

## **ORGANISATIONAL BEHAVIOUR**

NMIMS

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# ORGANISATIONAL BEHAVIOUR

## C U R R I C U L U M

**Introduction to Behaviour in Organisations:** Introduction to Organisational Behaviour, Definition & Scope of Organisational Behaviour, Importance of Organisational Behaviour, Approaches to Organisational Behaviour, Challenges & Opportunities, Organisational Behaviour & Its Behavioural Sciences Foundation

**Understanding Individual Behaviour:** Introduction, Biographical Attributes, Ability, Values, Attitudes, Job Satisfaction

**Personality:** Determinants of Personality, Process of Personality Formation, Significant Personality Traits impacting Organisational Behaviour

**Perception:** What is Perception? Factors that Influence Perception, Impression Management, Perception of Self-image and Behaviour

**Learning:** The Concept of Learning, Theories of Learning, Learning through Reinforcement, A Glance at Organisational Reward System, How to Administer Reinforcement? The Impact of Punishment

**Motivation:** Meaning, Primary Motives, General Motives & Secondary Motives, Motivational Approaches, Motivation in Practice

**Leadership:** Introduction, Behavioural Theories, Trait Theories, Contingency Theories, Current Issues in leadership, Emotional Intelligence, Leadership Styles & their Impact on Employees

**Groups Dynamics & Understanding Work Groups and Teams:** What is Group Dynamics? Formation of Groups, Types of Groups, Understanding Group Processes and Issues in Teamwork, Issues Faced in Team Work, Creating Effective Work Teams

**Stress Management:** What is Stress, Stress Experience, Work Stress Model, Stressors, Sources of Stress, Levels of Stress (Individual, Group and Organisational) Outcomes, Stress Management, Stress and Performance

**Conflict Management:** Understanding Conflict, Functional & Dysfunctional Conflicts, Types of Conflicts, Inter-personal Conflict, Inter-group Conflict, Conflict Resolution, Allowing Functional Conflict for Organisational Effectiveness

**Power & Politics in Organisations:** Difference Between Leadership & Power, Sources of Power, Identifying the Sources of Power in an Organisation, Power Tactics, Power In groups, Politics in Organisations, Factors Contributing to Politics, Organisational Culture and its Responsibility in Breeding Politics, Personality Development for Encountering Politics

**International Organisational Behaviour:** Trends in International Business, Cultural Differences and Similarities, Behaviours across Countries, Hofstede Cultural Dimensions, Motivation across Cultures, Cultural Adjustment , Interpersonal Behaviour across Cultures, Leadership across Cultures, Multicultural Team, Communicating across Cultures, Environment across Cultures, Technology and International Business

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# 1

## C H A P T E R

### INTRODUCTION TO ORGANISATIONAL BEHAVIOUR

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- 1.2 Defining Organisational Behaviour
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## INTRODUCTORY CASELET

### THE PRIMARY CARE CRISIS – APPLYING ORGANISATIONAL BEHAVIOUR THEORY

#### INTRODUCTION

The medical sector in the U.S. is considered to be facing a serious crisis in Primary Care. Primary care refers to the day-to-day healthcare provided by a health care provider who also acts as the first contact and principal point of continuing care for patients within a health care system. This case study looks at the crisis from the perspective of Organisational Behaviour (OB) Theory. Can an OB theory present a solution for the looming crisis?

#### BACKGROUND

During the last two decades, significant changes have occurred in the medical student career choice in the U.S. The trends in career choice have a significant influence on the availability of an appropriate physician workforce for the U.S. public. The most notable is the drastic reduction in the percentage of the U.S. medical school graduates choosing a primary care career. As more and more medical students choose sub-specialties, there is a growing undersupply of primary care physicians (PCP) and an overabundance of subspecialists.

Studies show that almost half of all medical students indicate their interest in primary care during the initial few years. But as the students approach the beginning of their fourth year and begin to make definite career choices, the number of those who prefer PCP drop to about 15%. The Association of American Medical Colleges is projecting a shortage of as many as 65,000 PCPs by year 2025; clearly indicating that primary care workforce is in a deficit crisis.

The problem can become more acute with the recent regulations passed in the U.S. like Affordable Care Act, 2010 and Medicare Access and CHIP Reauthorization Act, 2015. These regulations envision a healthcare system where PCPs are supposed to play a central role.

#### WHY PRIMARY CARE LOSING ITS SHEEN?

Researchers have suggested several reasons to explain the recent decrease in interest for PCP as a career choice by medical students. One reason cited is that the decrease may be due to increase in provision of primary care by nurse practitioners and physician assistants in the office setting and by hospitals in the inpatient setting. On the career side, the job market for sub-spe-



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cialists has been improving due to increased prevalence of conditions requiring specialty care and the increased use of medical technology. The other important reasons were that the medical students find PCP an unattractive career due to low job satisfaction, declining income, and the widening gap in reimbursement between sub-specialists and PCPs. PCPs are generally thought of as only dealing with the simple stuff even though they are trained to manage even complex chronic conditions such as heart failure and diabetes.

### CAN WE APPLY AN ORGANISATIONAL BEHAVIOUR THEORY?

Organisation behaviour is a field of management science that studies the behaviour of individuals, groups and organisations for solving organisational problems. These theories can be directly applied for designing organisational culture, structure and human resource policies. In this case, the problem is one of motivating medical students and those who work in PCP sector towards choosing and enjoying this profession. Since motivation is one of the core components of OB theories, we can explore whether we can apply an OB based motivational theory for identifying the root cause of the problem and arriving at the solution. You will be studying these theories in detail in later chapters.

An important theory of motivation propounded by OB theorists is the Two Factor Hygiene Theory. Frederick Herzberg proposed the Two Factor Hygiene theory based on his research towards answering the question, What do people want from their jobs and what gives them job satisfaction? Herzberg distinguished between the factors that make people satisfied and motivated on the job (motivational factors) from those that make them dissatisfied (hygiene factors) as separate entities altogether. He demonstrated through studying the work lives of engineers and accountants that factors providing positive satisfaction arise from the intrinsic nature of the work itself, such as challenging goals, increasing responsibilities, and opportunities for personal growth. As against these factors, he found that there exists another set of factors whose absence creates job dissatisfaction. These factors, termed Hygiene factors, did not result in increased job satisfaction when they are present however, though their absence created job dissatisfaction.

For the given problem elucidated in the case, this theory can be stated as highly relevant for its applicability.

### APPLYING HERZBERG'S THEORY TO PRIMARY CARE

As per the OB theory propounded by Herzberg, the attractiveness of the PCP profession cannot be increased if the focus rests solely

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on hygiene factors. This itself can be an important insight as the immediate reaction to such a problem generally involves attacking low hanging fruits which are easy to execute. The studies have shown that the students privately fret over the lack of prestige in primary care and resent the administrative workload and hassle of a coordination heavy role. A further careful study of the research pertaining to the trend in PCP indicates that the charges laid against PCP are more fundamental than issues like low remuneration. Applying the theory, we can say improving hygiene factors alone will not be as successful as considering how to make the job itself more compelling.

Rather than focusing only on increasing financial remuneration and reducing clerical and administrative burdens associated with PCP profession – both these oft repeated solutions belong to the type of hygiene factors as these solutions will only lead to reduction in job dissatisfaction but need not necessarily attract more students and professionals to this field as per Herzberg theory – the more meaningful solutions as per the theory could be one that strive to enrich the field and make it more attractive option for professionals.

Two important solutions that can be suggested in this respect, in tune with the principles of the Herzberg's Two Factor theory, are:

1. Increasing the supervisory role of physicians in a multidisciplinary practice.
2. Reducing the reliance on specialists to manage the care of patients with chronic diseases.

Herzberg's theory calls for expanding the scope of problems that primary care offices can manage towards enriching the nature of job for PCPs. Current data shows that more than half of specialist visits are for routine follow-up of chronic disease management. This can be considered as real wastage of specialist resources and weakening of the role and capacity of PCPs.

### EVIDENCE OF APPLICABILITY

Studies have shown that the solutions suggested above had provided rich dividends for organisations that had implemented them. A Seattle based Group Health Cooperative has noted a halving of reported rates of physician burnout, a 29% reduction in the use of speciality consultants, and overall cost savings of \$14 per member per month. Another organisation, the SouthCentral Foundation, based in Anchorage, Alaska, designed its practice around a medical home that distributes work so that each team member operates at the highest level of their credentials. This gave physicians

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greater bandwidth to offer up to 50% to 805 of appointments to same-day visits for acute complaints. Over a 5 year period, the system saw a 60% drop in visits to specialists and a 40% decrease in hospital days and admissions.

**CONCLUSIONS**

The application of Herzberg's Two Factor Theory suggests that the solution for PCP crisis is to provide job enrichment in terms of utilising PCPs more in a supervisory capacity. The illustrated cases where the theory was successfully applied involved utilising PCPs in a supervisory capacity at the head of head of large, multi-disciplinary teams, the members of which are trained and competent to be able to see patients on their own while still reporting to the physician. This form of job enrichment is expected to change the very nature of the work of PCPs and serve as an important recruiting and retention tool for PCPs.

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## LEARNING OBJECTIVES

After completing this chapter, you will be able to:

- Explain the concept of organisational behaviour
- Describe the scope and importance of organisational behaviour
- Discuss the approaches to organisational behaviour
- Identify the opportunities and challenges of organisational behaviour
- Explain the scientific aspects of organisational behaviour

## 1.1 INTRODUCTION

Organisational behaviour is concerned with individuals, or group of individuals working together in an organisation. The study of organisational behaviour deals with the expected behaviour of an individual in an organisation. No two individuals in an organisation react in the same manner in a particular situation. Cause and effect relationship plays an important role in guiding human behaviour. An incident or event (cause) results in an individual to behave or respond (effect) in a certain manner. The effect may be different for each individual, which eventually decides his or her behaviour. Therefore, an understanding of human behaviour is important in organisations. Several concepts and models have been proposed in an attempt to not only understand the human behaviour, but also to modify their attitude and promote skills, so that they can act more effectively.

Every organisation needs to give importance to organisational development and inculcating a favourable organisational culture in every employee. Organisations focus on fostering team spirit and motivation to achieve organisational objectives. Organisations are composed of a number of individuals working collectively in teams to attain the organisational objectives. It is thus, essential for all employees to have a positive attitude towards work. Delegation of powers to subordinates, division of labour, efficient communication, benchmarking, re-engineering, job re-design and empowerment are some of the important aspects of organisational behaviour.

This chapter starts by discussing the concept of organisational behaviour, its scope and importance. Next, it explains the different approaches to organisational behaviour. Further, it tells about the opportunities and challenges of organisational behaviour. The chapter concludes by explaining the scientific aspects of organisational behaviour.

## 1.2 DEFINING ORGANISATIONAL BEHAVIOUR

**Stephen P. Robins** defines “Organisational behaviour as a systematic study of the actions and attitudes that people exhibit within organisations.”

In simple words, organisational behaviour (OB) is the study of human behaviour at work. It examines the human behaviour in an organisation with regard to the interactions among individuals and group of individuals. It assesses the political, psychological and commercial conditions that affect the performance of an employee in an organisation. It provides a humanistic approach to an organisation by focusing on the human processes within the organisation rather than restricting the focus to the functional or structural aspects of the organisation.

There are broadly three levels of organisational behaviour, which define the unique set of roles, responsibilities, and goals of people at each level of the organisation. These levels are depicted in Figure 1.1:

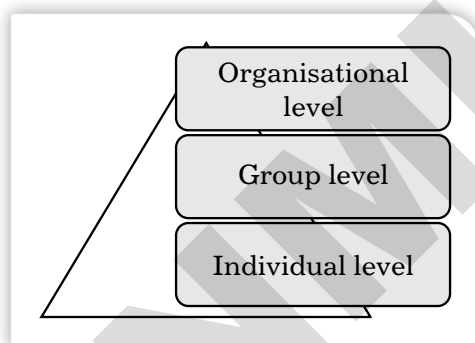


Figure 1.1: Three Levels of Organisational Behaviour

Let us discuss these levels in the following section:

- ❑ **Individual Level:** This level forms the base of the organisational behaviour and is related to the individuals working in an organisation. It includes the study of organisational behaviour at the individual level and deals with the perception, personality, learning, motivation and attitudes of the employees in an organisation.
- ❑ **Group Level:** The next level in organisational behaviour is the group level, which includes the study of group formation, team conflict, leadership, power and politics. It helps in gaining information on how to improve the team work, motivate the employees, etc.
- ❑ **Organisational Level:** The third level in organisational behaviour is the organisational level, which includes the changes in organisation's culture, management and their effect on the group and individuals. The working conditions and stress-management techniques are also discussed at this level.

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**1.2.1 HISTORY OF ORGANISATIONAL BEHAVIOUR**

Organisational behaviour is a key concept that is considered as fundamentally new practice in the field of management, but is rather an adaptation of existing management facts. In fact, organisational behaviour has its origins right from the start of human civilisation when people began living in groups. Several scholars contributed to the field of OB through their studies and research, such as the concept of scientific management in organisations given by Frederick.W. Taylor (1856-1915). The Scientific management theory evolved to specify the role of managers in the Administrative management proposed by Henri Fayol (1841-1925). Later, Max Weber (1864-1920) proposed the Bureaucratic management, which focused on organisational structure, dividing organisations into hierarchies with clear lines of authority and control.

However, after the industrial revolution, OB gained importance with the development of new management concepts and practices. Elton Mayo is considered the initiator of OB owing to the series of Hawthorne experiments conducted by him and his team at Western Electrical Works in the US, from 1924 to 1932.

❑ **The Hawthorne experiments:** The first experiment was carried out in 1924-27, to assess the effect of different levels of illumination (lighting) on productivity of labour. The brightness of light was increased and decreased to discover its effect on the productivity level of the test group. It was observed that labour productivity increased even with low levels of lighting, which meant that there were other factors affecting the productivity apart from lighting. These factors were identified as follows:

- ◆ The social and psychological factors that affected the labour productivity and job satisfaction.
- ◆ The informal relations between employees that influenced the employees' behaviour and performance in the organisation.
- ◆ The level of participation in organisational decision-making process.
- ◆ The belief amongst employees that the management was interested in their welfare.
- ◆ The fact that employees were treated with respect and dignity.
- ◆ Proper communication between superiors and subordinates.
- ◆ Freedom of expression to workers.

The second experiment, which began in 1927, was carried out in the relay assembly department, where electromagnetic switches for telephone connections were produced. Western Electric manufactured about 7 million relays in a year. As the speed of workers determined the overall production levels, the effects of factors, such as rest periods and work hours, were assessed in the experiment.

The third experiment was carried out in a separate test room with 6 women. 1 of the women prepared parts for the remaining 5 women to assemble. The women released the finished relays into a shaft, where a recording device punched a hole in the moving paper tape. The number of holes revealed the production rate for each worker.

These conclusions led to the emphasis on the human factor in the attainment of organisational goals and objectives. The Hawthorne experiments created a Hawthorne effect in the organisations. These experiments stressed on the fact that the production increased or decreased not only due to the change in the working conditions, but also due to the general feeling among workers that they were part of a team and that their welfare was important to the organisation. It was in the late 1940s that organisational behaviour emerged as a separate field of study. Several approaches to organisational behaviour were proposed in the course of time, which have been discussed later in the unit.

### 1.2.2 SCOPE OF ORGANISATIONAL BEHAVIOUR

The scope of OB is continuously expanding owing to the rapid changes in the organisational set-up and the world economy. The field of OB is being applied to all areas that deal with human behaviour. The study of human behaviour not only includes how an individual behaves in a certain situation, but also why he or she behaves so and what would be the impact of his or her behaviour on other individuals, organisation and the society as a whole. The scope of OB could be better explained by the contributions made by various disciplines, to understand human behaviour, which are given as follows:

- ❑ **Psychology:** It is the scientific study of mental functions and behaviour of human beings. Human psychology helps in understanding motivation at work, interpersonal relationships, training needs and effect of personality traits on behaviour.
- ❑ **Social psychology:** It is the scientific study to understand and explain how the behaviour of individuals is affected by the actual, imagined or implied presence of other human beings around them. Social psychology helps to gain an understanding of group behaviour, social perception, prejudices, leadership, conflict, etc., in a group.
- ❑ **Industrial psychology:** It is the study of human behaviour as employees. Industrial psychology helps in investigating workplace issues, such as employee selection, employee performance and employee productivity.
- ❑ **Sociology:** It is the scientific study of the development, structure and functioning of human society. Sociology helps in understanding the effect of industrialisation on social behaviour of humans, labour as a class, etc.
- ❑ **Cultural anthropology:** It is the study of human cultures, beliefs, values, ideas, practices, etc., in the past and present. It is based

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on the knowledge gained from social sciences, biological sciences, humanities and the natural sciences. Anthropology helps in understanding the effect of culture on organisational behaviour.

- ❑ **Political Science:** It is a social science discipline related to the study of the state and systems of government; the scientific analysis of political activity and behaviour. Political science helps in providing insights to the information regarding the organisational structure, hierarchy, power and politics, individual and group conflicts and administration in an organisation.
- ❑ **Economics:** It is the study of the production, consumption, and transfer of wealth in nations. Economics helps in understanding the process of deciding among alternatives, effect of economic policies on the growth of the organisation, allocation of resources, etc.
- ❑ **Semantics:** It is the study of the meanings of words and or phrases used in a language. Semantics helps in understanding and improving the communication process in an organisation.
- ❑ **Physiology:** It is the study of the functions of living organisms and their body parts. It helps to understand the reasons for monotony, boredom, lethargy among employees in an organisation.

Apart from these disciplines, several other disciplines continue to contribute towards forming a general theory about human behaviour at work, which marks the vast scope of organisational behaviour.

Figure 1.2 summarises the contribution of various disciplines to the field of OB:

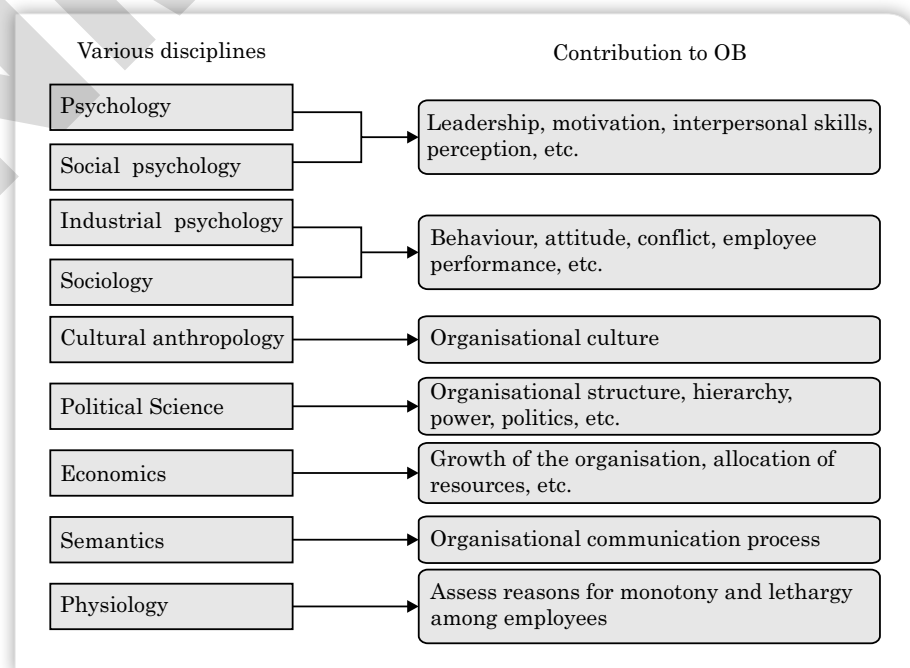


Figure 1.2: Contribution of Other Fields to OB



### 1.2.3 IMPORTANCE OF ORGANISATIONAL BEHAVIOUR

The importance of OB in organisations can be understood with the help of OB's major roles in an organisation. These roles of organisational behaviour are depicted in Figure 1.3:

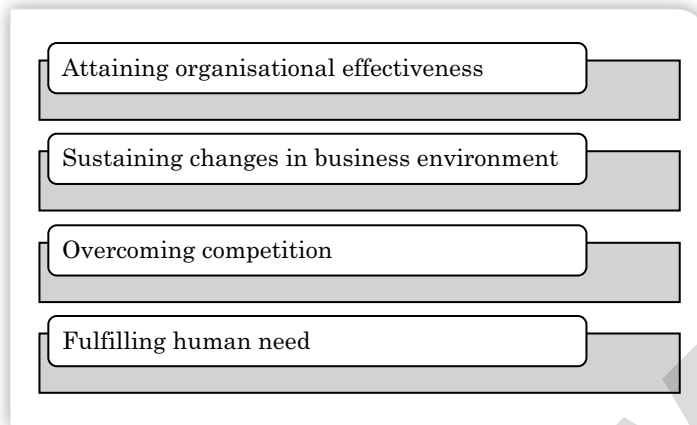


Figure 1.3: Major Roles of Organisational Behaviour

Now, let us discuss these contributions in the following section:

- ❑ **Attaining organisational effectiveness:** Organisational effectiveness is a measure of an organisation's performance. OB helps in attaining organisational effectiveness by assessing the attitudes and behaviour of employees in an organisation, and how fulfilling human needs can make a significant impact on the organisation's overall performance.
- ❑ **Sustaining changes in the business environment:** Organisations need to adapt to the changes that occur in the business environment. Organisational behaviour helps to understand how individuals accept the changes in policies and procedures brought about by the management to sustain the changes in the business environment.
- ❑ **Overcoming competition:** Organisations face fierce competition from other organisations. It is important to develop new strategies and policies to overcome the competitive forces. However, changes in organisational strategies, policies and practices can be resisted by the employees. OB helps to develop the human resource of an organisation by moulding their behaviour for the benefit of the organisation.
- ❑ **Fulfilling human needs:** Employees in an organisation work to accomplish certain personal objectives, the attainment of which motivates them further to serve the organisation. Several theories have been laid down to establish a relationship between motivation theories and organisational behaviour. For example, an employee who has received rewards and recognition in the past may no longer be motivated to gain individual acknowledgements for his work, but seeks opportunities to fulfil his self-actualisation

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needs. OB helps to apply motivational theories in the organisation for increasing employee productivity. The following functions, of OB help in fulfilling employee needs:

- ◆ Understanding employee objectives
- ◆ Encouraging coordination among employees
- ◆ Imparting training for self-development
- ◆ Channelising organisational objectives with employee needs to motivate them
- ◆ Communicating organisational objectives to employees
- ◆ Introducing new ideas

#### 1.2.4 FEATURES OF ORGANISATIONAL BEHAVIOUR

Organisational behaviour studies human behaviour at work. Most individuals spend a significant amount of their lifetime in serving organisations. The majority of work takes place within the structured organisation where individuals work together for the attainment of organisational objectives. The behaviour of an individual in an organisation cannot be understood in isolation as it is influenced by a number of other associated factors. For example, manager briefs his subordinates on an urgent task. The briefing would specify various aspects such as the aims and objectives, strategy to be used, delegation of duties, details of other team members and associates, the technology to be used, etc. The subordinates' behaviour towards the task will be an outcome of a combination of all these factors. Therefore, organisational behaviour focuses on the individuals, groups, structure, technology and environmental elements of an organisation, which forms the basis of human behaviour at work. The major elements of organisational behaviour are depicted in Figure 1.4:

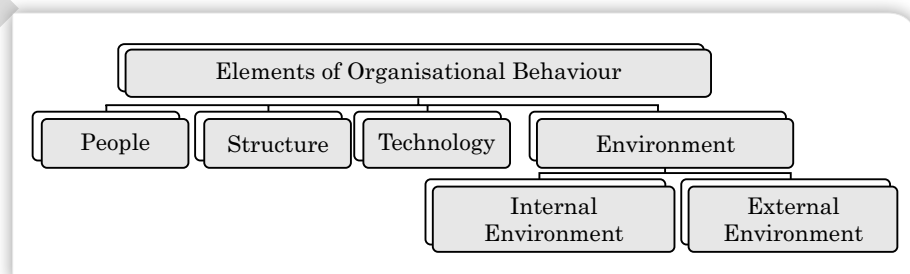


Figure 1.4: Elements of Organisational Behaviour

Let us discuss these different elements in the following section:

- **People:** This element includes the employees of an organisation responsible for performing various tasks. Individuals in an organisation work to fulfil organisational as well as their individual objectives. They are influenced by the organisational decisions and in turn affect the decision making at various levels in the organi-

sation. The attitudes and behaviour of people affect their relationships with other individuals in the organisation.

