failures. It may also manifest itself as a tendency for people to evaluate ambiguous information in a way beneficial to their interests. Dale Miller and Michael Ross first suggested this attributional bias. Self-serving bias also results in a statistical bias resulting from people thinking that they perform better than average in areas important to their self-esteem. For example, most drivers think they drive better than the average.
- **The Group Attribution Error:** The group attribution error is a group-serving, attributional bias identical to the fundamental attribution error except that it occurs between members of different groups rather than different individuals. Group members are more likely to attribute a fellow group member's action to their arbitrary circumstances, while attributing a non-group member's action to something in that group's inherent disposition.
- **Egocentric Bias:** This occurs when people claim more responsibility for themselves for the results of a joint action than an outside observer would. Besides simply claiming credit for positive outcomes, which might simply be self-serving bias, people exhibiting egocentric bias also cite themselves as overly responsible for negative outcomes of group behaviour.

- **False Consensus Effect:** The false consensus effect refers to the tendency for people to overestimate the degree to which others agree with them. People readily guess their own opinions, beliefs, and predilections as being more prevalent in the public than they really are. This bias is commonly present in a group setting where one thinks the collective opinion of their own group matches that of the larger population. Since the members of a group reach a consensus and rarely encounter those who dispute it, they tend to believe that everybody thinks the same way.

There is no single cause for this cognitive bias, the availability heuristic and self-serving bias have been suggested as at least partial underlying factors.

- **Group-serving Bias:** Group-serving bias is identical to self-serving bias except that it takes place between groups rather than individuals, under which group members make dispositional attributions for their group's successes and situational attributions for failures and vice versa for outsider groups. Group.

For instance, the fundamental attribution error is a self-serving bias, while the group attribution error is a group-serving bias. Perhaps the most basic form of group-serving bias is ingroup bias.

- **The Negativity Effect:** The negativity effect is an attributional bias that occurs when subjects are asked what they think caused actions of other people whom they dislike. Under these conditions, the positivity effect is reversed, and people rate the positive behaviour of those they dislike to the situation and their negative behaviour to something in their inherent disposition.

The negativity effect is sometimes called the ultimate attribution error because of its clear role in racial prejudice.

VI. SOCIAL PERCEPTION

Social Perception:

It is the process by which we interpret information about another person or other people. Our social perceptions help us form opinions and judgements about others.