- ❑ **Structure:** This element refers to the framework of an organisation, which determines the different levels of hierarchy, rules, regulation and policies. A structure serves as a reference point to coordinate and control the activities performed within the organisation.
- ❑ **Technology:** This element refers to the technological advancements that affect the functioning of an organisation. Organisations need to adapt to the rapid technological developments taking place in its external environment in order to stay ahead of the competition and perform the various functions more efficiently.
- ❑ **Environment:** This element includes the internal and external environs of an organisation. An organisation constantly interacts with its external environment, which includes the society, government, customers, legal framework and global influences. The external environment affects the internal strategies and functioning of the organisation.

Let us discuss the two types of organisational environment in the following section:

- ❑ **Internal Environment:** The internal environment includes the employees, management and the corporate culture of an organisation. The attitudes and behaviour, perceptions, beliefs and values and other attributes of employees affect the functioning of an organisation. For example, an individual's relationship with his peers greatly influences his participation in team work.
- ❑ **External Environment:** The external environment includes the customers, suppliers, competitors, demographic factors and political and legal systems surrounding an organisation. The external environment directly or indirectly affects the functioning of an organisation. For example, promptness of suppliers in the delivery of raw materials has a direct bearing on the production. Changes in the economy, such as inflation, high interest rates, etc., influence the organisation's decision making.



#### SELF ASSESSMENT QUESTIONS

1. The three level of organisational behaviour are \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_.
2. Which of these led to the human revolutions movement in the evolution of organisational behaviour?
  - a. Scientific management
  - b. Bureaucratic management
  - c. Administrative management
  - d. Hawthorne experiments

## NOTES



## ACTIVITY

Compare and list the main features of scientific management, administrative management, bureaucratic management and the human relations movement.

### 1.3 APPROACHES TO ORGANISATIONAL BEHAVIOUR

Several research in the field of organisational behaviour resulted in the development of various approaches to organisational behaviour. These researches were based on quantifying the study about human actions and reactions in their work environments. Most of the approaches to organisational behaviour are aimed towards motivating the members of an organisation in order to optimise their productivity and performance. There are mainly three approaches to organisational behaviour, as depicted in Figure 1.5:

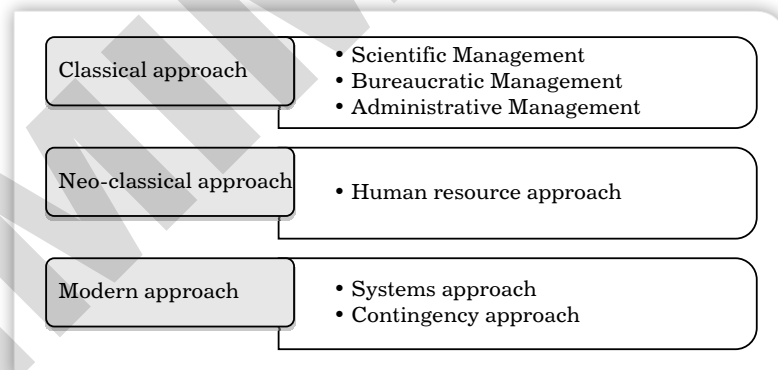


Figure 1.5: Various Approaches to Organisational Behaviour

Let us study the main postulates of each of these approaches in detail in the following section:

#### 1.3.1 CLASSICAL APPROACH

The classical approach to organisational behaviour emphasised on the planning of work, technical necessities of an organisation, principles and concepts of management and the assumption of logical behaviour. The classical approach of organisational behaviour was based on the management theories laid down by various scholars, such as Taylor, Fayol, Urwick, Mooney and Reiley and Brech in the early years of the 20th century. The philosophy of the classical approach is based on the following statements:

- ❑ A clear understanding of the purpose of an organisation is imperative to understand the working of the organisation and assessing ways of improvement.

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- ❑ Identification of major objectives helps in the clarification of purposes and responsibilities at all levels of the organisation.
- ❑ Attention to appropriate delegation of power and division of work is necessary for organisational effectiveness. The duties and responsibilities should be clearly defined in order to maintain specialisation and co-ordination.
- ❑ Emphasis is laid on a hierarchy of management and formal organisational structure and relationships.

Many classical writers gave several principles governing organisational behaviour. Of these principles, the following three (Mooney and Reiley) apply to all types of organisations:

- ❑ **The principle of co-ordination:** This principle emphasises on the need for people to act together with unity of action (Esprit De Corps), and the need for authority and discipline in organisations.
- ❑ **The scalar chain principle:** This principle emphasises on the hierarchical structure of an organisation and represents the line of authority at all levels of management. The scalar chain involves the flow of communication from top to bottom level of the organisational hierarchy. The principle states that information in an organisation should pass through the scalar chain.
- ❑ **The functional principle:** This principle emphasises on the specialisation and the distinction between different kinds of duties. It states that work in an organisation should be divided among employees as per their skills and abilities in order to increase the efficiency of employees.

The Classical approach comprises of the following management theories:

- ❑ **Scientific Management:** This is based on the concept of planning of work to achieve efficiency, standardisation, specialization, and simplification. F.W. Taylor suggested four principles of scientific management in 1947, which are:
  - ◆ No rule-of-thumb at workplace
  - ◆ Scientific selection of the worker
  - ◆ Cooperation of management and labour rather than conflict
  - ◆ Scientific training of workers
- ❑ **Bureaucratic Management:** This theory considers the organisation as a part of the broader society. Bureaucratic management is based on the principles of:
  - ◆ Structure
  - ◆ Specialisation
  - ◆ Predictability
  - ◆ Stability

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- ◆ Rationality
- ◆ Democracy
- **Administrative Management:** This theory was proposed by Henry Fayol and is based on several principles of management. Some of them are:
  - ◆ Division of work
  - ◆ Authority and responsibility
  - ◆ Discipline
  - ◆ Unity of command
  - ◆ Unity of direction
  - ◆ Subordination of individual interest
  - ◆ Remuneration of personnel
  - ◆ Centralization
  - ◆ Scalar chain
  - ◆ Order
  - ◆ Equity
  - ◆ Moreover, according to this theory, management was considered a set of planning, organising, training, commanding, and coordinating functions.

### 1.3.2 NEO-CLASSICAL APPROACH

The Hawthorne Experiment formed the basis of the neo-classical approach to organisational behaviour. Most views of neoclassical thinkers are human centric as against the authority centred views of the classical organisational theory. The neo-classical approach emphasises on the point that organisation is a social system in which individuals work together to achieve major objectives. This approach is people-oriented and can be referred to as the human resource approach. The basics of the classical approach focusing on unity and scalar chain principles are retained in the neo-classical approach. However, the neo-classical approach is basically a behavioural science approach and lays emphasis on the human relations in organisations. The essence of the neo-classical theory can be summarised with the help of the following:

- Organisation situation should be viewed in social as well as economic and technical terms.
- The social process of group behaviour should be understood while organising the structure.

The neo-classical theory states that the fulfilment of employee needs with regard to recognition, role in decision making and overall satisfaction is essential to improve employee efficiency. The main postulates of the neo-classical approach are given as follows:

Organisation is a social system with individuals working together to accomplish organisational goals and objectives.

- ❑ The social environment of the job affects employees, who in turn affect the social environment.
- ❑ Informal organisation exists within the formal organisation and both affect each other.
- ❑ The behaviour of human beings is not always logical and rational. It is affected by the social and psychological factors present in the surroundings.
- ❑ Human beings have different motivational patterns, which depend on the human needs and desires.
- ❑ Organisational objectives often conflict with individual goals, thereby increasing the need for better coordination between the organisation and its employees.
- ❑ Communication is an essential tool to transfer information vital for the smooth functioning of an organisation. It serves as a medium to assess the feelings and sentiments of the employees.
- ❑ Team work is important for encouraging cooperation among employees.

The neo-classical theory suggests that the organisational structure should be developed in such a way that it helps in achieving the basic propositions of the theory. According to the theory, an organisation should have the following three elements, as depicted in Figure 1.6:

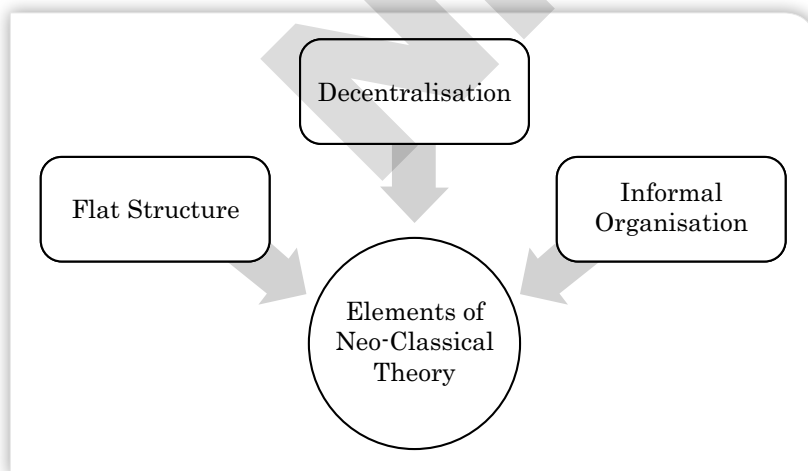


Figure 1.6: Elements of Neo-classical Theory

Let us discuss the significance of these elements in the following section:

- ❑ **Flat organisational structure:** The neo-classical theory advocates the formation of flat organisational structures over tall structures. As against the tall organisational structure, a flat structure has rel-

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atively less number of layers of middle management. This implies that the chain of command from top to bottom is short, and the span of control (number of employees under a manager) is wide. Moreover, the flat structure is less expensive and minimises hierarchical control.

Figure 1.7 shows the difference between tall and flat structures:

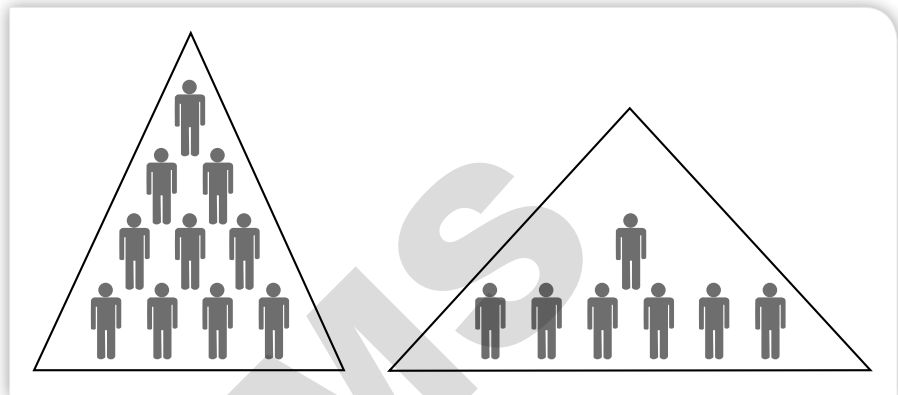


Figure 1.7: Tall Vs. Flat structures in Organisations

(Source: <http://www.bbc.co.uk/>)

- ❑ **Decentralisation:** Decentralisation refers to the conscious effort to delegate the power of decision making to the lowest levels in the organisation. This is contrary to the centralised system of decision making where power is restricted in the hands of top management only. It brings about a sense of belongingness and participation among the employees, which motivates them to perform better.

Figure 1.8 shows the delegation of power in the centralised and decentralised system:

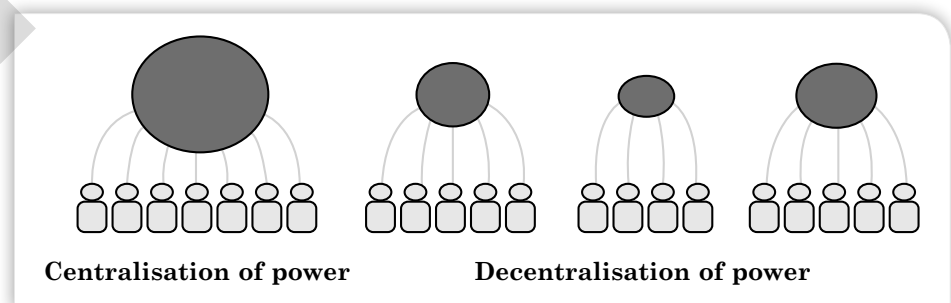


Figure 1.8: Centralisation Vs. Decentralisation in Organisations

(Source: <http://www.clker.com/>)

- ❑ **Informal organisation:** This element of the neo-classical theory differentiates it from the classical theory. The neo-classical theory suggests that an informal organisation exists within the formal organisation. The informal organisation is formed to fulfil the social and psychological needs of the employees in an organisation. The



satisfaction of these needs affects the employee behaviour significantly.

### 1.3.3 MODERN APPROACH

The modern approach of organisational behaviour seeks to overcome the limitations of the traditional approaches (classical and neo-classical). The modern approach is based on the scientific explanations of the complexities of organisational structure. The modern approach can be further divided into two separate approaches, as depicted in Figure 1.9:

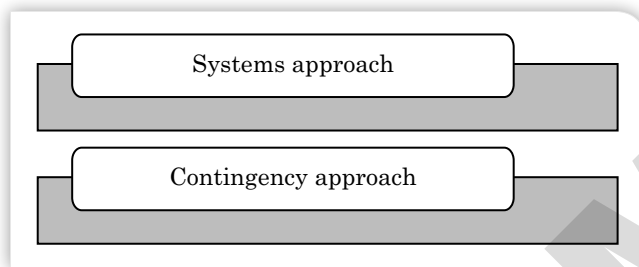


Figure 1.9: Types of Modern Approach to Organisational Behaviour

Let us discuss the main postulates of the two approaches in detail in the following section:

- ❑ **The Systems Approach:** This approach is also referred as the system organisation theory. This approach was postulated in the 1950s and considered the organisation as a system of consciously coordinated activities of various individuals in an organisation. Organisations are viewed as purposely unified systems consisting interrelated parts or subsystems, such as the technical system, managerial subsystem, production system, marketing system, social and political system, which are mutually dependent. Each of these systems affects the other systems and thus, shares a complex relationship with organisational functioning. For example, an incident that affects the technical subsystem may have a significant impact on the production subsystem of the organisation. Therefore, the interdependency of these subsystems is critical to the accomplishment of organisational objectives. There are three basic interlinks that connect one subsystem to another. These interlinks are:
  - ◆ Communication process
  - ◆ Decision-making process
  - ◆ Balancing process

Figure 1.10 illustrates how each of these interlinks helps in connecting the various subsystems in an organisation:

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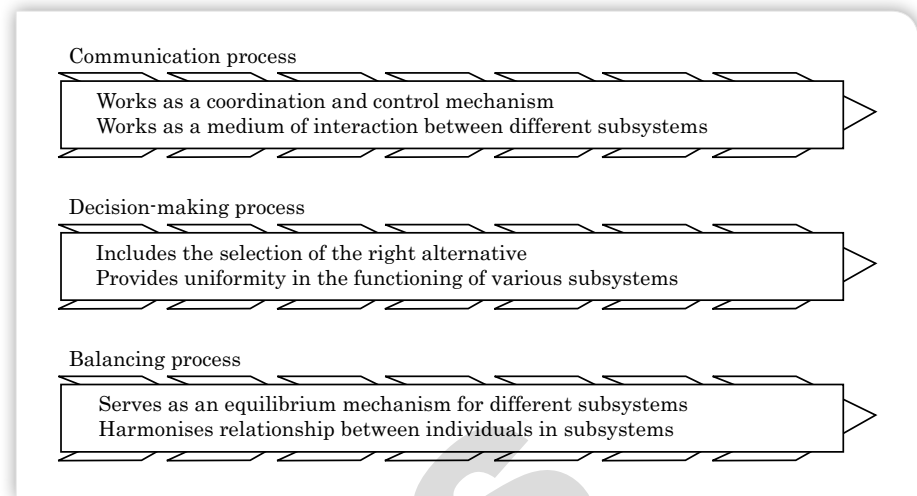


Figure 1.10: Interlinks between Subsystems in an Organisation

- ❑ **The Contingency Approach:** According to the classical approach, one best way of managing things can be applied across all organisations under all circumstances. However, circumstances across organisations vary in structure and complexity as they depend on different variables. Thus, each situation must be analysed carefully to determine the significant variables in order to establish the most effective organisational practices. The contingency approach argues that the external environment and the internal environment of an organisation form the basis of the organisational structure. Organisational behaviour varies in different situations depending on the individual and groups in the organisation, technology, structure and the environment facing the organisation. For example, if the employees are eager to take more responsibility, managers may give freedom to their employees to encourage innovation at the workplace. Whereas, managers may adopt the directive management styles in case employees are unwilling of taking responsibility.



## SELF ASSESSMENT QUESTIONS

3. \_\_\_\_\_ principle emphasises on the hierarchical structure of an organisation and represents the line of authority at all levels of management.
4. Which of these approaches to organisational behaviour views the organisation as a system of consciously coordinated activities of various individuals in an organisation?
  - a. Systems approach
  - b. Contingency approach
  - c. Classical approach
  - d. Neo-classical approach

**ACTIVITY**

Visit the websites of five Indian organisations and categorise their organisational structures as flat or tall.

**1.4****OPPORTUNITIES AND CHALLENGES OF ORGANISATIONAL BEHAVIOUR**

OB has gained considerable importance in contemporary organisations. However, several factors and issues have posed challenges in the field of OB. Nevertheless, challenges give birth to opportunities for creative solution. Some of the opportunities and challenges in organisational behaviour are depicted in Figure 1.11:



Figure 1.11: Opportunities and Challenges of Organisational Behaviour

Let us discuss these opportunities and challenges in the following section:

- ❑ **Responding to globalisation:** Globalisation has led to the growth of multinational corporations (MNCs) making products and services available all over the world. Business nowadays is strictly driven by the market demand irrespective of the boundaries, distances created between countries. Organisations are no longer restricted to trade in a particular region. An organisation's products or services are traded across nations using technologies, such as mass communication, Internet, e-commerce, etc.

For example, Tata International is a leading distributor of Tata Motors vehicles in 11 countries in Africa.

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However, globalisation presents several issues for the organisation such as human resource scarcity in underdeveloped nations, increased levels of competition, scarcity of resources, etc. Organisations need to overcome these issues to benefit from the process of globalisation. For example, providing incentives and fringe benefits to employees can help managers to retain the human resource in the organisations.

- ❑ **Managing workforce diversity:** Globalisation has resulted in human force from different countries to work jointly together resulting in workforce diversity. This has offered organisations the opportunity to recruit employees from different regions, gender and ethnic backgrounds. Organisations are becoming more heterogeneous in their human resource, however, the managers are confronted with the challenge to pacify the differences, retain employees and promote harmony at workplaces. For example, managers prefer hiring bilingual employees who can mediate and reduce language and communication barriers among employees from different cultural backgrounds.
- ❑ **Improving quality and productivity:** Increased competition has enhanced the focus on quality and productivity in organisations. Managers are aware that improvement in quality and productivity cannot be achieved without the involvement of the employees. OB stresses on the importance of motivating employees to accept changes and accomplish organisational objectives.
- ❑ **Developing employee skills:** Changes in the external environment, organisational structure and increasing competition require that the knowledge and skill base of employees is constantly upgraded. Unless employees and executives are equipped to possess the required knowledge and skills, organisational objectives cannot be achieved. Development of skills and knowledge of employees can be achieved through training and development programmes, career development programmes, induction and socialisation, etc.
- ❑ **Promoting innovation and change:** In order to overcome competition, organisations constantly improve their quality, and develop innovative products and services. For example, Compaq offers powerful personal computers, which are more affordable than those offered by Apple. Similarly, Tata Nano brought about a revolution in the automobile sector by creating the cheapest car for the Indian middle class. OB is important to offer employees, the freedom to showcase their knowledge and skills and present new ideas for innovation and change.
- ❑ **Coping with temporariness:** Various external forces, such as technological factors, political and economic factors, introduction of e-commerce, etc., result in constant organisational change. Earlier, organisations saw long periods of stability, interrupted by a short period of change. However, existing organisations observe continuous changes in their processes. Organisations face the problem

of temporariness in all areas. The challenge lies in updating the knowledge and skills of employees to face the changes.