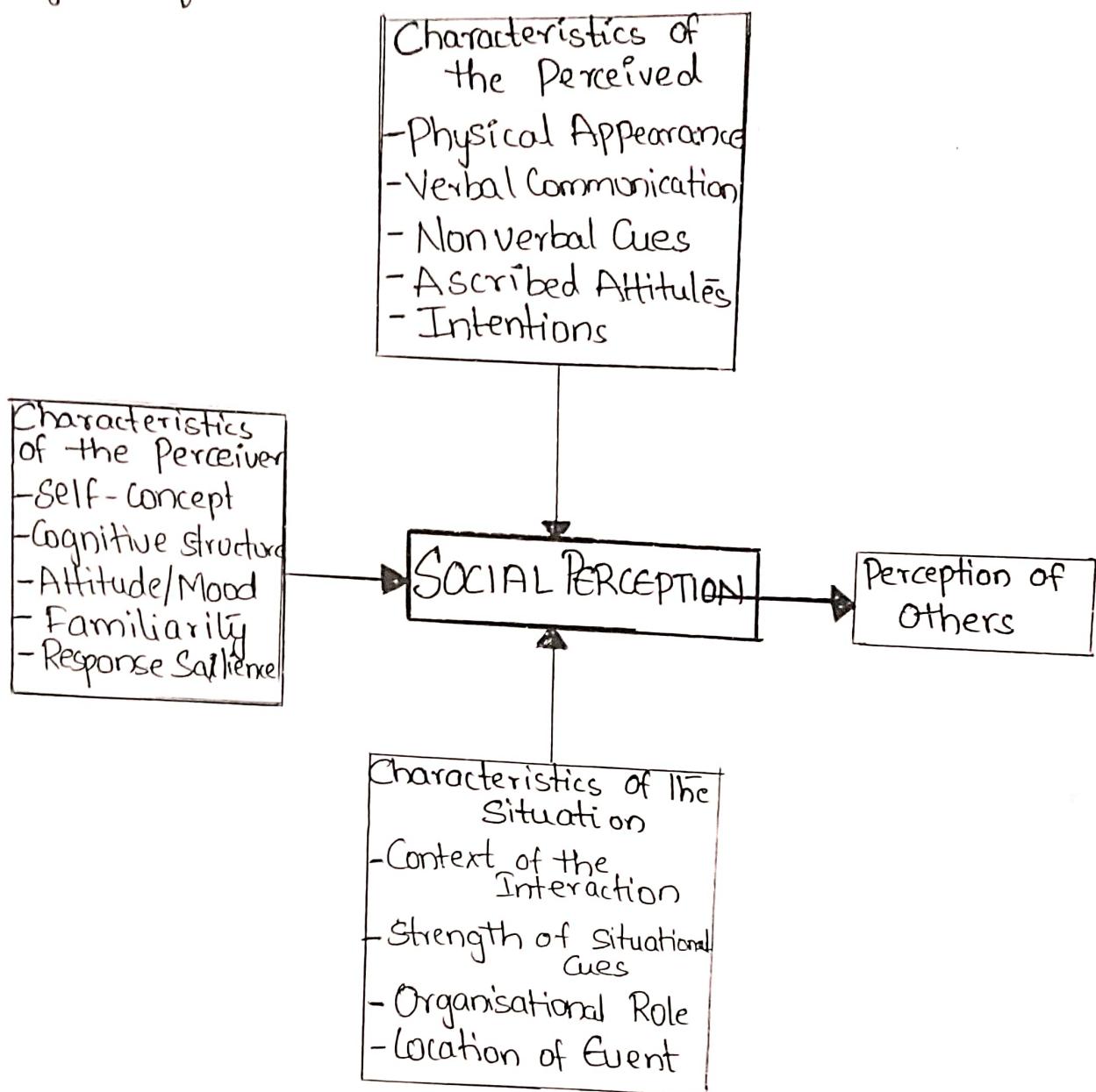
Social perception is of interest to organisational behaviorists because so many managerial activities are based on perceptions of employees.

For Example:

Managers use social perceptions when they recruit, hire, train and evaluate employees.

To arrive at an understanding of the factors that influence social perceptions we will consider the characteristics of the perceiver, the person being perceived, and the situation.

Major Influences on Social Perception in Organisation



Characteristics of the Perceiver:

i) Self-Concept:

A person with a positive self concept tends to notice positive attitudes in other person. The converse happens with a person with negative self-concept. A greater understanding of self allows a person to have more accurate perception of others. Often we tend to perceive those characteristics in others which are present in us.

A manager with a great sense of security is likely to receive his subordinate's efforts to do an excellent job as a threat to his own position or importance.

i) Cognitive Structure:

An individual's pattern of thinking also affects social perception. Some people have a tendency to perceive physical traits such as appearance, height, or weight, whereas some others tend to focus more on central traits or personality dispositions. Those who have more complex cognitive structure and are able to use multiple criteria are able to make more accurate perception of others. The same person may be described as short, saturated, friendly, honest, but aggressive and hardworking.

iii) Attitude / Mood:

Our attitudes often color our perceptions. In a happy mood, we are likely to perceive positive things, whereas in a negative mood, we tend to evaluate others unfavorably.

Ex: A lean guy may be rejected for a job that calls for strong persons, on the assumption that lean people are weak.

iv) Familiarity with others:

When we are familiar with a person, we have multiple observations upon which to base our impression of him/her. If the information we have gathered during these observations is accurate, we may have an accurate perception of the other person.

Ex: When an employee has consistently received poor performance evaluations, a marked improvement in performance may go unnoticed because the manager continues to think of the individual as a poor performer.

v) Response Salience:

Because of our particular moods or desires, we have lowered and mental barriers for certain kind of informations and erected barriers for others. We often have a tendency to what we want to see. We view people in terms of our pre-conceived notions or opinions rather than in terms of what they actually are.

The influence of positive arbitrary biases is called "the halo effect" and negative biases are called "horn Effect".

In essence, in forming impressions of others, the perceiver is greatly influenced by his own values, needs and expectations. In the absence of adequate knowledge, it is natural for him to jump to conclusion and form impressions without adequate evidence.

Characteristics of the Perceived:

i) Size:

The size of the object or stimulus has a great impact on the perception process because the size influences attention and recognition in a more effective manner. Big sized objects have a natural attraction and get more attention.

ii) Intensity:

Researchers on human behaviour have revealed that the more intense the stimuli, the higher the attention and recognition in the perception process. The intensity varies as per the need of the organisation. The same type of intensity may not be useful for all the situations and objects.

iii) Contrast:

Contrasting objects have more impacts on behaviour. Employees pay more attention and recognition to contrasting objects and situations. Normal communication and performance have less impact than abnormal and contrast communication.

The purpose of contrast stimuli is to attract more attention and recognition.

(iv) Repetition:

Repetition stimuli have more impact on performances than a single statement. Repetition has the advantage of being attention-catching. When stimuli are weaning, repetition generates fresh attention and recognition.

Ex: Supervisors repeat orders several times to have them followed by employees.

(v) Motion:

People pay more attention to the moving objects than to stationary objects. This is just the impact of eyes on the mind.

Ex: Workers are more attentive towards working machines than stationary machines.

(vi) Familiarity:

Employees would like to hear and see those programmes with which they are familiar. Training programmes demonstration in the language of the employees are highly attended and recognised.

(vii) Novelty:

Novel actions get more attention. New ideas and model preaching will draw the attention of the perceiver. Changing jobs reduce monotony. Novel objects the situations are recognise clearly by the perceiver.

(viii) Situations:

Have a great influence on people's perception. A favorable work environment develops a positive attitude and work culture because the perception process is easily channelised and rightly directed. In-work relations have some impact on perception forces.

Characteristics of the Situation:

The situation in which an encounter takes place also impacts how one person perceives another. Of course, these initial perceptions (positive or negative) may change over time.

(i) Context of Interaction:

The situation in which interaction takes place between the perceiver and the perceived has an influence on the perceived impression of the other. Even timing of the event plays an important role.

Perceptions are also more influenced by relatively unfamiliar people in the group than by those who are closer to us because we always give more credit to strangers for prior knowledge.

(ii) Strength Situational Cues:

Sometimes some situations provide strong cues as to appropriate behaviour. Sometimes we may even discount the behaviour by saying that the behaviour is accounted for by the situation and it does not reflect the individual disposition.

(iii) Organisation Role:

The place in the organisational hierarchy can influence perception. Often in organisations, people identify problems on the basis of their departmental affiliations. Perceptions of people also vary according to their levels in the hierarchy, that is, whether they belong to management or unions, superiors or subordinates.

(iv) Location of Event:

Where the event occurs influences the interpretations of the event. The context in which the perceptual activity takes place is important.

Impact of Organizational design on Organizational Behaviour:

Organisational design:

Organisational design is the process of aligning the structure of an organisation with its objectives, with the ultimate aim of improving efficiency and effectiveness. Work can be triggered by the need to improve service delivery or specific business processes, or as a result of a new mandate. Organizational design is a step-by-step methodology which identifies dysfunctional aspects of work flow, procedures, structures and systems, realigns them to fit current business realities/goals and then develops plans to implement the new changes. The process focuses on improving both the technical and people side of the business.