- ❑ **Empowering people:** Empowerment refers to delegate powers and responsibilities to employees by eliciting some degree of ownership among them. OB stresses on the fact that encouraging employees to participate in decision making enhances their commitment to working, significantly. Therefore, many organisations are promoting self-managed teams, where employees operate largely without seniors. This reshapes the relationship between managers and the employees. Managers mainly act as coaches, advisors and facilitators to help employees in completing their assignments with minimal guidance.
- ❑ **Encouraging ethical behaviour:** Employees face ethical dilemmas at workplace with increasing complexity in the completion of the assigned activities. For example, discovering the discharge of untreated effluents into the river poses an ethical dilemma to a chemical industry worker of whether to whistle blow or not. This may lead to demotivated employees and dissatisfaction. Managers need to encourage an ethically healthy climate for the employees to avoid ambiguity regarding what constitutes right or wrong behaviour.



#### SELF ASSESSMENT QUESTIONS

5. Organisations are becoming more homogeneous in their human resource due to globalisation. \_\_\_\_\_ (True/False)
6. Constant changes leading to the problem of coping with temporariness require organisations to continuously update the knowledge and skills of employees. \_\_\_\_\_ (True/False)



#### ACTIVITY

Discuss in groups, the major ethical dilemma faced by employees in contemporary organisations. Present the points discussed in a short note.

## 1.5

### SCIENTIFIC ASPECTS OF ORGANISATIONAL BEHAVIOUR

Organisational behaviour is a scientific discipline with several research development works adding to its knowledge base. OB is an applied science, as the knowledge about effective ways to manage human behaviour in one organisation is applicable to several other organisations. The scientific aspects of organisational behaviour can help managers to understand and manage some of the contemporary issues. Let us discuss these issues in detail in the following section:

## N O T E S

- ❑ **Diversity at workplace:** Multinational organisations, strategic alliances and joint ventures between global organisations have brought people together at workplaces. This often results in cross-cultural differences, gender biases and age gaps between employees. Scientific approach of OB, which advocates reorganisation, readjustments and employee training to enhance compatibility among employees and managers, can overcome diversity at the workplace. Managers must be able to utilise the knowledge of OB to address diversity issues in order to benefit from the considerable opportunities that a diverse workforce affords.
- ❑ **Employee trust on organisation:** Downsizing, restructuring and reengineering techniques to overcome global competition and technological change decrease the trust, morale, job satisfaction and organisational commitment and loyalties of employees. The scientific approach of OB offers many possible solutions to these issues, thereby gaining the trust of the employees and establishing positive and employee-organisation relationships. For example, keeping employees informed of the possible changes in organisational structure, technology, etc., helps them in preparing themselves and increases employees' trust on the organisation.
- ❑ **Quality and flexibility at work:** To overcome competition, organisations attempt to focus on quality for continuous improvement of products and services. Apart from quality, organisations also promote flexibility to adapt to constant changes in the external and internal environments. The scientific approach of OB helps to attain quality and flexibility through continuous involvement of employees and teamwork. For example, several IT organisations like Infosys, Tata Consultancy Services sponsor their employees to attain knowledge about the latest technologies from study centres or international workshops.
- ❑ **Employee selection and retention:** The scientific approach of OB assists organisations to improve their recruitment and retention procedures. For example, good job design, appropriate training of the workers, opportunities for learning, recognition and incentives help in the effective selection and retention of employees. Various scientific researches on OB suggest that proper job design, employee selection, training and incentives increase employee productivity.



## SELF ASSESSMENT QUESTIONS

7. Reorganisation, readjustments and employee training to enhance compatibility among employees help managers to overcome which of these issues?
  - a. Employee selection and retention
  - b. Employees' trust on organisation
  - c. Diversity at workplace
  - d. Quality and flexibility at work

**ACTIVITY**

List down the problems arising due to workforce diversity in a multinational organisation.

**1.6 SUMMARY**

- ❑ Organisational behaviour is the study of human behaviour at work.
- ❑ There are broadly three levels of organisational behaviour; individual level, group level and organisational level.
- ❑ The Hawthorne experiments conducted by Elton Mayo and his team emphasised on the human factor in the attainment of organisational goals and objectives.
- ❑ The scope of OB could be understood by contributions made by various disciplines, such as psychology, social psychology, industrial psychology, sociology, cultural anthropology, political science, economics, semantics and physiology.
- ❑ Organisational behaviour helps in attaining organisational effectiveness, sustaining changes in business environment, overcoming competition and fulfilling human needs.
- ❑ Organisational behaviour focuses on the individuals, groups, structure, technology and environmental elements of an organisation, which form the basis of human behaviour at work.
- ❑ There are mainly three approaches to organisational behaviour; classical approach, neo-classical approach and modern approach.
- ❑ Classical approach is based on three main principles; the principle of coordination, scalar chain principle and the functional principle.
- ❑ The neo- classical approach emphasises on the point that organisation is a social system in which individuals work together to achieve major objectives.
- ❑ The modern approach is based on scientific explanations of the complexities of organisational structure and can be divided into two separate approaches; systems approach and contingency approach.
- ❑ Various opportunities and challenges in OB are managing workforce diversity, improving quality and productivity, developing people skills, promoting innovation and change, coping with temporariness, empowering people and encouraging ethical behaviour.
- ❑ The scientific aspects of organisational behaviour can help managers in addressing issues, such as diversity at workplace, employee's trust on organisation, quality and flexibility at work and employee selection and retention.

## N O T E S



## KEY WORDS

- ❑ **Scalar chain:** It is the formal line of authority where information moves in a straight line from the highest to the lowest ranks in an organisation.
- ❑ **Contingency:** It is an event that is possible, but cannot be anticipated with certainty.
- ❑ **Workforce diversity:** It is the existence of a wide variety of people with different backgrounds, nationalities and age groups in the workforce of an organisation.
- ❑ **Ethical dilemma:** It is a situation where moral principles of an individual are unable to decide which course of action is right or wrong.
- ❑ **Employee retention:** It is the effort of an organisation to withhold its existing staff by creating favourable working conditions.
- ❑ **Globalisation:** It is the process through which diverse countries in the world are interconnecting with each other as a result of trade and cultural exchange.

## 1.7 DESCRIPTIVE QUESTIONS

1. Define organisational behaviour and describe its various approaches.
2. Discuss the opportunities and challenges of organisational behaviour.
3. How do the scientific aspects of organisational behaviour help in overcoming problems at workplaces?

## 1.8 ANSWERS AND HINTS

## ANSWERS FOR SELF ASSESSMENT QUESTIONS

Topic	Q. No.	Answers
Defining Organisational Behaviour	1.	Individual, group and organisational levels
	2.	Hawthorne experiments
Approaches to Organisational Behaviour	3.	Scalar chain
	4.	a. Systems approach
Opportunities and Challenges of Organisational Behaviour	5.	False
	6.	True
Scientific Aspects of Organisational Behaviour	7.	c. Diversity at workplace



**HINTS FOR DESCRIPTIVE QUESTIONS**

1. Organisational behaviour is the study of human behaviour at work. There are mainly three approaches to organisational behaviour; classical approach, neo-classical approach, and modern approach. Refer to Sections **1.4 Defining Organisational Behaviour** and **1.5 Approaches to Organisational Behaviour**.
2. Various opportunities and challenges of OB are managing workforce diversity, improving quality and productivity, developing people skills, promoting innovation and change, coping with temporariness, empowering people and encouraging ethical behaviour. Refer to Section **1.6 Opportunities and Challenges of Organisational Behaviour**.
3. The scientific aspects of organisational behaviour can help managers in addressing issues, such as diversity at workplace, employee trust on organisation, quality and flexibility at work, and employee selection and retention. Refer to section **1.7 Scientific Aspects of Organisational Behaviour**.

**1.9 SUGGESTED READINGS & REFERENCES****SUGGESTED READINGS**

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**NMIMS**

# 2

## C H A P T E R

### UNDERSTANDING INDIVIDUAL BEHAVIOUR

#### CONTENTS

2.1	Introduction
2.2	Individual Behaviour
	Self Assessment Questions
	Activity
2.3	Biographical Attributes
	Self Assessment Questions
	Activity
2.4	Ability
	Self Assessment Questions
	Activity
2.5	Values
	Self Assessment Questions
	Activity
2.6	Attitudes
	Self Assessment Questions
	Activity
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	Self Assessment Questions
	Activity
2.8	Summary
2.9	Descriptive Questions
2.10	Answers and Hints
2.11	Suggested Readings & References

## N O T E S

## INTRODUCTORY CASELET

## ATTITUDE PROBLEM AT PHOENIX ELECTRONICS

Phoenix Electronics, established in 1970, was run by Ramesh Patel till 1991. After his death, his 25-year old son, Kiran Patel, a graduate in business administration from the US, took charge of the organisation. Within a few days of joining, Kiran Patel decided that the General Manager, Ramesh Dewan, was growing old and should resign from the organisation. Kiran Patel asked Ramesh Dewan to resign and gave him a salary for 12 months as compensation. Kiran Patel hired Mayank Tiwari as the new General Manager. Later, the marketing manager and the IT manager also resigned, and in their places, Akhilesh Tondon and Suresh Joshi were hired, respectively.

However, Mayank Tiwari lacked the administrative experience of Ramesh Dewan. Also, he distrusted the employees in the organisation, excepting Akhilesh Tondon and Suresh Joshi because they were his personal friends. This led to dissatisfaction among employees, and thus resulted in a high attrition rate.

Deepak Mehta, the secretary, administrator and legal advisor of Phoenix Electronics, discovered these discrepancies and approached Kiran Patel to discuss the matter. Kiran Patel asked him to discuss first with Mayank Tiwari and to approach him only through a proper channel.

Kiran Patel's attitude and behaviour have negatively impacted the organisational behaviour of Phoenix Electronics.

**LEARNING OBJECTIVES**

After completing this chapter, you will be able to:

- Explain individual behaviour
- Identify the biographical attributes of individual behaviour
- Discuss the ability of an individual
- Identify the importance of values
- Discuss the different types of attitudes
- Explain the importance of job satisfaction for an individual

**2.1 INTRODUCTION**

Ravi Sharma is the marketing manager in an FMCG organisation. He heads a team of four people. Whenever a project starts, every member of the team of Ravi reacts differently and has a different opinion about the project. What is the reason behind such diverse opinions and reactions? Are there any clashes among Ravi's team members, which account for the different opinions regarding the same topic? Probably not; it is only the individual behaviour that creates the differences of opinion among Ravi's team members.

Every person in this world behaves differently due to differences in the culture, upbringing, ethics, lifestyle and circumstances faced by a person in his/her life. All these elements together form the individual behaviour. The various aspects or components of individual behaviour are biological attributes, ability, values, attitudes, job satisfaction, personality and perception.

Individual behaviour not only affects the personal life of an individual, but it also impacts his/her professional life. For example, if an individual has a positive attitude, he/she tries to seek the solution for an organisational problem. On the other hand, an individual with a negative attitude focuses only on the severity of the problem instead of identifying the solution. Thus, it is important for organisations to understand the individual behaviour of its employees to manage its impact on the organisational behaviour.

In this chapter, you will study the concept of individual behaviour. Further, the chapter will focus on the biological attributes of an individual. Later, ability, values and attitudes of different types of individuals will be discussed. In the end, the job satisfaction of an individual will also be discussed in the chapter.

**2.2 INDIVIDUAL BEHAVIOUR**

Individual behaviour is the response of an individual towards an action, environment, person or stimulus. It not only affects the way an

## N O T E S

individual behaves at the workplace, but also impacts his/her work. For example, an individual who does not take things seriously also takes deadlines at the workplace casually and does not put the required amount of effort to meet them.

Thus, it is important for the manager of an organisation to understand the individual behaviour of the employees working with him/her to delegate job responsibilities so as to obtain the best outcome. In addition, it also helps managers develop a positive and result-oriented work attitude among individuals/employees. This can be done by providing training, rewards, recognition and involving employees in decision making.

To understand individual behaviour, organisations need to first identify the factors that affect and build individual behaviour. Some of these factors are shown in Figure 2.1:

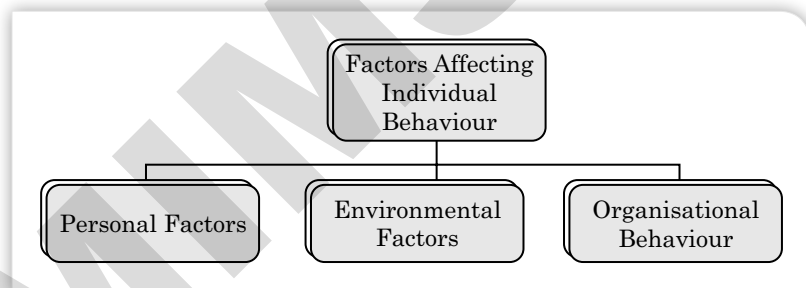


Figure 2.1: Different Factors Affecting Individual Behaviour

The different factors affecting individual behaviour are discussed as follows:

- ❑ **Personal Factors:** These factors are either inherited in an individual or acquired during his/her life. Thus, these factors include biographical attributes and learned attributes.
- ❑ **Environmental Factors:** The environment around an individual also plays a major role in building his/her behaviour. Some of the environmental factors affecting individual behaviour are as follows:
  - ♦ **Economic Factors:** These include the economic conditions prevalent in a state or a country, which may positively or negatively affect the behaviour of an individual. Some of these conditions are:
    - ✓ **Employment Level:** A situation where employment opportunities are less in a state or a country can lead to negative thoughts in the minds of individuals. Such negative thoughts further reflect in the behaviour of individuals at the workplace. This can lead to reduction in their confidence, their ability to take risks and their innovation capabilities because their main focus remains on the security of jobs.

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- ✓ **Wage Rates:** If wage rates are low in a state or a country, individuals either start migrating from the place or do not perform their best (if they work at the same place).
- ✓ **Technological Development:** It is observed that ambitious people always try to work at a place where they can gain new knowledge. The technology automates business processes and thus, helps organisations to work smoothly. If an organisation does not have the required technology, its employees find it difficult to work effectively. This further reduces the confidence level of employees and increases irritation and frustration among them.
- ◆ **Socio-cultural Factors:** Socio-cultural environment includes the family or society in which an individual resides, and the culture followed in that society. The socio-cultural environment has a direct impact on the behaviour of an individual. For example, an individual belonging to an educated family and a high society is likely to behave formally with command over his/her words and activities, at the workplace. On the other hand, an individual from an uneducated background is likely to behave in a different manner.
- ◆ **Political Factors:** The political conditions of a country affect individual behaviour, because they impact the employment level, wage rates, and investment options in the country.
- **Organisational Behaviour:** Individual behaviour is also impacted by the internal environment of an organisation. This environment includes the policies, physical facilities (such as ventilation, noise level, furnishing, light and the number of people), the flow of communication, the reporting system and the reward system of an organisation. All these aspects have a considerable impact on the individual behaviour. If these aspects are not favourable to individuals, they may become irritated and unsatisfied, which in turn affects the performance of the individuals negatively.



## SELF ASSESSMENT QUESTIONS

1. What are factors that are either inherited or acquired by an individual during his/her life called?
2. A high employment level in a state enhances the risk-taking and innovative capabilities of individuals, because they do not have the fear of losing the job. (True/False)



## ACTIVITY

Visit a mall in your locality and list your observations on the behaviour of the people working in it.

## N O T E S

## 2.3 BIOGRAPHICAL ATTRIBUTES

Akhil Sharma is a tall, handsome, and married man with a work experience of five years as a sales executive. The attributes stated for Akhil, i.e., tall, handsome, and married, are the biographical attributes of an individual. Such attributes are inherited and generic in nature, and information about these attributes can easily be obtained from personal records.

The different types of biographical attributes are shown in Figure 2.2:

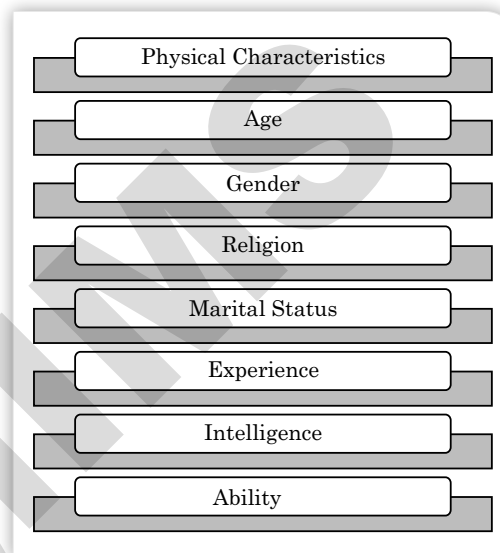


Figure 2.2: Biographical Attributes

Let us discuss these biographical attributes as follows:

- ❑ **Physical Characteristics:** These characteristics include the height, weight, skin, shape, vision and complexion of an individual. These characteristics also impact the individual behaviour at the workplace. If an individual has an inferiority or a superiority complex about his/her characteristics, the individual's behaviour at the workplace is impacted. For example, an individual having excess weight is not able to perform a field job as effectively as an individual with less weight and a fitter body. This affects the performance of the individual having more weight, thereby impacting his/her behaviour at the workplace.
- ❑ **Age:** The age and performance of an individual are closely related with each other. It is assumed that young people are energetic, innovative, ambitious and risk taking; while older people are assumed to be more conservative, prone to work on a defined principle and less adaptive in nature. However, these characteristics cannot be generalised because some people's energy level and enthusiasm do not decrease with age.



## N O T E S

- ❑ **Gender:** In today's times, it is not appropriate to assume differences between men and women with respect to work and performance. Women are employed in every field and are performing every job that men perform. However, the frequency of women performing the jobs considered specific to men, such as the military and other field jobs, is less. In such types of jobs, women are still not considered appropriate. Thus, women in such professions face discrimination, which not only affects their behaviour towards work, colleagues and seniors, but also impacts their performance.
- ❑ **Religion:** Religion-based bias exists in some professions, especially in India, which further affects the behaviour of individuals in the workplace. For example, in India, people at higher positions in organisations build good relationships with the individuals of their own caste or religion and favour them in professional issues without analysing the situation. This further affects the behaviour of other individuals at the workplace.
- ❑ **Marital Status:** Although there are no studies that show a direct relationship between marital status and performance of an individual at the work place, the behaviour of individuals can be impacted by their marriage. It is found that married people are more responsible and have a long-term perspective for any decision or topic. This has a positive impact on their performance.
- ❑ **Experience:** An individual's experience affects his/her performance as well as behaviour at the workplace. An experienced person performs his/her work more effectively as compared to an inexperienced person. This is because the experienced person is aware of the cause and effect of every activity and every step taken while performing a job, as he/she has repeated it several times. Thus, experienced people are more confident and have a positive attitude towards work, while inexperienced people tend to be nervous and might avoid taking risks at work.
- ❑ **Intelligence:** Intelligence is the capability of an individual with respect to his/her emotional knowledge, memory, logic, problem-solving ability, learning and abstract thought. It directly affects the performance of an individual. An intelligent individual can easily learn and can identify new and creative ways to perform a task. Thus, the performance of such individuals is often high, and they persist in positive, problem-solving, and creative behaviour.

Let us discuss the last factor affecting individual behaviour, that is, ability (as shown in Figure 2.2), in the next section.



## SELF ASSESSMENT QUESTIONS

3. Biographical attributes of an individual are learned and cultivated. (True/False)

## N O T E S



## ACTIVITY

Observe your friends and determine the biographical characteristics of each of them.

## 2.4 ABILITY

Ability is the capacity of a person to perform a job, handle a situation, or innovate. It can be broadly categorised into the following types:

- ❑ **Intellectual Ability:** It is the ability of an individual to perform jobs involving mental capabilities. It includes:
  - ◆ **Number aptitude:** It is the ability of an individual to perform arithmetic problems quickly and with accuracy.
  - ◆ **Verbal comprehension:** It is the ability of an individual to understand the meaning of what is read or heard by him/her.
  - ◆ **Perceptual speed:** It is the ability of an individual to determine the similarities and differences between different events accurately and rapidly.
  - ◆ **Inductive reasoning:** It is the ability of determining a logical sequence in a problem and then solving it accordingly.
  - ◆ **Deductive reasoning:** It is the ability of an individual to apply and measure the outcome of an argument.
  - ◆ **Spatial visualisation:** It is the ability of an individual to imagine the appearance of an object if its position is changed in space.
  - ◆ **Memory:** It is the ability of an individual to retain and recall his/her past experiences and events.
- ❑ **Physical Ability:** It is the ability of an individual to perform jobs involving physical capabilities. It includes:
  - ◆ **Dynamic strength:** It is the ability of an individual to exert muscular force repeatedly and rapidly.
  - ◆ **Trunk strength:** It is the ability of an individual to exert muscular force repeatedly and rapidly using the trunk muscles.
  - ◆ **Static strength:** It is the ability of an individual to exert force against external objects.
  - ◆ **Explosive strength:** It is the ability of an individual to exert and expand force in one or a series of explosive acts.
  - ◆ **Extent flexibility:** It is the ability of an individual to bend the trunk and back muscles as much as possible.
  - ◆ **Dynamic flexibility:** It is the ability of an individual to perform flexible movements repeatedly and rapidly.

- ♦ **Body coordination:** It is the ability of an individual to coordinate the simultaneous movements of different body parts.
- ♦ **Stamina:** It is the ability of an individual to continue putting in maximum effort over long periods of time.
- ♦ **Balance:** It is the ability of an individual to maintain equilibrium against external forces.

The ability of an individual directly impacts his/her behaviour at the workplace. For example, if an individual is involved in mental work and has better intellectual abilities as compared to other people working at the same profile, then he/she might try to dominate others. However, it can also positively affect the behaviour of the individual because he/she might not only perform his/her job with perfection, but also help others to perform it.

### ABILITY-JOB FIT

The abilities of an employee should match the job requirements to perform the job effectively. For example, if an individual, hired as an accountant, has a low number aptitude ability, then he/she cannot perform his/her job effectively.

There should be a proper balance between the abilities of an employee and the job requirements. If the abilities are less than what are required for performing the job effectively, the employee performance will be low. On the other hand, if the abilities of an employee are more than the job requirements, the employee may feel dissatisfied, leading to organisational inefficiency.