For most companies, the design process leads to a more effective organization design, significantly improved results (profitability, customer service, internal operations), and employees who are empowered and committed to the business. The hallmark of the design process is a comprehensive and holistic approach to organizational improvement that touches all aspects of organizational life, so you can achieve:

- Excellent customer service
- Increased profitability
- Reduced operating costs
- Improved efficiency and cycle time
- A culture of committed and engaged employees
- A clear strategy for managing and growing your business

Organizational designs fall into two categories, traditional and contemporary.

- Traditional designs
- Contemporary designs

Traditional designs include simple structure, functional structure, and divisional structure. Contemporary designs would include team structure, matrix structure, project structure, boundaryless organization, and the learning organization. I am going to define and discuss each design in order to give an understanding of the organizational design concept.

I. Traditional Designs:

1. **Simple Structure:** A simple structure is defined as a design with low departmentalization, wide spans of control, centralized authority, and little formalization. This type of design is very common in small startup businesses. For example in a business with few employees the owner tends to be the

manager and controls all of the functions of the business. Often employees work in all parts of the business and don't just focus on one job creating little if any departmentalization. In this type of design there are usually no standardized policies and procedures. When the company begins to expand then the structure tends to become more complex and grows out of the simple structure.

2. Functional Structure: A functional structure is defined as a design that groups similar or related occupational specialties together. It is the functional approach to departmentalization applied to the entire organization.

3. Divisional Structure: A divisional structure is made up of separate, semi-autonomous units or divisions. Within one corporation there may be many different divisions and each division has its own goals to accomplish. A manager oversees their division and is completely responsible for the success or failure of the division. This gets managers to focus more on results knowing that they will be held accountable for them.

II. Contemporary Designs

1. Team Structure: A team structure is a design in which an organization is made up of teams, and each team works towards a common goal. Since the organization is made up of groups to perform the functions of the company, teams must perform well because they are held accountable for their performance. In a team structured organization there is no hierarchy or chain of command. Therefore, teams can work the way they want to, and figure out the most effective and efficient way to perform their tasks. Teams are given the power to be as innovative as they want. Some teams may have a group leader who is in charge of the group.

2. Matrix Structure: A matrix structure is one that assigns specialists from different functional departments to work on one or more projects. In an organization there may be different projects going on at once. Each specific project is assigned a project manager and he has the duty of allocating all the resources needed to accomplish the project. In a matrix structure those resources include the different functions of the company such as operations, accounting, sales, marketing, engineering, and human resources. Basically the project manager has to gather specialists from each function in order to work on a project, and complete it successfully. In this structure there are two managers, the project

Manager and the department or functional manager.

3. Project Structure: A project structure is an organizational structure in which employees continuously work on projects. This is like the matrix structure; however when the project ends the employees don't go back their departments. They continuously work on projects in a team like structure. Each team has the necessary employees to successfully complete the project. Each employee brings his or her specialized skill to the team. Once the project is finished then the team moves on to the next project.

4. Autonomous Internal Units: Some large organizations have adopted this type of structure. That is, the organization is comprised of many independent decentralized business units, each with its own products, clients, competitors, and profit goals. There is no centralized control or resource allocation.

5. Boundary less Organization: A boundary less organization is one in which its design is not defined by, or limited to, the horizontal, vertical, or external boundaries imposed by a predefined structure. In other words it is an unstructured design. This structure is much more flexible because there is no boundaries to deal with such as chain of command, departmentalization, and organizational hierarchy. Instead of having departments, companies have used the team approach. In order to eliminate boundaries managers may use virtual, modular, or network organizational structures. In a virtual organization work is outsourced when necessary. There are a small number of permanent employees, however specialists are hired when a situation arises. Examples of this would be subcontractors or freelancers.

6. Learning Organization: A learning organization is defined as an organization that has developed the capacity to continuously learn, adapt, and change. In order to have a learning organization a company must have very knowledgeable employees who are able to share their knowledge with others and be able to apply it in a work environment. The learning organization must also have a strong organizational culture where all employees have a common goal and are willing to work together through sharing knowledge and information. A learning organization must have a team design and great leadership. Learning organizations that are innovative and knowledgeable create leverage over competitors.