Table 2.1 shows examples of different jobs and the abilities required for performing these jobs:

**TABLE 2.1: JOBS AND THE REQUIRED ABILITIES**

<b>Jobs</b>	<b>Abilities Required</b>
Accountant	Number aptitude
Investigator	Perceptual speed
Market researcher	Inductive reasoning
Supervisor	Deductive reasoning
Interior Designer	Spatial visualisation
Sales Executive	Memory
High-rise construction worker	Balance
Beach lifeguard	Spatial-visualisation abilities and body coordination
Dancer and gymnast	Extent and dynamic flexibility
Soldier	Reasoning and body coordination

## N O T E S



## SELF ASSESSMENT QUESTIONS

4. Which of the following abilities does an architect require most?
- Static strength
  - Spatial visualisation
  - Number aptitude
  - Balance



## ACTIVITY

Identify and list the intellectual abilities required for a sales executive's job.

## 2.5 VALUES

Rajesh Nagar and Amar Joshi are two sales executives of a car manufacturing organisation, which offers free maintenance services on the purchase of a car, but only during the office hours. When a customer asks Rajesh about the free maintenance services, he replies that the services are only available during office hours. However, when any customer asks Amar about these services, he replies that the services are available whenever needed (or 24\*7), as such a reply attracts more customers.

In the above scenario, how will you interpret the behaviour of Amar from his reply?

In our day-to-day life, individuals come across various situations where they have to decide between moral and immoral courses of action. This decision depends on the values possessed by an individual. Values refer to an individual's inherent principles, which pre-determine his/her reaction in a particular situation. Thus, in the scenario, Amar Joshi's values lean towards immorality, which prompt him to lie in the given professional situation.

The values of an individual are built on the basis of his/her family background, culture, past experiences, and ethical standards. They form the base of an individual's attitude, perception, and behaviour.

According to the Rokeach Value Survey (RVS), values can be broadly classified into two types, namely, terminal values and instrumental values. Each of these two types of values includes 18 more values.

The different types of values as per the RVS are as follows:

- ❑ **Terminal Values:** These values represent the end-state of an individual's efforts. Such values consist of goals that individuals set for themselves in their lives. For example, being a top performer

can be an individual's terminal value. The 18 values included in terminal values are:

- ◆ True friendship (close companionship)
- ◆ Mature love (sexual and spiritual intimacy)
- ◆ Self-respect (self-esteem)
- ◆ Happiness (contentedness)
- ◆ Inner harmony (freedom from inner conflict)
- ◆ Equality (brotherhood, equal opportunity for all)
- ◆ Freedom (independence, free choice)
- ◆ Pleasure (an enjoyable, leisurely life)
- ◆ Social recognition (respect, admiration)
- ◆ Wisdom (a mature understanding of life)
- ◆ Salvation (saved, eternal life)
- ◆ Family security (taking care of loved ones)
- ◆ National security (protection from attack)
- ◆ A sense of accomplishment (lasting contribution)
- ◆ A world of beauty (beauty of nature and the arts)
- ◆ A world at peace (free of war and conflict)
- ◆ A comfortable life (a prosperous life)
- ◆ An exciting life (a stimulated, active life)

□ **Instrumental Values:** These values work as a means to achieve terminal values. For example, to achieve the terminal value of being a top performer, a person requires instrumental values such as ambition, intellect and capability. The 18 instrumental values are:

- ◆ Cheerfulness (light-hearted, joyful)
- ◆ Ambition (hard-working, aspiring)
- ◆ Love (affectionate, tender)
- ◆ Cleanliness (neat, tidy)
- ◆ Self-control (restrained, self-disciplined)
- ◆ Capability (competent, effective)
- ◆ Courage (standing up for your beliefs)
- ◆ Politeness (courteous, well-mannered)
- ◆ Honesty (sincere, truthful)
- ◆ Imagination (daring, creative)
- ◆ Independence (self-reliant, self-sufficient)
- ◆ Intellect (intelligent, reflective)
- ◆ Broad-mindedness (accepting, open-minded)
- ◆ Logical (consistent, rational)
- ◆ Obedience (dutiful, respectful)
- ◆ Helpfulness (working for the welfare of others)

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- ◆ Responsibility (dependable, reliable)
- ◆ Forgiveness (willing to pardon others)

Thus, terminal values represent the overall goals of an individual's life that he/she wants to achieve through his/her behaviour. On the other hand, instrumental values are the methods an individual adopts to achieve the terminal values. In addition, terminal values are changeable, while instrumental values are permanent in nature, because they are the personal characteristics of an individual. Some examples for terminal and instrumental values are as follows:

- If the terminal value of an individual's life is 'a comfortable life', the instrumental values used for achieving this terminal value are 'ambition', 'intellect', and 'capablity'.
- The terminal value of 'wisdom' can be achieved using the 'logical', 'honesty', and 'intellect' instrumental values.
- If the terminal value is 'a world at peace', it can be attained using the instrumental values of being 'forgiving', 'helpful', and 'polite'.

Apart from the above classification, values can also be categorised on the basis of different types of generations. These values are also called generation values. In an organisational setting, it is necessary to comprehend how employees of different generations perceive the world, what motivates them and how they learn. Knowledge of generational values facilitates better understanding of an individual's behaviour in an organisation.

The different types of generations and the values followed by them are discussed as follows:

- **The Builders:** This generation includes people born before 1945. These people faced the World War II, and thus valued financial security, togetherness (teamwork), close family ties, long marital commitments, hard work, conservatism and loyalty for their respective organisations.
- **The Baby Boomers:** This generation includes people born between 1946 and 1964. This was the time period after the World War II, when people were starting their life again after the disaster. Thus, these people valued success and ambition in their lives.
- **The X Generation:** This generation includes people who were born between 1965 and 1980. These people faced difficult financial and social times, thus, they focused on materialism. They valued material success, meaningful relationships, team orientation and work-life balance.
- **The Y Generation:** This generation includes people born during 1981-2000. These people were familiar with the Internet and had a huge reservoir of information. Thus, the dominant values of such people are self-reliance, financial success and synergy.

- ❑ **The Z Generation:** This generation includes people born after 2000. These times experienced immense advancement in technology and science, and a different approach to socialisation and life-style developed. Thus, the values of these people include technological skills, ability to multitask, flexibility, confidence and diversity.



#### SELF ASSESSMENT QUESTIONS

5. Which of the following are a basis for the values of an individual?
  - a. Genetics
  - b. Biological factors
  - c. Past experiences
  - d. Perceptual standards



#### ACTIVITY

Identify the generation to which you belong. Also, analyse whether the values mostly followed in that generation are inherited by you or not.

## 2.6 ATTITUDES

Attitude refers to the tendency of an individual to respond in a specific set of situations. It plays an important role in framing individual behaviour. According to various social psychologists, the attitude of an individual includes three main components, which are:

- ❑ **Cognitive Component:** It is an evaluative component that is developed in an individual on the basis of his/her past experiences and memories. This component plays an important role in developing a perception about an incident before it happens. For example, a person who has been betrayed by his/her friends and relatives may not trust anyone easily in future.
- ❑ **Affective Component:** It is a component that is responsible for building up the emotional set-up of an individual. The affective component expresses an individual's likes or dislikes. For example, individuals may like their superior so much that it might be a motivating factor for them to work hard.
- ❑ **Behavioural Component:** It is a component that changes the way a person behaves in a situation. For example, individuals having feelings of hatred and dislike for their organisation may show irritation and frustration on others.

The attitude of an individual depicted at his/her workplace is known as job attitude. There are three major types of job attitudes, which are shown in Figure 2.3:

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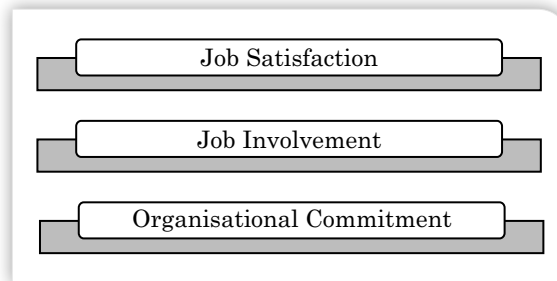


Figure 2.3: Types of Job Attitudes

The different types of job attitude are discussed as follows:

- ❑ **Job Satisfaction:** It is a positive feeling that employees acquire in their jobs. An employee with high levels of job satisfaction feels happy to work in an organisation. The productivity of such an employee is also high.
- ❑ **Job Involvement:** It is the degree to which an individual finds himself associated with a particular job. Individuals generally relate their self-worth with the degree to which they are involved with their jobs.
- ❑ **Organisational Commitment:** It is a situation wherein employees become associated with a particular organisation and accept its vision, mission, philosophy, and goals. In such an organisation, employees want to fulfil their duties in a very dedicated way to maintain a healthy relationship with the organisation. Organisational commitment is of three types, which are explained as follows:
  - ◆ **Affective Commitment:** It indicates that an employee is emotionally very attached to an organisation. For example, an employee may be highly attached to an employer or his/her colleagues, and thus wishes to serve the organisation in a better way.
  - ◆ **Normative Commitment:** This indicates that employees work in an organisation due to their priority towards ethics and morals. For example, a philanthropic person joins an NGO and feels great to serve it, because he/she loves to help the needy.
  - ◆ **Continuance Commitment:** This indicates that employees wish to work in an organisation because they feel that it is better to stay in an organisation rather than leaving it. Employees may do it because of monetary satisfaction, job profile, or any other reason.



## SELF ASSESSMENT QUESTIONS

6. Which of the following elements account for the affective component in an individual's attitude?
  - a. Past experiences
  - b. Emotional thoughts
  - c. Memories
  - d. None of the above



**ACTIVITY**

Visit a retail store, and list your observations on the attitudes of people working there.

**DEFINITION**

According to **Zimbardo**, “An attitude can be defined as a positive or negative evaluation of people, objects, events, activities, ideas, or just about anything in your environment”.

As per **Jung**, “Attitude is the readiness of the psyche to act or react in a certain way”.

## 2.7 JOB SATISFACTION

Job satisfaction is the positive attitude of an individual towards the different aspects of his/her job. Job satisfaction directly affects the behaviour of an individual at the workplace. A satisfied individual remains in a positive mood and improves in areas of brainstorming, decision making, and problem solving at the workplace. This not only improves his/her performance, but also reduces stress and conflicts among the individuals in the organisation.

Some factors that affect the satisfaction and dissatisfaction level of an individual are shown in Figure 2.4:

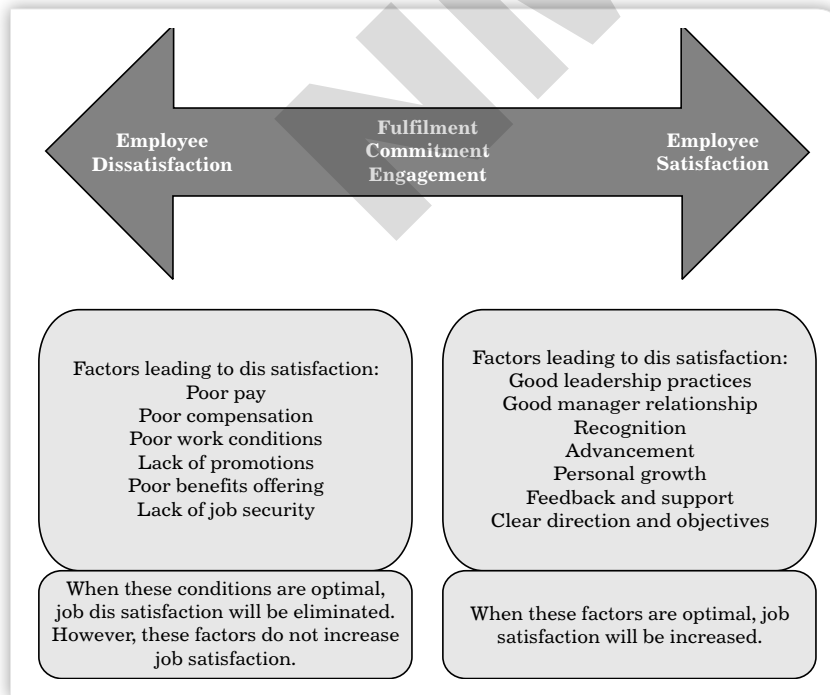


Figure 2.4: Factors Affecting Satisfaction and Dissatisfaction Level

Source: <http://talentedapps.wordpress.com/2008/04/11/job-satisfaction-model-for-retention/>

## N O T E S



## SELF ASSESSMENT QUESTIONS

7. Which of the following can job satisfaction lead to at the workplace?
- Improved brainstorming
  - Better decision making
  - Improved problem solving
  - All of the above



## ACTIVITY

Ask your parents, friends or people around you whether they are satisfied with their jobs. Find out and list the reasons for their satisfaction and dissatisfaction.



## DEFINITION

According to **Pool**, “*Job satisfaction is an attitude that individuals maintain about their jobs. This attitude is developed from the perceptions of their jobs*”.

As per **Judge, Heller and Mount**, “*Job satisfaction is one of the most widely researched concepts within organisational behaviour, much of which is aimed at enhancing operations within the world of business*”.

## 2.8 SUMMARY

- ☐ Individual behaviour refers to the reaction of an individual towards an action, environment, person or stimulus.
- ☐ The different factors that affect individual behaviour are personal factors, environmental factors and organisational behaviour.
- ☐ Biographical attributes are inherited and generic in nature. These attributes include physical characteristics, age, gender, religion, marital status, experience, intelligence and ability.
- ☐ Ability refers to the capacity of a person to perform a job, handle a situation or innovate.
- ☐ Values are the principles that are inherent in an individual and affect his/her reaction in a particular situation.
- ☐ Attitude refers to the way in which an individual generally reacts in a particular situation.
- ☐ Job satisfaction refers to the positive attitude of an individual towards the different aspects of his/her job.



## KEY WORDS

- ❑ **Individual behaviour:** The response of an individual towards an action, situation, person or stimulus.
- ❑ **Ability:** The capacity of an individual to perform a job, handle a situation or innovate.
- ❑ **Values:** The principles inherent in an individual, which impact his/her reaction in a particular situation.
- ❑ **Attitude:** The tendency of an individual to behave in a particular situation.
- ❑ **Job satisfaction:** The positive feeling of an individual towards his/her job.

## 2.9 DESCRIPTIVE QUESTIONS

1. How do you define individual behaviour? What are the factors that affect an individual's behaviour?
2. What are the different types of abilities in individuals?
3. What are generational values?

## 2.10 ANSWERS AND HINTS

### ANSWERS FOR SELF ASSESSMENT QUESTIONS

Topic	Q. No.	Answers
Individual Behaviour	1.	Personal factors
Biographical Attributes	2.	True
Ability	3.	False
	4.	b. Spatial visualisation
Values	5.	c. Past experiences
Attitudes	6.	b. Emotional thoughts
Job Satisfaction	7.	d. All of the above

### HINTS FOR DESCRIPTIVE QUESTIONS

1. Individual behaviour is the reaction of an individual in a particular situation. Refer to Section **2.2 Individual Behaviour**.
2. The different types of abilities of an individual include physical ability and intellectual ability. Refer to Section **2.4 Ability**.
3. Categorisation of individual values based on the generation is called generational values. Refer to Section **2.5 Values**.

## N O T E S

**2.11 SUGGESTED READINGS & REFERENCES****SUGGESTED READINGS**

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# 3

## CHAPTER

### PERSONALITY

#### CONTENTS

- 3.1 Introduction
- 3.2 Definition of Personality
  - Self Assessment Questions
  - Activity
- 3.3 Stages of Personality Development
  - 3.3.1 Freudian Stages
  - 3.3.2 Erikson Stages (Neo-Freudian Stages)
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- 3.10 Suggested Readings & References

## N O T E S

## INTRODUCTORY CASELET

## PERSONALITY TRAITS OF STEVE JOBS



There are a number of personality traits that helped Steve Jobs become one of the most successful entrepreneurs of our time. Entrepreneurs can learn a lot from him. Many entrepreneurs all over the world follow several of Jobs' principles and personality traits.

One of the most important personality traits of Steve Jobs was his creativity, which was born from his imagination. His creativity helped Apple to grow as a company, winning market share from other competitors. Jobs' far-sightedness helped him envision that the company's products and services will change the way people communicate, work, and live their lives. He built his company with the vision that Apple's products and services would change the world.

Another important aspect of Steve Job's personality was his adaptability. This trait led him to emphasise innovation. Jobs believed innovation can make the difference between a leader and a follower. He was successful in inculcating innovation in the culture of Apple. Today, Apple's products stand for innovation.

Jobs had tremendous focus. He focused on designs, and insisted that they should be absolutely perfect. This is the reason Apple could develop technological products with excellent designs.

In addition, Jobs was extremely passionate and fearless when it came to growing Apple as a company. He took many controversial decisions and, at certain points, risked the future of the company. As a leader, he was capable of pushing his company and employees to the limits without pushing them over the edge. Moreover, he was very persuasive, which made him an efficient salesperson. He could sell his ideas and products to millions of customers.

## LEARNING OBJECTIVES

After completing the chapter, you will be able to:

- Define personality
- Describe the stages of personality development
- Discuss the determinants of personality
- Explain the theories of personality
- Describe the personality traits that affect organisational behaviour

### 3.1 INTRODUCTION

In simple words, personality refers to a set of traits possessed by an individual that makes him/her distinct from others. Personality determines the behaviour of an individual. In an organisation, a person requires certain skills and character traits to successfully execute his/her roles and responsibilities. Therefore, personality plays a crucial role in determining whether an individual is capable of executing organisational activities or not. For example, individuals with leadership and interpersonal skills are able to lead better and thus, are able to work with others. This is the reason why the study of personality is important in Organisational Behaviour (OB).

In this chapter, you will study the definition of personality. Next, you will get acquainted with the stages of personality development in an individual. In addition, the chapter will describe the determinants of personality. Towards the end, you will study the theories of personality.

### 3.2 DEFINITION OF PERSONALITY

Consider the following statements as answers of interviewees:

*“I like to interact with people”.*

*“I can stay calm in difficult situations”.*

These types of answers can determine whether you can acquire a job or not, because these answers reflect your personality. In simple words, personality refers to the inherent traits in an individual that determine the way he/she adjusts to the environment. Personality is a very important factor considered by organisations while recruiting employees. This is because personality traits determine the level of adaptability, performance and team-bonding ability of an individual.

According to a recent survey, over 30% of employers use a personality test to hire employees. Employers are no more concerned about only attractive resumes and years of experience. For them, personality and attitude of the employees in carrying out the jobs and their adaptabil-

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ity to the organisation's work culture are more important. Generally, the traits that employers desire include conscientiousness, stress-handling ability, ability to work with others, leadership skills, ability to solve problems and service orientation. According to Karen Schoh, who recruits employees for the Women and Infants Hospital in Rhode Island, *"A person must be qualified to do the job, but they also require the right personality. We're a hospital that puts a premium on patient care, and we want people who can deliver the concept"*.

Now, let us discuss some of the definitions of personality.

**McClelland** views personality as "the most adequate conceptualisation of an individual's behaviour in all its details, which the scientist can provide at a moment in time".

**Webster's New American Dictionary** defines personality as "the assemblage of qualities, physical, mental and moral that set apart one individual from another".

**S.R. Maddi** sees personality as "a set of characteristics and tendencies that determine those commonalities and differences in the behaviour (thoughts, feelings, and actions) of people that have continuity in time and that may not be easily understood as the sole result of the social and biological pressures of the moment".

The most comprehensive effort to explain personality came from **Carl Jung**, who was a psychotherapist and proponent of analytical psychology. In his words, *"Personality is the supreme realisation of the innate idiosyncrasy of a living being. It is an act of high courage flung in the face of life, the absolute affirmation of all that constitutes the individual, the most successful adaptation to the universal condition of existence coupled with the greatest possible freedom for self-determination."*

From these definitions, we can conclude that personality can be defined as a combination of physical, mental and moral qualities of individuals that are reflected in their unique behaviour. For a better understanding of the concept of personality, we first need to explore its essential elements. Figure 3.1 shows the elements of personality:

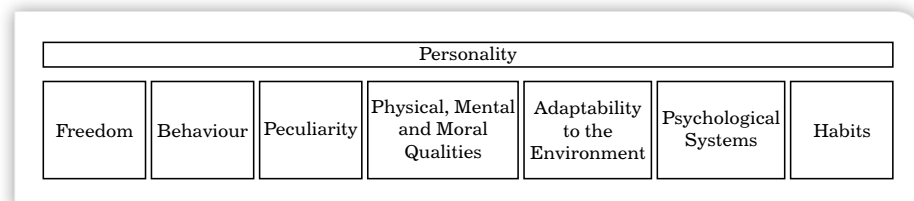


Figure 3.1: Elements of Personality

These elements are briefly explained as follows:

- ❑ **Freedom:** It is the state of being free and able to act according to one's own wishes. A free individual does not experience any



constraints or restrictions in expressing emotions, feelings, ideas and desires.

- ❑ **Behaviour:** It refers to the way an individual reacts in response to external or internal stimuli in the environment.
- ❑ **Peculiarity:** It refers to the uniqueness of each individual. Each individual possesses varied characteristics and wishes. For example, the manner in which an individual talks, reacts or behaves may be entirely different from any other individual's manner.
- ❑ **Physical, Mental and Moral Qualities:** These imply that every individual has unique physical, mental and moral orientations. Some people may be fair, tall and intelligent, whereas others may be different. Mental qualities deal with intelligence and logic, while moral qualities refer to trustworthiness, honesty and other abstract qualities.
- ❑ **Adaptability to the Environment:** This refers to the varied capabilities of individuals to adjust in different environments. It has been observed that different individuals behave differently in different situations. They also have varied capabilities of adjusting with different social groups.
- ❑ **Psychological Systems:** These refer to the set of components or parts of the body that help in thinking, analysing and reacting. The psychological system determines the kind of personality an individual may have.
- ❑ **Habits:** They are the unconscious and recurring behavioural patterns that an individual acquires through continuous and repetitive processes, for example, the habit of smoking.



#### SELF ASSESSMENT QUESTIONS

1. According to a recent survey, over 30% of employers use a personality \_\_\_\_\_ to hire employees.



#### ACTIVITY

Study the elements of personality discussed in the chapter. Make a list of habits you have.

### 3.3

## STAGES OF PERSONALITY DEVELOPMENT

Personality development refers to the process of development of an organised pattern of behaviours and attitudes that makes a person unique. The personality of a person is developed as a continuous in-

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teraction of the temperament, character and environment. Through experimentation and observation, psychologists have established patterns in the development of personalities that help us determine or predict the behaviour of most individuals. Such patterns are often categorised into logical developmental stages. Let us study the various stages of personality development in the next section.

### 3.3.1 FREUDIAN STAGES

Sigmund Freud was an Austrian neurologist who became known as the founding father of psychoanalysis. Freud believed that personality development happens through a number of stages. In addition, he proposed that childhood experiences have a deep impact on the personality of an individual.

Following are the Freudian stages of personality development:

- ❑ **The Oral Stage:** This stage pertains to infancy. In this stage, the prime source of interaction for an infant is through the mouth. Thus, sucking reflexes are especially important at this stage. In addition, because an infant is entirely dependent on a caretaker at this stage, he/she develops a sense of trust and comfort through oral stimulation.
- ❑ **The Anal Stage:** The age range in this stage is 1 to 3 years. In this stage, the primary focus of the libido is the control of bladder and bowel movements. Toilet training is a major conflict at this stage. The child has to learn and control his/her bodily needs. Development of this control leads to a sense of accomplishment and independence.
- ❑ **The Phallic Stage:** The age range of this stage is 3 to 6 years. In this stage, the primary focus of the libido is on the genitals, and the child begins to discover the difference between males and females.
- ❑ **The Latent Stage:** This stage begins at the age of 6 and lasts till puberty. In this period, the libido interest is suppressed. This stage begins when the child enters the school and becomes concerned with peer relationships, hobbies and interests.
- ❑ **The Genital Stage:** This stage begins in puberty and lasts till death. In this age, the individual develops a strong sexual interest in the opposite sex.

### 3.3.2 ERIKSON STAGES (NEO-FREUDIAN STAGES)

Erik Erikson was a German-born American developmental psychologist and psychoanalyst, famous for his theory on the psychosocial development of human beings. His theory of personal development is one of the most well-known theories on personality. Similar to Freud, Erikson believed that the development of personality happens in a

number of stages. Following are the Erikson's stages of personality development:

- ❑ **Stage 1: Trust vs. Mistrust:** This stage occurs between birth and one year of age. According to Erikson, this is the most fundamental stage in life. In this stage, a child is completely dependent on a caretaker; thus, the development of trust is based on the dependability and quality of the child's caretaker(s).
- ❑ **Stage 2: Autonomy vs. Shame and Doubt:** This stage occurs in early childhood. In this stage, the focus is on developing a sense of personal control.
- ❑ **Stage 3: Initiative vs. Guilt:** In the preschool years, the child starts asserting his/her power and control over the world through social interactions. He/she takes various initiatives while playing and seeks the approval of caretakers. If the caretaker stifles such an initiative, the child develops a sense of guilt.
- ❑ **Stage 4: Industry vs. Inferiority:** This stage covers children from the age group of 5 to 11 years. In this stage, children develop a sense of pride and accomplishment in their abilities through social interactions.
- ❑ **Stage 5: Identity vs. Confusion:** This stage occurs during adolescence when children explore their independence and develop a sense of self. Children receiving proper encouragement and enforcement through personal exploration emerge with a strong sense of self and feeling of independence and control, after this stage.
- ❑ **Stage 6: Intimacy vs. Isolation:** This stage covers early adulthood when people start exploring personal relationships. According to Erikson, it is vital for people to develop close and committed relationships with other individuals. A person who has a strong sense of self forms committed and secure relationships at this stage.
- ❑ **Stage 7: Generativity vs. Stagnation:** This stage takes place during adulthood when people focus on career and family. Those who are successful at this stage have a sense of contribution to the community as a whole. People who fail to attain this feel unproductive and uninvolved in the world.
- ❑ **Stage 8: Integrity vs. Despair:** This stage occurs towards the last stage of life when people reflect back on life. People who are unsuccessful at this stage feel that their life has been wasted and experience regrets.

### 3.3.3 ADULT LIFE STAGES

Psychologist Daniel Levinson was the proponent of these stages. He made a remarkable contribution in the field of psychology. His works mainly involved personality development in adults, which gained con-

## NOTES

siderable attention in academic literature. He identified the following four stable stages of adult personality development:

1. Entering into adulthood (ages 22 to 28)
2. Settling down (ages 33 to 40)
3. Entering into middle adulthood (ages 50 to 55)
4. End of middle adulthood (ages 55 to 60)

In addition to these stable periods, he also identified the following four transactional periods:

1. Age thirty transition (ages 28 to 30)
2. Mid-life transition (ages 40 to 45)
3. Age fifty transition (ages 50 to 55)
4. Late adult transition (ages 60 to 65)

According to Levinson, personality develops in an orderly sequence throughout the adult life.



### SELF ASSESSMENT QUESTIONS

2. The Freudian stages of personality development include \_\_\_\_\_ stages.
3. Erikson's stages of personality development include 5 stages. (True/False)



### ACTIVITY

Study the behaviour of a child in the anal stage. Make a list of the important behaviour patterns that you observe.

## 3.4 DETERMINANTS OF PERSONALITY

Personality is formed through a continuous personal quality development process. Factors such as heredity, situations and environment help to influence, mold, develop and determine the personality of an individual. Generally, such factors are known as determinants of personality. Figure 3.2 shows the various factors that influence the personality of an individual:

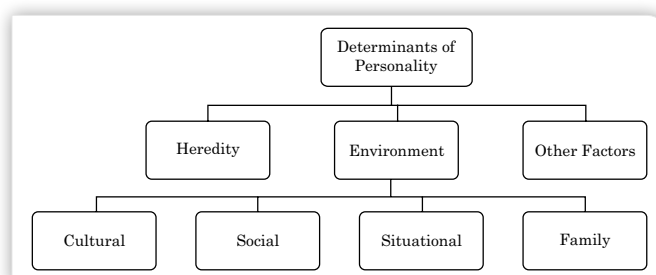


Figure 3.2: Personality Determinants

The determinants of personality are briefly explained as follows:

- ❑ **Heredity:** This factor is inherited by individuals from their biological parents. The heredity factors, also known as biological factors, determine the nature and characteristics of a person. Some of the examples of heredity factors include stature, height, temperament and muscle composition of a person.
- ❑ **Environment:** This factor consists of various factors, which are mentioned as follows:
  - ◆ **Cultural Factor:** This refers to the social, religious and intellectual beliefs of an individual. Cultural factors affect the behaviour of an individual to a great extent. For example, an individual interested in any form of art behaves in a more elegant way as compared to those who do not have any interest in art.
  - ◆ **Family Factor:** It contributes to one's ethics and moral values. The principles and ideologies of family members are influenced by the family to a great extent.
  - ◆ **Social Factor:** This includes the religious and social associations of an individual. Naturally, society influences the personality of an individual. For example, an individual's personality gets affected by the peer group he/she belongs to.
  - ◆ **Situational Factor:** The behavioural pattern of an individual depends on the situation he/she is in at a particular point of time. In addition, the behaviour of a person in a particular situation also influences his/her behaviour in similar situations in the future. For example, if a person successfully handles a stressful situation, he/she is in a better position to handle similar situations in the future.
- ❑ **Other Factors:** These refer to factors such as law, condition of the economy, influence of information and published literature that can influence the personality of an individual. For example, a deteriorating economic condition of the country causes the situation of unemployment. Sometimes, such a situation persuades educated but unemployed individuals to indulge in certain criminal or unethical activities that change their personalities altogether.

### 3.4.1 LOCUS OF CONTROL AND PERSONALITY

Locus of control is one of the significant aspects of personality. The concept was developed by Julian Rotter in the 1950s. It refers to the extent to which people believe that they can control the outcomes of the events in their lives. In other words, locus of control represents the degree to which people perceive that reinforcements are controlled by their own behaviour or by outside forces, such as luck or fate.

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Rotter conducted various experiments to understand whether or not people learn new things and perform differently when they consider reinforcements as related or unrelated to their behaviour. During his experiments, Rotter developed an assessment tool, called I-E scale that he used to measure an individual's perception of control. Internally controlled individuals (I) perceive that their behaviour/action is responsible for the outcomes of the events in their lives. For example, after receiving exam results, an internally controlled student would praise/blame him/her for success/failure. On the other hand, externally controlled people (E) believe that control is out of their hands and is purely based on fate or luck. For example, an externally controlled student may praise/blame his/her luck for success/failure in the exams.

People with internal locus of control trust their own abilities and believe that their actions/behaviour may lead them to gain positive results. They perceive that outcomes of events are under their own control. Moreover, these people accept that every action has its outcome and it depends on them whether they could control it or not. According to Rotter, internally controlled people exhibit two major characteristics: high achievement motivation and low outer-directedness. Due to their locating control on themselves, internally controlled people tend to have more control over their lives.

People with external locus of control relate the outcome of events to external factors and believe that things that happen in their lives are out of their own control. Moreover, they perceive that their own action/behaviour is result of external factors, which they cannot control. These people perceive that the world is so complex and full of elements that makes the events of their lives uncontrollable. Externally controlled people are vulnerable to a variety of stress symptoms, such as emotional distress, burn-out, job dissatisfaction and low self-esteem. These people suffer from such symptoms due to frequent or excessive negative life events. They tend to blame others rather than themselves for the happenings of their lives.



## SELF ASSESSMENT QUESTIONS

4. Heredity factors are also known as biological factors. (True/False)
5. The \_\_\_\_\_ factor includes the social and religious associations of an individual.



## ACTIVITY

Make a list of some of the cultural factors that have shaped your personality.

### 3.5 THEORIES OF PERSONALITY

The thought pattern, feelings and behaviour of an individual are imbibed in his/her personality. Various aspects of the personality of individuals are explained by various personality theories. These theories organise all the available information about personality in a logical manner. In addition, the theories laid the foundation for further research in the field of personality.

They also mention the specific common characteristics of people with similar personalities in a clear fashion. This section will discuss the major theories of personality, including the psychoanalytic theory, neo-Freudian theories, trait theory, social learning theory and self theory.

#### 3.5.1 PSYCHOANALYTIC THEORY

This theory originated with the work of Sigmund Freud. From his clinical work with patients suffering from mental illness, Freud came to the conclusion that childhood experiences and unconscious desires influenced the behaviour of individuals. On the basis of this observation, he developed a personality theory, describing personality development in terms of a series of psychosexual stages. We have already discussed these stages earlier in the chapter. According to Freud, conflicts occurring during each of these stages can influence the personality and behaviour of an individual throughout life.

#### 3.5.2 NEO-FREUDIAN THEORIES

These theories are the brain work of psychologists who agreed with the basis of Freud's psychoanalytic theory but changed and adapted the theory to incorporate their own ideas, beliefs and theories. Some of the major neo-Freudian psychologists include Carl Jung, Alfred Adler, Erik Erikson, Karen Homey and Erich Fromm.

Sigmund Freud proposed a number of highly controversial ideas. However, these ideas attracted a number of followers as well. Many of these followers agreed with Freud's concept of the unconscious mind and the role of early childhood in the personality of an individual. However, there are a number of points that other thinkers directly rejected. These thinkers went on to propose their own theories of personality. These theories are known as neo-Freudian theories.

There are a number of points of disagreement between these neo-Freudian thinkers and Freud. For instance, according to Erik Erikson, Freud was incorrect to suggest that personality is entirely shaped by childhood events. Some of the other major points of disagreement are as follows:

- ❑ Freud's emphasis on sexual urges as a primary motivator
- ❑ Freud's view of human nature

## N O T E S

- ❑ Freud's proposal that personality is entirely influenced by early childhood experiences
- ❑ Freud's lack of emphasis on the impact of social and cultural factors on behaviour and personality

### 3.5.3 TRAIT THEORY

A personality trait refers to a long-lasting attribute of a person that emerges in different situations. We can differentiate the personality of an individual from the personality of another person through traits. According to the trait theory, every person has a specific and unique set of features. Following are some of the other assumptions of the theory:

- ❑ It allows variations in traits of different individuals.
- ❑ It presumes traits to be relatively stable.
- ❑ It measures traits by using behaviour indicators.

In addition, according to the trait theory, learning is perpetual in nature, and it brings changes in the personality of an individual from one time to another. Moreover, it attempts to establish a relationship between a set of personality characteristics and the behaviour of an individual. This theory is descriptive in nature, and it elaborates the traits and characteristics of an individual. However, the theory lacks an analytical framework, because it does not elaborate the reason why and how particular traits affect an individual's personality.

### 3.5.4 SOCIAL LEARNING THEORY

*"Learning would be exceedingly laborious, not to mention hazardous, if people had to rely solely on the effects of their own actions to inform them what to do. Fortunately, most human behaviour is learned observationally through modeling; from observing others one forms an idea of how new behaviours are performed, and on later occasions this coded information serves as a guide for action."*

-Albert Bandura, Social Learning Theory, 1977

This theory was proposed by Albert Bandura. This is one of the most influential theories of personality. The basis of this theory is that people can learn new information and behaviour by watching other people. This theory is used to explain a wide variety of behaviours.

There are three core concepts of the social learning theory. These are as follows:

- ❑ People can learn by observing others.
- ❑ The internal mental condition of an individual is an essential part of the learning process.
- ❑ An individual's learning does not necessarily result in a change in his/her behaviour.



### 3.5.5 SELF THEORY

Carl Rogers (1902-1987), an influential American psychologist, is the proponent of this theory. There are nineteen propositions in Rogers' theory of personality development. However, the central focus of the theory is the concept of 'self'. According to Rogers, 'self' is central to human personality. He believed that when a child is born, the concept of self is present in him like a tiny dot that grows bigger as the child grows. The concept of self can be defined as an organised and complex system of learned beliefs that each person holds to be true about his/her personal existence. According to Rogers, self is a social product that develops from social and interpersonal relationships.



#### SELF ASSESSMENT QUESTIONS

6. Alfred Adler was one of the proponents of the neo-Freudian theories. (True/False)



#### ACTIVITY

Make a group of friends and discuss the core concepts of the social learning theory.

## 3.6

### SIGNIFICANT PERSONALITY TRAITS AFFECTING ORGANISATIONAL BEHAVIOUR

There are numerous traits that can be used to describe the behaviour of a person. However, all the traits are not equally important in an organisational setup. Only a few traits correspond to positive behaviour in a workplace. There is a consensus among researchers on five major traits that correspond to meaningful behavioural tendencies in a workplace. Collectively, these traits are called Big Five. These traits are elaborated as follows:

- ❑ **Extroversion:** Some of the major psychologists involved in the research of this trait include Carl Jung, Hans Eysenck and Raymond Cattell. Extroversion refers to the degree to which a person is outgoing and derives energy from being around other people. In other words, it refers to the degree to which an individual:
  - ◆ Enjoys being with others
  - ◆ Is warm to others
  - ◆ Opens up in a group setting
  - ◆ Stays cheerful and likes excitement
  - ◆ Maintains a vigorous pace

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- ❑ Researches show that extroversion is positively correlated to job satisfaction at a workplace. Extroversion is very important in jobs related to customer services and client servicing.
- ❑ **Conscientiousness:** It refers to the goal-orientation of an individual. In other words, it refers to the degree to which a person:
  - ◆ Feels capable of achieving goals
  - ◆ Is organised
  - ◆ Is reliable and possesses a drive for success
  - ◆ Is an effective thinker and focuses on completing tasks
- ❑ Research shows that individuals with high levels of conscientiousness perform better in most jobs and are effective team players. This personality trait is important for top level managers and employees working in leadership positions.
- ❑ **Agreeableness:** It refers to the extent to which a person is outgoing and tolerant. In other words, it refers to the degree to which an individual:
  - ◆ Is honest and straightforward
  - ◆ Believes in the honesty of others
  - ◆ Is helpful
  - ◆ Tends to yield under pressure
  - ◆ Exhibits humility and sensitivity to others

Agreeableness is especially important in jobs where team work is involved.
- ❑ **Emotional Stability:** It relates to how a person reacts in a stressful or demanding situation. Some of the specific features of this trait include the degree to which a person:
  - ◆ Is relaxed and capable of handling stressful situations
  - ◆ Maintains calm and does not exhibit anger
  - ◆ Becomes embarrassed and discouraged
  - ◆ Handles difficult situations

Emotional stability is important in all levels of jobs in an organisation.
- ❑ **Openness to Experience:** It refers to the degree to which a person seeks new experiences and thinks creatively about the future. To be more specific, openness refers to the degree to which a person:
  - ◆ Is imaginative
  - ◆ Appreciates art and beauty
  - ◆ Values and respects others' emotions
  - ◆ Is curious
  - ◆ Is open to change

Individuals who are more open to new experiences perform well at creative jobs, for example, fashion designing, advertising, and media. In addition, this trait can help managers and leaders understand people better.



#### SELF ASSESSMENT QUESTIONS

7. There is a consensus among researchers on five major traits that correspond to meaningful behavioural tendencies in a workplace. Collectively, these traits are called \_\_\_\_\_.



#### ACTIVITY

Study the Big Five personality traits. Which traits do you have and to what degree? Rate yourself on a scale of 1 to 10 for each trait.

### 3.7 SUMMARY

- ❑ Personality refers to the set of traits possessed by an individual that makes him/her distinct from others. Personality determines the behaviour of an individual.
- ❑ Personality can also be defined as a combination of physical, mental and moral qualities of individuals that are reflected in their unique behaviour.
- ❑ The elements of personality are behaviour; freedom; peculiarity; physical, mental and moral qualities; adaptability to the environment; psychological systems and habits.
- ❑ The Freudian stages of personality development include the oral stage, anal stage, phallic stage, latent stage and genital stage.
- ❑ Erikson's stages of personality development include trust vs. mistrust, autonomy vs. shame and doubt, initiative vs. guilt, industry vs. inferiority, identity vs. confusion, intimacy vs. isolation, generativity vs. stagnation and integrity vs. despair.
- ❑ The main determinants of personality are heredity and environment.
- ❑ The psychoanalytic theory states that childhood experiences and unconscious desires influence the behaviour of individuals.
- ❑ Neo-Freudian theories are the brain work of psychologists who agreed with the basis of Freud's psychoanalytic theory but changed and adapted the theory to incorporate their own ideas, beliefs and theories.
- ❑ The trait theory states that every person has a specific and unique set of features.
- ❑ The basis of the social learning theory is that people can learn new information and behaviour by watching other people.
- ❑ The Big Five traits are extroversion, conscientiousness, agreeableness, emotional stability and openness to experience.

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## KEY WORDS

- ❑ **Recruitment:** It refers to the process of hiring new employees in an organisation.
- ❑ **Unconscious mind:** It refers to the processes in mind that occur automatically and are not available for introspection.
- ❑ **Libido:** In psychology, it refers to a person's overall desire or driving force for any behaviour. This is different from the usual term that means sexual desire.
- ❑ **Peer Group:** It refers to a group of people with approximately the same age, status and interests.

### 3.8 DESCRIPTIVE QUESTIONS

1. What do you mean by personality? Mention its elements.
2. Discuss the Freudian stages of personality development.
3. Describe the Big Five traits.

### 3.9 ANSWERS AND HINTS

#### ANSWERS FOR SELF ASSESSMENT QUESTIONS

Topic	Q.No.	Answers
Definition of Personality	1.	Test
Stages of Personality Development	2.	5
	3.	False
Determinants of Personality	4.	True
	5.	Cultural
Theories of Personality	6.	True
Significant Personality Traits Affecting Organisational Behaviour	7.	Big Five

#### HINTS FOR DESCRIPTIVE QUESTIONS

1. Personality refers to a set of traits possessed by an individual that makes him/her distinct from others. Refer to Section 3.4 for details.

2. The Freudian stages of personality development include the oral stage, anal stage, phallic stage, latent stage and genital stage. Refer to Section 3.5.1 for details.
3. The Big Five traits are extroversion, conscientiousness, agreeableness, emotional stability and openness to experience. Refer to Section 3.8 for details.

### 3.10 SUGGESTED READINGS & REFERENCES

#### SUGGESTED READINGS

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**NMIMS**

# 4

## C H A P T E R

### PERCEPTION

#### CONTENTS

- 4.1 Introduction
- 4.2 Definition of Perception
  - 4.2.1 Importance of Perception
  - 4.2.2 Perception Process
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    - Self Assessment Questions
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  - Self Assessment Questions
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- 4.6 Managerial Implications of Perception
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## INTRODUCTORY CASELET

## PERCEPTION IN U.K. ELECTIONS

The United Kingdom general election, 2010 saw the broadcasting of the first live debates between the leaders of the three main parties; Gordon Brown, the Prime Minister and leader of the Labour Party; David Cameron, Leader of the Opposition and Conservative Party, and Nick Clegg, leader of the Liberal Democrats Party. They were the first such debates to be broadcast live in the run-up to a UK election. This was a widely anticipated forum in the media circle with a significant impact on the outcome of the elections. On 15<sup>th</sup> April, 2010, these debates were broadcast without a break for 90 minutes by ITV, BSkyB and the BBC. Two opinion polls conducted after the debate by YouGov and ComRes declared Nick Clegg as a clear winner of the debate.

It was analysed further that the viewers formed positive perceptions of Nick Clegg due to his effective projection to the audience. He talked directly at the camera facing him and addressed the questioners by their names. The debate resulted in a 14% rise in the people intending to vote for the Liberal Democrats party as against a 3% drop in the votes of Labour and Conservative parties. This incident signifies the role of perception in the attitude and behaviour of people.





## LEARNING OBJECTIVES

After completing this chapter, you will be able to:

- Explain the concept of perception
- Describe the perceptual process and selectivity
- Discuss the factors influencing perception
- Explain the concept of impression management in organisations
- Describe the perception of self-image and behaviour
- Explain the managerial implications of perception
- Discuss the management of perception process

## 4.1 INTRODUCTION

*“We see the world, not as it is, but as we are”*

– Talmud (central text of Rabbinic Judaism)

Take a glance at your surroundings and notice the objects. You would notice many objects such as computers, desks, tables, chairs, people walking by, cars, books among many other objects. What you just performed was the act of cognitively speaking, which refers to the act of thinking. Perception involves cognitive functions to process information. This implies absorbing sensory input from the surroundings and interpreting it meaningfully, in a process known as perception. For instance, recognising the face of a friend or detecting a familiar scent, both involve cognitive functions.

Psychologists and researchers have often emphasised on perception being a complicated process. Every individual perceives the world around him or her in different ways. Perception characterises human behaviour and forms some objective understanding of external reality inside human minds. For example, a painting in an exhibition may hold different meanings to different people viewing it. The vast subject of perception can be further divided into visual (sight) perception, auditory (hear) perception, olfactory (smell) perception, haptic (touch) perception, and gustatory (taste) perception. However, to understand the importance of perception in organisational behaviour, the chapter focuses mainly on the visual and auditory perception.