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ATTRIBUTION THEORIES:

Two-step process of Attributions

The two-step process of attribution suggests that people analyze others' behaviors first by automatically making an internal attribution and only then considering possible external attributions that may affect the initial inference. Heider's most valuable contribution to the topic of attribution is the dichotomy: When attempting to decide why individuals behave a certain way, we can make either an internal or external attribution. Internal attribution, (also called dispositional attribution or personal attribution), is the assumption that an individual is acting a certain way due to something about that individual, such as personality, character, or attitude. External attribution, also called situational attribution, is the inference that an individual is acting a certain way due to the situation he or she is in; the assumption is that most individuals would respond in the same way in that similar situation. Essentially, people first assume that a person's behavior is due to his or her personality, and then attempt to modify this attribution by also factoring in the person's situation.

Kelley's covariation theory

According to American social psychologist Harold Kelley, individuals make attributions by utilizing the covariation principle. The covariation principle claims that people attribute behavior to the factors that are present when a certain behavior occurs and the factors that are absent when it does not occur. There are three types of covariation information that are particularly helpful: consensus, distinctiveness, and consistency. If a single individual and a large majority of individuals behave similarly in reaction to a specific stimulus, then the individual's behavior is attributed to the stimulus and is high in consensus. The individual's behavior due to this specific stimulus should be compared to the individual's behavior in reaction to other stimuli within the same broader category. This helps judge whether the level of distinctiveness information is high, and thus attributed to the stimulus. Lastly, consistency information is used to see what happens to the behavior at another time when the individual and the stimulus both remain unchanged.

Jones's correspondent inference theory

According to Edward Jones and Keith Davis's correspondent inference theory, people learn about other individuals from behavior that is chosen freely, that is not anticipated, and that results in a small number of favorable outcomes.

There are three factors that people use as a basis for their inferences:

- . An individual's degree of choice
- . The expectedness of the behavior
- . The intentions or motives behind the effects or consequences of the behavior

PERCEPTUAL ORGANIZATION

Perceptual organization deals with the manner in which the selected stimuli are organized in order to make a sense out of them. While coming to a conclusion, people do not look into the stimuli individually or in groups; they look at the whole picture to draw any conclusion. They try to compare the available stimuli. People organize the stimuli based on several principles.

Figure – Ground: This is a tendency to keep one or two stimuli as the main focus and other stimuli in the background. That is, concentrating on a particular stimulus in relation to other stimuli. The stimulus which receives the maximum attention is called 'figure' and the other stimuli which form the background are known as 'ground'. In a text book the printed letters are the 'figure' and the pages on which the letters are printed are taken as the 'ground'. The effect of 'figure' depends on the 'ground'. That is, if the pages are light in color and the letters are darker, the letters look prominent. Suppose the pages are also dark in color, the letters lose their importance. Similarly, a lady standing among a crowd of men gets noticed easily whereas the same lady in a crowd of ladies does not get noticed easily.

Grouping: People tend to group many stimuli into recognizable category based on similarity or proximity. For example, the opinions of workers about the management are grouped together irrespective of individual differences as workers appear to be similar in their general attitude. Similarly, a group of stimuli that are close together is seen as one.

The employees in a particular department, which is not showing adequate progress, may be termed as ineffective though there are a few intelligent and hardworking people because all are working together in the same department which is not making any perceptible progress.

Simplification: When people are overloaded with stimuli, they try to simplify them by selecting the important ones and ignoring the rest. Simplification makes things easier for meaningful interpretation.

For example, when there are many customers complaining regarding a particular product/service, the customer relationship manager tends to pay more attention to the few customers who are more likely to cause damage to the brand image than the other customers.

Close-up: When the available information is inadequate people tend to fill up the gaps by themselves to create meaningful information. They may fill the gaps based on their knowledge, past experience or hunches. In a simple example, the customers will be able to read the signboard of a particular firm or product even if a few letters are missing. In organizational context promotions are based on certain important criteria. Many a time all information is not considered due to paucity of time or unavailability of the information.