This chapter starts by explaining the concept of perception, its importance and significance in affecting human behaviour and attitudes. Further, it explains the process of perception and perceptual selectivity. Further ahead, the chapter covers factors affecting perception, impression management, perception of self-image and behaviour, and the managerial implications of perception. Towards the end, the topic of managing the perception process has been explained.

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## 4.2 DEFINITION OF PERCEPTION

Before defining perception, let us first understand the meaning of stimulus. Stimulus is a thing or an event that arouses a specific functional reaction in a human being. Humans perceive the stimulus through the senses of touch, taste, sight, hearing, and smell. Perception is a process of interpretation of stimuli perceived through the sensory organs of individuals.

In other words, perception helps people organise and interpret their sensory impressions in order to give meaning to their environment. Information from the environment is selected, received, organised, and interpreted to make meaningful inferences that affect human behaviour and attitudes. The meaningful inferences results in decisions and actions. Perception can be divided into two types; visual perception and auditory perception.

- ❑ **Visual perception:** Visual perception is a process through which a naked eye detects light, depth, etc. around a stimulus and interprets it. Vision has a specific sensory system, the visual system. The objects and events in the human surroundings act as distal stimuli. In visual perception, an individual initially receives the information about the distal stimulus through the visual system. After this, the cognitive process starts where the individual processes information about the stimulus. The interpretation of information and its registration by the visual system forms the proximal stimulus. Figure 4.1 illustrates the process of visual perception:

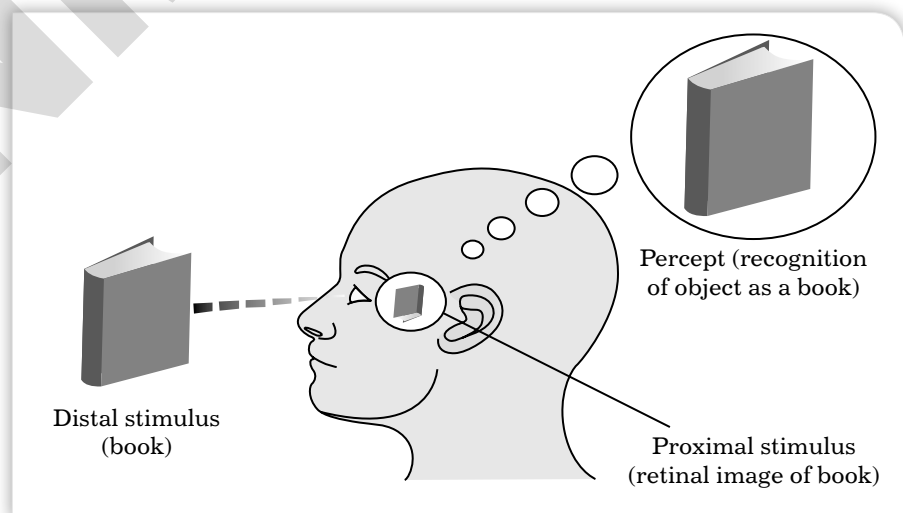


Figure 4.1: Visual Perception Process  
(Source: Cognitive psychology in and out of the laboratory)

The same stimulus may be perceived differently by different individuals. For example: Consider the two lines (A) and (B) as depicted in Figure 4.2 and visualise which of these two lines is longer:

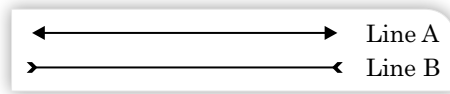


Figure 4.2: Visual Perception

(Source: <http://theboundsofcognition.blogspot.in/2012/08/hass-on-muller-lyer.html>)

At first, most people perceive the vertical line B as longer although both the lines are equal in length (3.5 cm). The two lines appear to have different lengths owing to the placement of the arrows, inwards in Line A while outwards in Line B. However, there are still some people who are able to make out at the first glance that both lines actually have the same length. Therefore, visual perception may vary among individuals.

- ❑ **Auditory perception:** Auditory perception is the process by which the brain interprets what an individual hears. Sounds around an individual, exist in the form of vibrations that travel through the air (medium). Ears detect these sound vibrations and convert them into nerve impulses. These impulses are directed to the brain where they are interpreted. The brain interprets the incoming noise into something useful and comprehensible. It also discriminates the various sounds in an individual's environment, referred to as auditory discrimination. Auditory discrimination is the process whereby an individual differentiates between sounds around him or her. For example, in a music concert, an individual is able to distinguish the sound of guitars from those of the piano and so on.

The subsequent sections illustrate the importance of perception, the perception process, perceptual selectivity, and the various factors that influence perception.

#### 4.2.1 IMPORTANCE OF PERCEPTION

Perception is a cognitive process, which involves the interpretation of stimuli in the environment and comprehending its meaning. Perception guides human behaviour in general. The importance of perception can be explained with the help of the SOBC (Stimulus-Organism-Behaviour-Consequence) Model of organisational behaviour given by Fred Luthans. The SOBC model helps to understand, predict, and control organisational behaviour on the basis of managing the contingent environment.

Let us briefly discuss the elements of the SOBC model in the following section:

- ❑ **Stimulus:** An organism perceives a stimulus from the environment. A stimulus potentially influences behaviour. There are two types of stimuli:
  - ♦ **Overt Stimuli:** These are signals in the environment that are observable. For example, other individuals, and objects in the environment are overt stimuli.

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- ◆ **Covert Stimuli:** These are signals in the environment that are not consciously observed. For example, cold weather stimulating an individual to light a fire is a covert stimulus.
- **Organism:** The organism uses his senses (sight, hear, touch, smell, and taste) to perceive the stimulus.
- **Behaviour:** The sensory data is interpreted in the human brain which marks the human behaviour towards the stimulus. The response to a stimulus is a particular instance of behaviour. The behaviour can be of the following types:
  - ◆ **Overt behaviour:** It is an open and observable behaviour.
  - ◆ **Covert behaviour:** It is a hidden, concealed, or secretive behaviour.

For example, when you play chess with your friend, the act of moving a piece in response to your friend's move is overt behaviour. However, thinking and analysing that go in your mind before making the move is covert behaviour.
- **Consequence:** All types of behaviours result in an outcome. These outcomes can be of two types based on the effect they produce on an individual:
  - ◆ **Positive Consequence:** A positive consequence results in satisfaction and a desire to repeat the behaviour. For example, getting recognition for efficiency motivates an employee to continue to deliver good work.
  - ◆ **Negative Consequence:** A negative consequence results in dissatisfaction and a desire to not repeat the behaviour. For example, being punished for disturbing the class discourages a student from doing so in the future.

Figure 4.3 shows the SOBC model of organisational behaviour:

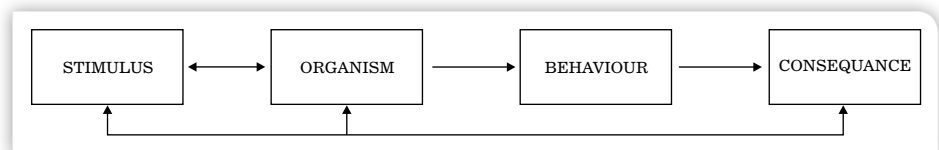


Figure 4.3: SOBC Model of Organisational Behaviour

(Source: <http://www.trueinfos.com/images/ebooks/hr/sobc-new.pdf>)

The SOBC model, when applied to organisations implies that the events, individuals, teams, etc. act as stimuli for the employee which determines his behaviour and the organisational behaviour on the whole. The behaviour of each individual in the organisation has a certain consequence which could be positive or negative depending on his or her experience.



## NOTE

Fred Luthans, born on June 28, 1939 in Clinton, Iowa is a professor (Management Studies) at the University of Nebraska and has authored several books on Organisational Behaviour.

#### 4.2.2 PERCEPTION PROCESS

The process of perception is multifaceted and includes several sub-processes. These sub-processes are the cognitive processes occurring within an individual and can be classified into four parts as depicted in Figure 4.4:

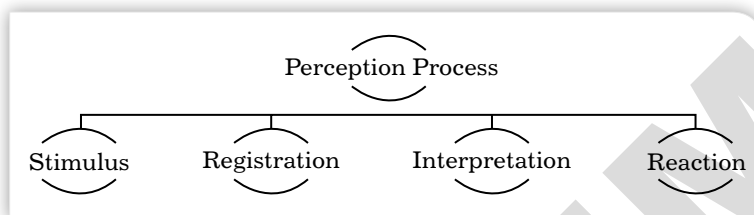


Figure 4.4: Perceptual Process

Let us discuss each sub-process in detail in the following section:

- ❑ **Stimulus:** The process of perception begins when an individual is confronted with a stimulus. For example, personal interaction with the manager works as stimulus for employees to work more efficiently.
- ❑ **Registration:** The stimulus is perceived by individuals using their sensory organs. This is referred to as registration of stimulus. In the above example, the employee registers the advice of his manager using his ears.
- ❑ **Interpretation:** Interpretation involves attaching a certain meaning to the registered stimulus. Individual's attitude, personality, values and beliefs play a major role in interpreting a stimulus. In the above example, the employee interprets the advice of his manager by attaching some meaning to it.
- ❑ **Reaction:** The final sub-process is the resultant behaviour of an individual after interpreting a stimulus. The response may be overt in nature such as an action, or it may be covert in nature such as a change in the attitude.

Let us understand the process of perception with the help of Rubin's vase (shown in Figure 4.5), a well-known object for an optical illusion.

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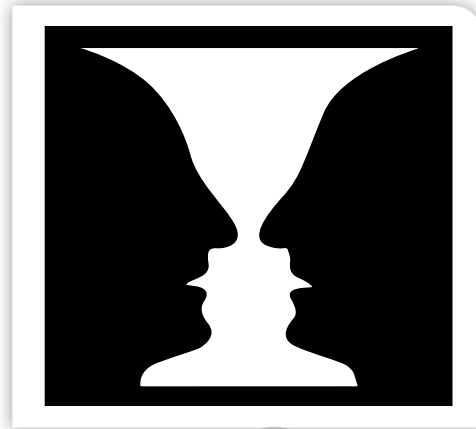


Figure 4.5: Rubin's Vase

(Source: <http://www.progressfocused.com/2008/06/variation-on-rubins-vase.html>)

At first, the image stimulates the individual to focus on it while blocking the rest of its surroundings. Then, the individual registers the image using his vision. The brain interprets the image which varies between individuals. Some individuals organise the dark parts of the image as the foreground, and the light parts as the background while some interpret the image vice-versa. Depending on the interpretation, the result varies for individuals. Thus, some individuals may see a vase while others may see two faces on the image. Most individuals are able to see both, but only one at a time.



## EXHIBIT

### Perception is a cognitive task involving object-background organisation

The image presented is a clever, modern illustration of a reversible figure: When an individual sees the baby, the branches become background whereas when the individual sees the tree and people, the baby disappears into the background.



(Source: Cognitive psychology in and out of the laboratory)

### 4.2.3 PERCEPTUAL SELECTIVITY

An individual in an organisation is exposed to various stimuli such as the ringing phone, tapping of keys on a computer key board, sound of other employee`s chatting and other different sounds, etc. However, the individual`s brain only responds to the stimuli that he is interested in. *How does the individual decide which stimulus to respond to and which ones to ignore?* The answer lies in perceptual selectivity.

Perceptual selectivity refers to the tendency of an individual to select certain objects in the environment and disregard the others. Without the ability to select among different stimuli, an individual cannot interpret the information required to initiate behaviour.

Perceptual selectivity is mainly governed by two aspects.

1. An individual`s senses are activated by certain stimuli in the environment while others are unnoticed by human senses. For example, the light from a bulb might not catch the attention of an individual, but if a torch light is flashed directly over him or her, the individual would blink his or her eyes.
2. The second point is concerned with individuals` ability to adapt to certain stimuli to which they are constantly exposed referred to as sensory adaptation. For example, an individual who has just shifted near the railway line will get disturbed by the constant noise of passing trains. On the other hand an individual who has been living there for long might not be bothered by the noise of passing trains. Perceptual selectivity is affected by a number of factors which can be classified as follows:
  - ♦ **External factors:** External factors affect the individual`s perceptual selectivity by accentuating the stimuli. These can be further classified as follows:
    - ✓ **Intensity:** Intensity accentuates the stimuli making it more noticeable. For example, a loud noise is more noticeable.
    - ✓ **Size:** The larger the object, the more noticeable it is. For example, a full page advertisement in a newspaper catches more attention.
    - ✓ **Contrast:** The stimulus is made more noticeable in contrasts with its background. For example, bold text is more noticeable in a document.
    - ✓ **Repetition:** The more a stimulus is repeated, the more noticeable it becomes. For example, repetitive alarms help to wake people up in the mornings.
    - ✓ **Motion:** A moving object gains more attention than the one which is static. For example, a moving car is more noticeable over the static trees in its background.

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- ✓ **Status:** The status of the people also influences the perception of an individual. For example, employees are able to easily remember the names of the Heads of the Department than their co-workers.
- ◆ **Internal factors:** These factors are based on the psychological make-up of an individual. These can be further classified as follows:
  - ✓ **Personality:** The personality of an individual affects the way they perceive things. Generally, optimistic people perceive things more favourably than pessimistic individuals.
  - ✓ **Learning and experience:** Learning and experience affects what an individual expects from the stimuli. This is dependent on the cognitive awareness of an individual. Managers delegate responsibilities to employees based on their past performances.
  - ✓ **Motivation:** Individuals generally prefer to perceive things that would satisfy their needs and desires. Therefore, motivation influences selectivity. An employee tends to recall the praises rather than the negative feedback provided by the manager.



## SELF ASSESSMENT QUESTIONS

1. Which of these sub-processes involves attaching a certain meaning to the registered stimulus
  - a. Stimulus
  - b. Registration
  - c. Interpretation
  - d. Reaction
2. \_\_\_\_\_ refers to the tendency of an individual to select certain objects in the environment and ignore the others.



## ACTIVITY

Identify and list ways in which advertisements creatively use stimulus factors to attract the attention of individuals in newspapers, magazines, billboards, and television.

### 4.3 FACTORS INFLUENCING PERCEPTION

Certain factors shape or distort the process of perception in individuals. These factors can be broadly categorised as depicted in Figure 4.6:



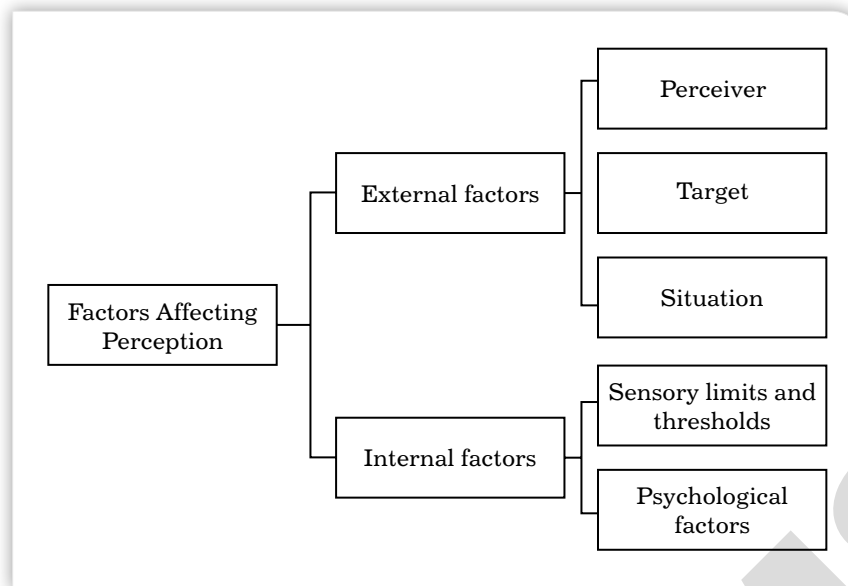


Figure 4.6: Factors Affecting Perception

Let us discuss the effect of each of these factors in detail in the following section:

External factors affecting perception:

- ❑ **Perceiver:** When an individual perceives stimuli and attempts to interpret it, the interpretation is heavily influenced by the individual's personal characteristics. These characteristics include an individual's attitudes, personality, motives, interests, past experiences, and expectations. For example, if an individual expects youngsters to be lazy, policemen to be authoritative, he or she would perceive them as such without paying heed to their actual traits.
- ❑ **Target:** The characteristics of the stimuli also affect how an individual perceives it. For example, vocal employees are more likely to be noticed in a team meeting than the non-vocal employees. Uniqueness, motion, sound, size, and other characteristics of a target affect the way in which it is perceived by individuals. This is because individuals don't observe targets (stimuli) in isolation. The relationship of a target to its background influences perception. Moreover, individuals tend to group together persons, objects, or events that are similar to each other. The more similarity between the targets, the more an individual tends to perceive them as a collective group. For example, individuals tend to perceive people belonging to a nation as alike in more than one category, irrespective of their individual characteristics being clearly distinguishable from one another.
- ❑ **Situation:** The situation or context related to the stimuli also affects its perception. The time or location, at which an individual

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sees an object or event, influences the attention he or she gives to the object or event. Similarly, light, heat, background and a number of other situational factors affect the perception of an object or event. For example, an individual might not notice a particular dancer in a group performance. However, the same individual might notice the same dancer in a solo performance. Neither the perceiver nor the object changed, but the situation is very different each time.

Internal factors affecting perception:

- ❑ **Sensory limits and thresholds:** The human sensory organs have nerves, which respond to different forms of energy they receive in different ways. For instance, the eyes receive light rays and convert them into electrical energy. The electrical energy is transmitted to the brain creating the sensation of vision leading to perception. Each sense receptor needs a minimum level of energy for perception to take place. This level is called the absolute threshold, which refers to the point below which sensory organs do not perceive energy. The differential threshold is the minimum amount by which two like stimuli should differ in order to be perceived as distinct. Therefore, sensory limits and differential threshold affect the perception process.
- ❑ **Psychological factors:** Psychological factors include personality traits, past experiences, learning and motivation that affect an individual's perceptual process considerably. These factors increase an individual's sensitivity to the stimuli which he or she considers as relevant. Psychological factors determine why individuals select and respond to a particular stimulus or situation over the others. Objects, events, etc. compatible to an individual's learning, interest, needs, attitude and personality are likely to gain more attention over others. For example, while traveling, people conversing over a topic that interests a person is surely going to gain his or her attention. This happens because of an individual's strong association to a particular thing, or event. Similarly, an individual's past experiences and learning affect the perception process considerably. Individuals are often able to perceive things subjectively. For example, on hearing a droning sound, individuals infer that there is an aeroplane up in the sky. However, individuals may commit errors in their perception of things based on learning and experience.



## SELF ASSESSMENT QUESTIONS

3. Uniqueness, motion, sound, size, and other characteristics of a target do not affect the way in which it is perceived by individuals. (True/False)



## ACTIVITY

Discover your own stereotypes by completing each of the following sentences with two adjectives that you think describe the concerned:

- ☐ University lecturers are \_\_\_\_\_
- ☐ Engineers are \_\_\_\_\_
- ☐ Nurses are \_\_\_\_\_
- ☐ Pilots are \_\_\_\_\_
- ☐ Poets are \_\_\_\_\_

#### 4.4 IMPRESSION MANAGEMENT

*“Impression management is an active self-presentation of a person aiming to enhance his image in the eyes of others”.*

**- Jai B. P. Sinha, Culture and Organisational Behaviour**

Impression management involves representing oneself in a way an individual wants others to see him or her. Individuals tend to control the perceptions that others form of them. People have a tendency to present themselves in a socially desirable way in order to impress others. For example, in a formal set-up, individuals would restrict to wear formal attires, keep the conversations serious and to the point, and exchange formal greetings.

Individuals generally manage the impression to either gain something they want from other individuals or to establish an independent identity, usually favourable. There are many ways of managing impression such as controlling the flow of information in a relationship, imitating others, and concealing one's body language. Impression management may also be called self-presentation.

There are three types of selves individuals use to represent themselves, which are as follows:

- ☐ **Authentic self:** The image of an individual that is consistent with the way an individual views himself or herself is called the authentic self. This may also be referred to as an individual's real self.
- ☐ **Ideal self:** This is the public image of an individual that is consistent with the way an individual desires to be. This may also be referred to as an individual's ideal self.
- ☐ **Tactical self:** This is the public image of an individual is portrayed to get to a certain end, mostly favorable and positive outcomes. It is often created out of what other individuals expect an individual to be.

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Individuals employ several techniques to manage an impression on others. One of the common techniques is appearance management. For example, in order to appear professional, individuals may dress up in suits and hold a serious expression on their faces.

In organisations, impression management has considerable implication to validate the efficiency of employees during performance appraisals, team cohesiveness, etc. Impression management has many conceptual dimensions that are constantly studied and researched by scholars. However, two major components of impression management are as depicted in Figure 4.7:

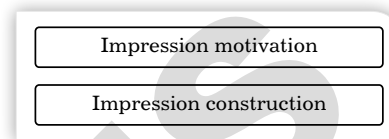


Figure 4.7: Components of Impression Management

Let us discuss these components in detail in the following section:

- ❑ **Impression motivation:** Impression motivation can be explained particularly in the context of organisations. It is a common observance of organisations that employees tend to impress their seniors and in doing so often control how their managers perceive them. There are several factors that motivate employees to control self-impression such as how will the impression help in the accomplishment of individual's goals, the value of these goals, etc.
- ❑ **Impression construction:** Individuals attempt to create an image of themselves in front of other individuals. This is referred to as impression construction. In other words, it relates to a specific kind of impression, individuals want to create in front of others. For example, if an individual wants to appear competitive, he or she may participate in a sports competition in an organisation. Particularly in organisations, where employees attempt to create an image of themselves in the eyes of their managers for motives such as promotions, appraisals, etc., impression construction is a common practice.

There are two basic strategies that employees use to manage impressions at workplace.

1. If employees try to lessen responsibility for an undesirable event or to avoid trouble, they may employ a **demotion-preventative strategy**. A few examples of demotion-preventative strategies are as follows:
  - ◆ Employees try to excuse or justify their actions.
  - ◆ Employees apologise to their seniors for an undesirable event.
  - ◆ Employees secretly attempt to justify themselves to their seniors. They try to disassociate themselves from the problem or the group at fault.

2. If employees seek to take full advantage for a positive outcome or appear superior to the other group members, they use a **promotion-enhancing strategy**. A few examples of promotion enhancing strategies are as follows:

- ◆ Employees attempt to make their managers believe that they have not been given credit for a positive outcome.
- ◆ Employees stress on the point that they put more efforts but have received less credit.
- ◆ Employees specify the personal or organisational difficulties they had to sustain to accomplish a positive outcome.
- ◆ Employees make certain that they are seen with the right people at the right time.



#### SELF ASSESSMENT QUESTIONS

4. When employees secretly attempt to justify themselves to their seniors, which impression construction strategy do they use? \_\_\_\_\_.



#### ACTIVITY

Discuss the various ways employees may attempt to control their impression on their managers at workplaces. Present your points in a short note.

## 4.5

### PERCEPTION OF SELF-IMAGE AND BEHAVIOUR

Self-image can be defined as the idea, notion, or mental image that individuals have of themselves. In other words, self-image is how an individual perceives himself or herself. An individual's self-image is characterised by events or experiences that have an impact on him or her. For example, individuals who are suffering from an eating disorder such as anorexia, bulimia nervosa, etc. often have distorted perceptions of their bodies and personalities.

According to the social identity theory, self-image is a combination of two key parts:

- **Personal identity:** Personal identity includes such things as personality traits and other characteristics that make a person unique. These traits include appearances, talents, etc. that are unique to an individual. For example, an individual who can sing melodiously is distinguished from the other individuals owing to his or her talent.
- **Social identity:** Social identity includes the groups that individuals associate them with. For example, the community, religion, college, and other groups that the individual is a part of form his or her social identity.

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It is important to notice that self-image may not necessarily coincide with reality. Individuals may form an inflated self-image and consider that they can perform better than they actually can. For example, an employee sets unrealistic targets for himself considering he can achieve them. On the contrary, individuals may form negative self-images and perceive themselves as bearing several flaws or weaknesses. For example, an employee may consider himself to be clumsy and socially awkward when he is actually active and amiable.

Earlier in the chapter, it has been discussed that a perceived input (stimulus) results in a behavioural output. Cognitive psychologists have proved that the perception of a stimulus in the environment activates a vast array of information in the memory. Researchers have established that when an individual perceives a member of a social group, information about that group is instantly activated, which includes attitudes and social stereotypes related to that group. For example, on seeing an elderly person cross a busy road, an individual may extend help due to his belief and expectancies that elderly people are slow and forgetful. Therefore, perception of a social stimulus inevitably activates a varied array of related knowledge in the human brain that affects behaviour.



## SELF ASSESSMENT QUESTIONS

5. \_\_\_\_\_ includes groups that individuals associate them with.



## ACTIVITY

Consider five famous people around you. List the personal attributes that distinguish each of them from the general public.

## 4.6

## MANAGERIAL IMPLICATIONS OF PERCEPTION

An individual's behaviour depends on the perception of things that motivate him or her. The outcomes of an event or object encourage an individual to indulge into a certain type of behaviour. There are various managerial implications of perception in an organisation. Some of the more common managerial implications of perception are as follows:

- ❑ **Employee selection and recruitment:** The selection of individuals as employees in an organisation widely depends on the perception of the interviewer. The interviewer may have developed certain perceptions over time for specific races, genders, etc. The interviewer may be biased towards people from a certain community, gender, or region. Such dispositions may lead to favourable

or unfavourable attitudes towards the applicants. For example, an interviewer may favour an applicant from his institute and recruit him or her. Therefore, perception may affect the selection process in an organisation.

- ❑ **Employee performance appraisal:** Performance appraisal is another area that is affected by the perception of managers about their employees. The process of performance appraisal is carried out to judge the work of employees in an organisation annually or bi-annually. The objective of the performance appraisal is to determine the incentive, promotion or training needs of an employee. However, the process of performance appraisal is inherently biased and susceptible to perceptual distortion. Here are few ways in which perception affects the process of performance appraisal in organisations:
  - ◆ **Comparing employees:** Comparison between employees in a team may affect the appraisal process in an organisation. For example, three out of five employees under a manager have performed better than the other two. The appraisal of the two employees is based on the performance of the other three and not on the improvement shown by the two from the previous year. In such a case, the performance appraisal of the two employees was based on the perception formed due to comparison.
  - ◆ **Favouring employees:** A manager who holds a favourable impression of a certain employee of his or her team may overlook incidences of poor performance shown by the employee. The manager may appraise him on the basis of the perceptions he has about the employee. For example, a manager rates an employee, belonging to his native place, as good in spite of his frequent failures and underperformance.
- ❑ **Stereotyping and Halo effect:** Stereotyping refers to the process of judging objects, people, etc. based on popular impressions about them with little heed to reality. For example, 'women are bad drivers' is a stereotype where it is wrongly assumed that no woman can drive. On the other hand, Halo effect refers to the process of judging an individual, event or object based on a single trait or characteristic such as sociability, intelligence, or appearance. Stereotyping and Halo effect can deeply influence the judgement of managers about their subordinates during performance appraisals.
- ❑ **Meeting initial expectations:** Managers tend to judge their subordinates based on the extent to which the employees have met the initial expectations of the managers. For example, a bank manager had assumed his employee to sell 200 credit cards over the year. The employee was able to sell 170, apart from being regular and efficient at work. The manager may not give him due credit only because his initial expectation from the employee was not met with.
- ❑ **Forming a similar-to-me effect:** Individuals tend to form favourable notions of people who are believed to be similar to themselves

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in one way or the other such as work habits, values, beliefs, demographics, etc. This is called the similar-to-me effect. Managers may tend to favour employees whom they perceive as similar.

- ❑ **Forming a projection bias:** Projection bias is a process where individuals perceive that other individuals have similar behaviour, values, or beliefs as them. For example, if a manager is dedicated to his job, he may perceive that all the other employees are committed to their jobs as well. Similarly, an employee quitting his job may perceive that the others are also unsatisfied with their jobs. Projection bias is a form of perceptual error an individual tends to make. It can affect the judgemental process of an individual about other individuals. Managers often conduct employee performance appraisals with a projection bias.
- ❑ **Judging based on Primacy effect:** People tend to judge future behaviour based on their first impression of a person, object, or event. This is referred to as the Primacy effect. Primacy effect is also a perceptual error where people quickly form opinions about others based on the first information they perceive from the others. Managers may tend to judge employees based on the Primacy effect ignoring their actual performances.
- ❑ **Judging based on Recency effect:** When certain time lapse occurs between the first impression and the recent impression of a person, the Recency effect may be observed. The most recent impression of an individual is so strong that it completely changes the perception other individuals have of him or her from the first impression. It may affect the performance appraisal of an employee in an organisation. For example, a manager judges the performance of an employee based on previous year's performance (not meeting the expectations) which conflicts with his recent performance (successful completion of work).



## SELF ASSESSMENT QUESTIONS

6. Halo effect is the process of judging objects, people, etc. based on popular impressions about them with little heed to reality. (True/False)



## ACTIVITY

Give two examples each for stereotyping and Halo effect, from your experience.

## 4.7 MANAGING THE PERCEPTION PROCESS

Perception management at the workplace holds increasing importance as organisations worldwide are becoming more employee oriented. With regular feedbacks, peer reviews, performance appraisals,



rewards and recognition, etc. employees and managers need to manage the perception process to avoid perceptual errors in their judgement of each other.

Perception process is important as it influences individual behaviour. Individuals need to be aware of the perceptual distortion coming in their way of judging other individuals in the organisation to be able to manage the perception process. Moreover, managers realise that perceptual differences may exist in an organisation that may affect employee collaboration in future. Therefore, it becomes imperative that employees and managers are conscious of managing the perceptual process that eventually determines their attitudes and behaviour.

Some of the ways to manage the perception process are discussed in the following section.

- ❑ **Individuals should have high levels of self-awareness:** Individuals should be aware that perceptual errors such as primacy effect, recency effect, or initial expectations can create hindrance in how they perceive other individuals. To manage the perception process, an individual should be aware when and how he or she is inappropriately distorting a situation because of perceptual errors.
- ❑ **Individuals should support their perception through information from different sources:** It is normal for humans to form perceptions of the people, objects, or events around them. However, they should attempt to confirm personal impressions before drawing a conclusion. An individual should seek to minimise the influence of personal perception by taking the views of all the people around him. The insights gained through such information should decide the attitudes and behaviour towards the person, object, or event.
- ❑ **Individuals should be empathetic:** Individuals should restrain from drawing conclusions about other people, objects, or events without analysing the situation appropriately. They should attempt to understand the point of view of the target so as to avoid forming notions on the basis of how others perceive it.
- ❑ **Individuals should rise above personal impressions:** A particular experience may develop personal impressions in the minds of individuals about the other person, object, or event. However, individuals should attempt to perceive the target without getting affected by personal impressions. Similarly, individuals should avoid influencing the perception of others based on their personal impressions of a person, object, or event.
- ❑ **Individuals should avoid common perceptual distortions:** Perceptual distortions are incorrect or abnormal interpretations of a perceptual experience. Perceptual distortions may create biases in the minds of individuals and interference in a normal perceptual process. These distortions include judging other individuals, objects or events on the basis of stereotyping and halo effects.
- ❑ **Individuals should avoid inappropriate attributions:** Individuals have a tendency to contemplate about why an event happened in

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a particular way for instance, reasoning as to why people behaved the way they did. To avoid errors of perception, individuals should be able to establish the actual reason behind a particular event, incident or behaviour.

**SELF ASSESSMENT QUESTIONS**

7. \_\_\_\_\_ create biases in the minds of individuals and interference in a normal perceptual process.

**ACTIVITY**

Discuss with your friends how personal impressions affect your judgement of an object, event or individual.

**4.8 SUMMARY**

- ☐ Perception is a process of interpretation of stimuli perceived through the sensory organs of individuals.
- ☐ Visual perception is a process through which a naked eye detects light, depth, etc. around a stimulus and interprets it while auditory perception is the process by which the brain interprets what an individual hears.
- ☐ According to the SOBC model, an organism perceives a stimulus from the environment which is interpreted in human brain and marks the human behaviour towards the stimulus. Behaviour has a certain consequence.
- ☐ The process of perception is multifaceted and includes four sub-processes; stimulus, registration, interpretation, and reaction.
- ☐ Perceptual selectivity refers to the tendency of an individual to select certain objects in the environment and ignore the others.
- ☐ Several factors affect perception such as external factors including perceiver, target, and situation. Internal factors affecting perception are sensory limits and thresholds and psychological factors.
- ☐ Impression management involves representing oneself in a way an individual wants others to see him or her. Individuals generally manage the impression to either gain something they want from other individuals or to establish an independent identity, usually favourable.
- ☐ There are three types of selves individuals use to represent themselves; authentic self, ideal self, and tactical self.
- ☐ The two major components of impression management are impression motivation and impression construction.
- ☐ Self-image can be defined as the idea, notion, or mental image that individuals have of themselves. According to the social identity theory, self-image is a combination of two key parts; personal identity and social identity.

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- ❑ Some of the more common managerial implications of perception are in the areas of employee selection and recruitment and employee performance appraisal.
- ❑ In organisations, employees and managers should be conscious of managing the perceptual process, which eventually determines their attitudes and behaviour.



## KEY WORDS

- ❑ **Cognitive functions:** It is the logical process by which an individual becomes aware of, perceive, or comprehend objects, events, or ideas.
- ❑ **Optical illusion:** It is the process of visual perception characterised by visually perceived images that differ from objective reality.
- ❑ **Sensory threshold:** It is the level of strength that a stimulus must have for an individual to be able to detect it.
- ❑ **Performance appraisal:** It is a systematic assessment of an employee's performance and his or her potential for development.
- ❑ **Demotion:** It is a compulsory reduction in an employee's job title or salary as a repercussion to unsatisfactory performance.

## 4.9 DESCRIPTIVE QUESTIONS

1. Define perception and explain the process of perception.
2. Discuss the factors influencing perception.
3. What is impression management? Explain the managerial implications of perception.

## 4.10 ANSWERS AND HINTS

### ANSWERS FOR SELF ASSESSMENT QUESTIONS

Topic	Q. No.	Answers
Definition of Perception	1.	c. Interpretation
	2.	Perceptual selectivity
Factors Influencing Perception	3.	False
Impression Management	4.	Demotion preventative strategy
Perception of Self-Image and Behaviour	5.	Social identity
	6.	False
Managing the Perception Process	7.	Perceptual distortions

## N O T E S

**HINTS FOR DESCRIPTIVE QUESTIONS**

1. Perception is a process of interpretation of stimuli perceived through the sensory organs of individuals. The process of perception is multifaceted and includes four sub-processes; stimulus, registration, interpretation, and reaction. Refer to section **4.4 Definition of Perception**.
2. Several factors affect perception such as external factors including perceiver, target, and situation. The internal factors affecting perception are sensory limits and thresholds and psychological factors. Refer to section **4.5 Factors Influencing Perception**.
3. Impression management involves representing oneself in a way an individual wants others to see him or her. Some of the managerial implications of perception are in the areas of employee selection and recruitment and employee performance appraisal. Refer to sections **4.6 Impression Management** and **4.8 Managerial Implications of Perception**.

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# 5

## C H A P T E R

### LEARNING

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- 5.1 Introduction
- 5.2 Definition of Learning
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## INTRODUCTORY CASELET

## DISCIPLINARY ISSUE MANAGEMENT AT GE

In 2008, the Vermont Plant of General Electronics had implemented a policy/programme to handle disciplinary issues. At this plant, if an individual did not follow the organisation's disciplinary policies, such as policies related to reaching the office on time or misbehaving with other employees, the individual got an oral reprimand. If the individual still did not change his/her behaviour, then a written reminder was sent to the individual. If the employee's behaviour still did not change, he/she was suspended for a day, and the day was termed 'decision-making day'. The objective of this programme was to make employees realise that the organisation cares about them, and that an employee's future depends on himself/herself.

After this programme, it was noticed that more than 85% of the employees at the Vermont Plant changed their behaviour. This can be observed from the rate of drop in written warnings and reminders, which declined from 23-39 in 2008 to 12 in 2010.

## LEARNING OBJECTIVES

After completing this chapter, you will be able to:

- Define learning
- Identify the significance of learning
- Discuss the theories of learning
- Explain the concept of reinforcement

## 5.1 INTRODUCTION

Manav Aggarwal works as an accountant in a leading bank. Recently, some new software has been installed in the bank for managing accounts. Before using the software, Manav used to take 1 hour to complete a task. While initially using the software, Manav takes 2 hours to complete the same task, because he is unfamiliar with the functioning of the software. However, gradually, when Manav becomes used to the software, he is able to complete the task in 30 minutes. Though Manav has been using the same software, his time taken in performing the task reduces gradually. Thus, Manav is able to finish his task in lesser time by learning how the software works.

Learning happens constantly during a person's lifetime. Every change in a person's life provides a memory to the person. If the person retains the memory, he/she can be said to have learned. In the context of an organisation, employees constantly interact with the organisational policy and procedures, culture of the organisation, delivery process of their work, etc. These constant interactions cause learning, and this learning has a significant impact on the behaviour of an individual at a workplace. For example, an employee has completed 2 projects at an organisation, while a second one has not completed even 1 project. Thus, the first employee has more knowledge of the processes and steps involved in a project than the second employee.

In this chapter, you will study the concept of learning and its importance in an organisation. Further, the different theories of learning are explained in the chapter. Some of these theories include the classical conditioning theory and the social learning theory. Towards the end, the chapter elaborates on the meaning of reinforcement.

## 5.2 DEFINITION OF LEARNING

Learning is a continuous process wherein an individual acquires new skills, values, and knowledge. In other words, learning is a relatively permanent change (including cognitive, emotional, psychological, and

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environmental changes) in the behaviour of an individual as a result of direct or indirect experience. The two main elements in this definition are:

- ❑ The change that happens in learning should be relatively permanent. This implies that there should be a change in the behaviour of the individual after going through the learning process. The change can be either positive or negative. For example, a newly appointed individual in an organisation learns how to perform his/her job. After learning, the individual is able to perform his/her job effectively.
- ❑ The change in individual behaviour should be a result of an experience or practice and not due to biological maturation (which means the learning an individual acquires with the increase in his/her age, for example, learning to eat or drink). For example, a new manager of an organisation learns to manage the available resources effectively to get desired results.

Thus, learning can be defined as a change in the behaviour of an individual through experience. Here, note that learning is not a visible or observable process; it is only an observable change brought in the behaviour of an individual.

Effective learning occurs only when whatever is learned is retained in the memory of the learner and is carried to the work place. For example, an MBA-Finance student learns how to calculate profit and loss. He/she should be able to retain the calculation process and be successfully able to apply the same in the later stages, when he/she starts working in an organisation.



## SELF ASSESSMENT QUESTIONS

1. If a permanent change occurs in the behaviour of an individual after experience, it is called \_\_\_\_\_.
2. Effective learning occurs only when whatever is learned is retained in the memory of the learner and is carried to the workplace. (True/False)



## ACTIVITY

Identify and make a list of the skills you have learned in the last two years.



## DEFINITION

According to **Stephen P. Robbins**, “Learning is any relatively permanent change in behaviour that occurs as a result of experience.”



As per **Munn N.L.**, “Learning is the process of having one’s behaviour modified, more or less permanently, by what he does and the consequences of his action, or by what he observes.”

According to **Steers and Porter**, “Learning can be defined as relatively permanent change in behaviour potentially that results from reinforced practice or experience.”

### 5.3 SIGNIFICANCE OF LEARNING

Some of the quotes and facts about the importance of learning:

- ❑ **As per the National Adult Learning Survey, DfEE, 1998**, “95% of people think that learning about new things boosts your confidence. In addition, 92% of people think that learning about new things is enjoyable.”
- ❑ **According to Attitudes to Learning, Campaign for Learning/MORI, 1996**, “Seven in ten adults (71%) think that learning can lead to a better quality of life.”
- ❑ **According to Campaign for Learning Website**, “93% of us believe that it’s never too late to learn. 83% of us believe that learning will become more important in the next millennium. 72% of us think we should devote more time to personal development.”

Mira and Sonia work for an advertising firm, Noontide Pvt. Ltd. Both of them have been chosen to represent a product, a vacuum cleaner, for a number of clients. Noontide assumes that both the employees are familiar with the product, because it is a common household gadget in today’s world. However, while Mira is a regular user of a vacuum cleaner, Sonia has never used one at home. As a result, Mira’s presentation provides useful information and highlights the desired features of the product. Sonia, on the other hand, is only able to focus on shallow information, thus, her clients reject the product.

The scenario shows how, in today’s dynamic world, it becomes important for an individual to learn new concepts continuously in their personal as well as professional life. Today, changes are occurring at a rapid speed whether it is technology, lifestyle, or organisational culture. To survive in such an environment, it is essential for individuals to learn new technology and ways of performing a job. Organisations having employees with a learning attitude are able to meet the changing business requirements, because such employees are ready to change their working style and pattern.

In addition, an organisation facilitates the process of learning among employees and promotes the exchange of information among them to develop a knowledgeable workforce. Such an organisation becomes

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flexible and encourages people to accept and adapt to new ideas and changes. It also lets them know their goals and objectives clearly.

Organisational learning helps employees to change their behaviour, hence bringing efficiency in their work. Thus, an organisation as a whole must adopt a habit of constant learning. The main objective of organisational learning is to instill a desire among all the members of the organisation to find new ways to improve their effectiveness.



### SELF ASSESSMENT QUESTIONS

3. An organisation facilitates learning to develop a knowledgeable workforce. (True/False)
4. The aim of organisational learning is to instill a desire among all the members of the organisation to determine new methods of improving their effectiveness. (True/False)



### ACTIVITY

Select the website of a software development company, and identify how they encourage learning in their organisation.

## 5.4 THEORIES OF LEARNING

How does the process of learning take place? Various psychologists have arrived at different theories to explain the process of learning. Some of these important theories are shown in Figure 5.1:

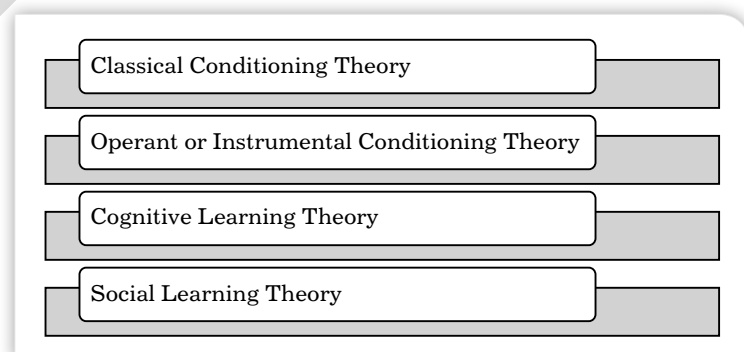


Figure 5.1: Learning Theories

Let us discuss the learning theories in detail in the following sections.

### 5.4.1 CLASSICAL CONDITIONING THEORY

The classical conditioning theory was provided by Ivan Pavlov. In this theory, Pavlov studied the relationship between stimulus and response. He wanted to study the reflex response of a particular stim-

ulus that characterises the behaviour of an individual or an animal. For this purpose, he conducted an experiment with a dog to check its reflexes when it saw bones. The experiment so conducted is shown in Figure 5.2:

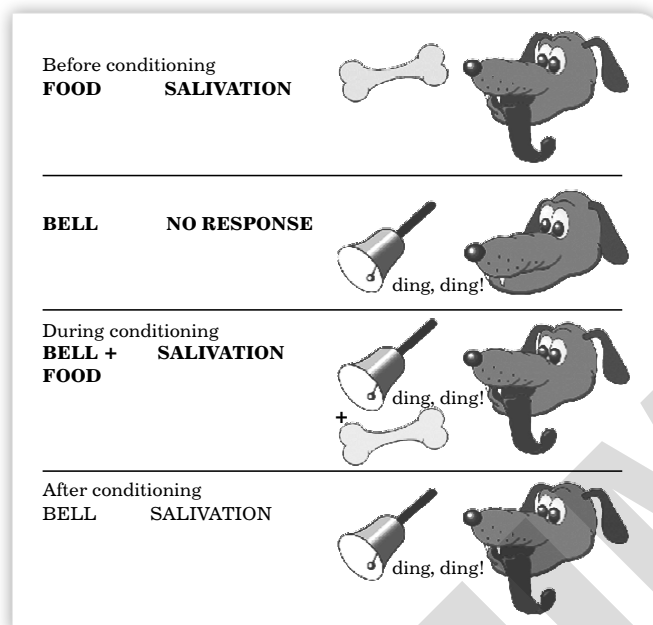


Figure 5.2: Classical Conditioning of Pavlov's Dog

(Source: <http://blog.lib.umn.edu/vanm0049/myblog/2011/10/classical-conditioning-in-real-world.html>)

As shown in Figure 5.2, when Pavlov observed dogs before conditioning them, he found that they salivated whenever they saw bones. Pavlov's aim was to find out if he could make dogs salivate without their even seeing the bones. That is, he wanted to generate the response of the dogs without the actual stimulus. For this, Pavlov tried to understand the events that could be linked to make dogs salivate without even seeing the bones, with the help of an experiment.

To conduct this experiment, Pavlov, while presenting a dog to the bone, also rang a bell. He kept repeating this stimulus. Initially, the dog would not salivate when presented with only the bell. However, after some time, Pavlov observed that the dog started salivating when only the bell was rung. The dog had formed a relation between the presence of the bell and the bone, which produced the conditioned response of salivation. The dog learned to relate the ringing of the bell with food. Thus, Pavlov found the reason for generating a response, even when the actual stimulus was not present. He also concluded that an individual or an animal can learn reflex behaviour. A reflex is an involuntary reaction, which is not in the conscious control of an individual. For example, if an individual has dust in his/her eyes, he/she will blink his/her eyes automatically. However, classical conditioning is not found applicable in

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the organisational setting, because individuals in an organisation do not have involuntary reactions to any situation.

### 5.4.2 OPERANT OR INSTRUMENTAL CONDITIONING THEORY

The operant conditioning theory was provided by B.F. Skinner. He defined operant conditioning as a process through which individuals learn voluntary behaviour. It can also be defined as the behaviour of an individual or an animal in an environment. It uses the consequences of a particular behaviour to modify that behaviour. Operant conditioning is different from classical conditioning, because it deals with the modification of voluntary behaviour. On the other hand, classical conditioning only explains the relationship between the stimulus and the response. The operant conditioning theory is also called the reinforcement theory, which you will study later in this chapter.

Skinner started experimentation on operant learning theories in the 1930s. He wanted to have better control over the learning process that enabled organism to operate freely in an environment. For this purpose, he developed a box, which is called the Skinner box or the operant chamber. In this box, a device delivers food pellets into a tray (or food cup) at random by pressing a lever situated inside the box.

For his experiment, Skinner left a hungry rat in the box. The rat performed some random activities to explore the box. During these activities, the rat pressed the lever accidentally, and a pellet of food was delivered in the food cup. The first time the rat did not learn the connection between the lever and the food pellets. However, with time, it understood and learned that on pressing the lever, a food pellet appeared in the food cup, as shown in Figure 5.3:

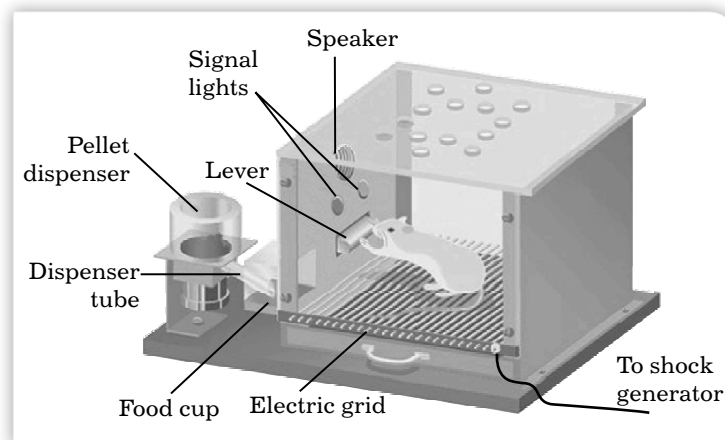


Figure 5.3: The Skinner Box

(Source: [http://www.apppsychology.com/Book/Behavior/operant\\_conditioning.htm](http://www.apppsychology.com/Book/Behavior/operant_conditioning.htm))

After his success in training rats, Skinner applied the same experiment to pigeons by replacing the lever with a key. When the pigeon

in the Skinner box pecked the key, a food-delivery mechanism activated. When repeated pecking resulted in food, the pigeon learnt the process.

The basic principle of operant conditioning is that the probability of occurrence of a particular response depends on its consequence. For example, if the rat presses the lever and does not get food, the response rate will decrease gradually and eventually disappear.

### 5.4.3 COGNITIVE LEARNING THEORY

The cognitive learning theory is also known as cognitivism. According to cognitivism, learning occurs when a person's schema (the perception of an individual about the world) is combined, extended, or altered. It basically works on two key assumptions:

- ❑ The memory system processes the information in an organised way.
- ❑ Prior knowledge plays an important role in learning.

The framework of cognitivism looks beyond the behaviour-based framework and tries to understand how human memory helps in learning. Figure 5.4 shows how information is fed into the human memory:

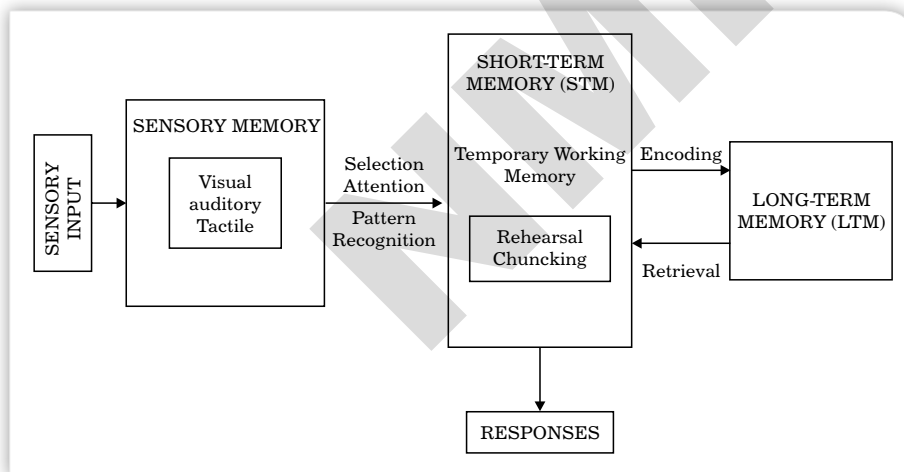


Figure 5.4: Information Processing in Human Memory

(Source: <http://www.cs.ucy.ac.cy/~nicolast/courses/cs654/lectures/LearningTheories.pdf>)

The main components of information processing (shown in Figure 5.4) are discussed as follows:

- ❑ **Sensory Memory:** It represents the first stage of information processing by the human brain. The information obtained from different sense organs, such as ear and eye, is held in the sensory memory briefly till the time it is forwarded for further processing. All the five sense organs have separate sensory memories, which function in the same manner. For example, an employee attends a meeting with his/her client regarding a new project. The information giv-

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en by the client is heard as well as written down by the employee in the form of notes. The information so obtained is stored in the sensory memory.

- ❑ **Selection Attention:** It is the ability of the individual to select and process a certain part of the information in the sensory memory and ignore irrelevant information. For example, in the above example, the employee will retain the project-specific information, such as start and delivery date of the project and requirements of the client, while he/she will ignore the personal information provided by the client such as a party that the client is planning in the future.
- ❑ **Pattern Recognition:** It is the process in which an individual tries to connect with the information gathered by relating it with the information he/she already stores in his/her memory. Again, taking the above example, the employee will try to recall the previous projects he/she has done with the client and the requirements stated in his/her earlier projects and in the new project.
- ❑ **Short-term Memory:** It retains information for a short period of time. At this stage, the information is processed further to make information ready for long term storage and response. For example, if an employee is given an oral warning for indiscipline, it will remain in his mind for a short period of time, unless action is taken against him/her.
- ❑ **Rehearsal and Chunking:** These are the two processes that help in converting short term memory to long term memory by encoding information. In rehearsal, the information is repeated again and again, so that it can be stored permanently in the memory. For example, revising a chapter again and again helps in retaining it for a long period of time. On the other hand, chunking is the grouping of ideas or bits of information to make the retention of information easy and storable for a longer time period. For example, two paragraphs are provided to employees stating the Do's and Don'ts at a workplace. Employees make bulleted points from the given content. This helps them remember the Do's and Don'ts for a longer period of time.
- ❑ **Encoding:** It is the process of relating new information from the short-term memory with the information already existing in the long-term memory to make the information more memorable. For example, a newly joined employee, learning to operate a machine, will try to recall the information given by his/her supervisor at the time of training (information already existed in the long-term memory) to operate the machine.
- ❑ **Long-term Memory:** It retains information for a relatively longer period of time. It is the permanent storehouse of information. It includes information that has been learnt throughout a lifetime. The information that needs to be retained for a longer period of time is transferred from the short-term memory to the long-term memory.

For example, a person working on the same process in the same organisation for more than three years will have the complete process stored in his/her long-term memory.

#### 5.4.4 SOCIAL LEARNING THEORY

People observe and learn through attitudes, behaviour, and outcomes of other people around them. According to **Bandura, a renowned psychologist who specialised in social cognitive theory, social learning is defined as follows:**

*“Most human behaviour is learned observationally through modelling: from observing others, one forms an idea of how new behaviours are performed, and on later occasions this coded information serves as a guide for action”.*

The social learning theory encompasses the cognitive, behavioural, and environmental influences. The necessary factors for effective social learning are shown in Figure 5.5:

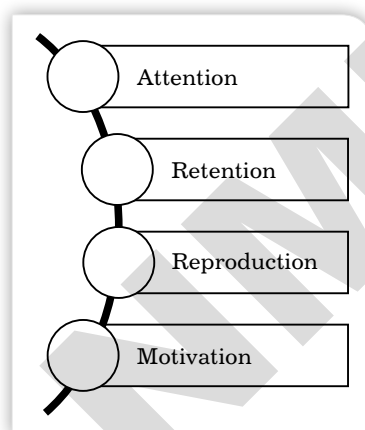


Figure 5.5: Factors Influencing Social Learning

Let us discuss these factors further:

- ❑ **Attention:** It is the interest an individual pays to factors such as distinctiveness, simplicity, prevalence, functional value, and complexity. The attention of an individual is affected by his/her experience, sensory capacities, level of arousal, perceptual set, and perceptual accuracy.
- ❑ **Retention:** It involves remembering the subject or object to which an individual pays attention. Knowledge retention can take place in various forms such as symbolic coding and mental images.
- ❑ **Reproduction:** It involves reproducing or projecting the image through physical capabilities and self-observation. For example, Ronit is a new worker in an organisation, while Sujit has been working in the organisation for a long time. Ronit observes Sujit working on a particular machine. When the Ronit needs to work

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on the same machine, he reproduces the image of the Sujit working on that machine. This guides Ronit to proceed with his work.

- ❑ **Motivation:** It depicts the positive influence of remembering a positive event leading to a desirable outcome. The event may have been experienced by the individual, or the individual may have observed it with someone else. However, the positivity of the event ensures a positive effect on the psychological set-up of the individual. For example, an employee observes how his/her manager tackles a difficult situation so efficiently. This positively impacts the behaviour of the employee and he/she also tries to handle such situations efficiently.

Thus, social learning continuously influences an individual throughout his/her life span.



## SELF ASSESSMENT QUESTIONS

5. The relationship between stimulus and response has been studied by Ivan Pavlov in the \_\_\_\_\_ learning theory.
6. In the classical conditioning theory, \_\_\_\_\_ is used as a stimulus to make the dog salivate without showing the bone.
7. Involuntary and uncontrolled reactions of an individual are called \_\_\_\_\_.
8. According to the \_\_\_\_\_ theory, learning occurs when the perception of knowledge changes.
9. Cognitive, behavioural, and environmental influences are included in the \_\_\_\_\_ learning theory.
10. Which of the following is not a factor influencing social learning of an individual?
  - a. Attention
  - b. Reproduction
  - c. Read
  - d. Retention



## ACTIVITY

Using the Internet, identify the different types of learning theories applied in an advertising agency.

## 5.5 MEANING OF REINFORCEMENT

Reinforcement is a process through which a certain type of behaviour is strengthened in an individual. The reinforcement theory was de-



veloped by B.F. Skinner and his associates and is applied to motivate and retain employees. This theory seeks to explain behaviour without relying on unobservable internal factors such as needs, thoughts, etc.

The reinforcement theory has four elements, which are shown in Figure 5.6:

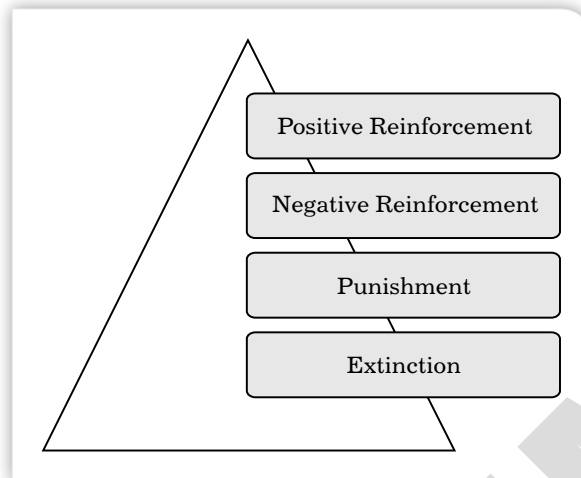


Figure 5.6: Elements of Reinforcement Theory

These four elements are explained as follows:

- ❑ **Positive Reinforcement:** It is the positive reassurance and encouragement given to employees on exhibiting desired behaviour or delivering desired results. It increases the frequency of a particular behaviour in a person due to addition of a particular stimulus. For example, in a paper manufacturing factory, a supervisor improves a quick-return mechanism, which reduces 'idle time' by 30%. As a result, his/her salary increases by 35%. Needless to say, he/she, as well as his/her colleagues, would try to repeat this type of innovation because of the reward.
- ❑ **Negative Reinforcement:** It involves encouraging good behaviour among employees by removing the situation or stimulus that may lead to undesirable behaviour or results. It increases the frequency of a particular behaviour due to the removal of a particular stimulus. For example, if a manager stops punishing employees for low performance, employees may increase the quality of their performance and productivity.
- ❑ **Punishment:** It involves creating circumstances that do not allow any scope for occurrence of any undesirable behaviour or result. For example, an employee who is suspended from work for not performing his/her duty properly will take utmost care after re-joining the work, because he/she will not prefer the same treatment in the future.
- ❑ **Extinction:** It is the complete absence of reinforcements (positive and negative) for lowering the probability of occurrence of unde-

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sirable behaviour of results. It seeks to decrease the frequency of the behaviour by removing the consequence that reinforces it. For example, a film director usually delivers interesting films. However, the last two films of this director have not been very absorbing. This prompts you to avoid any further films of this director in the future. On the other hand, if the director simply stops delivering films, though you do not miss the director's films, you still have favourable memories of the director's work.

### 5.5.1 LEARNING THROUGH REINFORCEMENT

Learning through reinforcement is one of the oldest approaches used by organisations for changing the behaviour of individuals at a workplace. This is also called behaviour modification. According to behaviour modification, learning is dependent on the environment. It states that environment teaches an individual to change his/her behaviour to maximise positive consequences and minimise undesirable behaviour.

Behaviour modification involves a procedure involving three stages, which are as follows:

- ❑ **Antecedents (A):** Antecedents are the events that occur before the behaviour depicted by an individual. For example, the supervisor of an employee asked him/her to complete a particular task by end-of-day. In this case, the employee knows that his/her action will lead to a consequence.
- ❑ **Behaviour (B):** Behaviour is the response of the individual to the antecedent. For example, in the above example, the employee either starts performing the task given by the supervisor immediately, or he/she may have a discussion with the supervisor that the task cannot be completed by end-of-day.
- ❑ **Consequences (C):** In behaviour modification, consequence is the result of the response/action taken by the individual. In the example, if the employee starts working on the given task and completes it by end-of-day, the supervisor will be happy and may praise him/her. On the other hand, if the employee has a discussion with the supervisor, the supervisor may not be satisfied with the argument given by the employee, or the supervisor may want that the task be completed by end-of-day only. As a result, the employee may be scolded by the supervisor or he/she may form an unfavourable impression of the employee. This consequence leads to change in the behaviour of the employee. If the consequence is positive, he/she will repeat that behaviour. However, if the behaviour leads to a negative consequence, he/she will modify his/her behaviour.

### 5.5.2 ORGANISATIONAL REWARD SYSTEM

Today, reward, compensation, and recognition are considered useful motivational and retention strategies followed by different organisa-

tions. Reward motivates an employee to improve his/her performance and contribution to organisational effectiveness.

Every organisation requires a strategic reward system for its employees. This system should address four important areas, namely, compensation, benefits, recognition, and appreciation. The easiest way to address a reward system is to measure the performance of the employees. Performance can be measured by initially setting goals for the employees. The standard of the outcomes of these goals can measure performance. Rewarding a specific behaviour often becomes a challenge than rewarding a performance. This is because the behaviour of an employee may not be the same with everyone every time. In such a case, it is difficult for the management to justify the reward. There are various methods of evaluating a performance, but the changing behaviour of a worker often leads the Human Resource (HR) unit to ask, “What is the organisation compensating the employees for?”

Various organisations follow different reward systems based on the performance of its employees. Certain organisations prefer to go for monetary rewards, whereas, a few prefer non-monetary rewards. While motivating an employee with incentives and rewards, it is important to answer the question: Are you compensating employees for coming early and staying late or for coming up with new ideas for organisational effectiveness? The first part of the question indicates behaviour, and the latter part indicates the actual involvement of the employee in the performance.

Benefits, appreciation, and recognition are equally important parts of a strategic reward system. An employee-reward system reflects the integrated policies of an organisation, which is revealed by the desired level of performance of an employee and his/her contribution towards the organisational objectives.

A reward system executes the entire reward process in an organised way. For developing the performance of employees and for initiating an effective reward system, managers need to focus on the important aspects of rewards such as performance facilitation, performance encouragement, and value of rewards.

A reward system has the following features that help a manager to perform on his/her focused area:

- ❑ A reward system provides a mixed element of monetary and non-monetary reward to match the requirements of individual employees.
- ❑ It communicates the reward at the right time to encourage employees.
- ❑ It connects the reward with performance, which yields positive results for both organisation and employees.

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- ❑ It reflects promotions and compensation to cover more responsibilities and improve performance.
- ❑ It provides the opportunity to link appraisal with the reward system.



## DEFINITION

In the words of **Burack and Boldsmith**, “*Reward and incentive are a plan or programme to motivate individual or group performance. A reward programme is most frequently built on monetary rewards (incentive pay or monetary bonus), but may also include a variety of non-monetary rewards or prizes.*”

**Reward** can also be defined as “*anything that attracts the worker’s attention and stimulates him/her to perform.*”

**The Free dictionary.com** defines reward as, “*Something given or received in recompense for worthy behaviour or in retribution for evil acts and the return for performance of a desired behaviour.*”

### 5.5.3 ADMINISTERING REINFORCEMENT

To administer reinforcement effectively, certain schedules of reinforcement are developed, because when and how reinforcement is administered is significant. There are two major types of reinforcement schedules, which are shown in Figure 5.7:

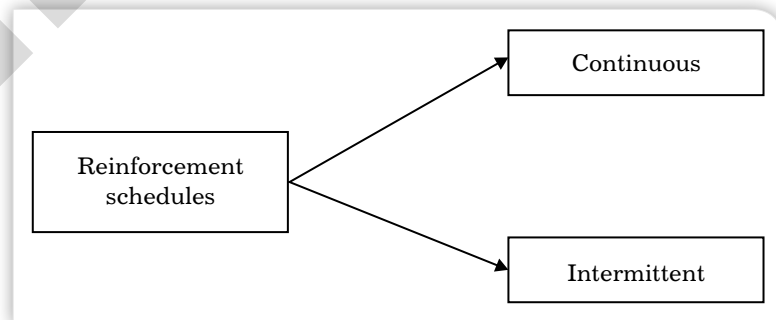


Figure 5.7: Two Types of Reinforcement Schedules

The types of reinforcement schedules are discussed as follows:

- ❑ **Continuous Reinforcement Schedule:** In this schedule, reinforcement is continuous, that is, every time desirable behaviour is demonstrated, it is encouraged or reinforced, so that the frequency of its demonstration increases. For example, a chocolate for every good presentation.
- ❑ **Intermittent Reinforcement Schedule:** In this schedule, the acceptable or desirable behaviour is reinforced but not each and ev-

ery time, because the amount of reinforcement given once is often enough to make the behaviour worth repeating. Figure 5.8 shows the further classification of intermittent reinforcement schedules:

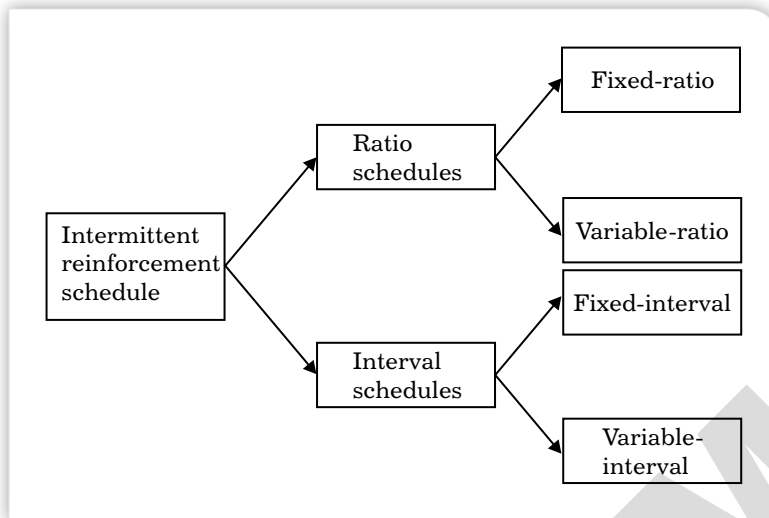


Figure 5.8: Types of Intermittent Reinforcement Schedules

The different types of intermittent reinforcement schedules are discussed as follows:

- ❑ **Fixed Interval Schedule:** When rewards are spaced at uniform or pre-fixed equal time intervals, the reinforcement schedule is called fixed-interval reinforcement schedule. For example, students' attendance is checked every six months, and those with full attendance are awarded certificates. Similarly, the performance of an employee is assessed after one year in an organisation, and based on this performance, rewards are provided to the employee in the form of a monetary increment in salary or promotion. In such a case, the employee will try to improve and maintain his/her performance throughout the year, so that he/she can get good rewards.
- ❑ **Variable Interval Schedule:** If rewards are distributed in time, so that reinforcements are unpredictable, the schedule is of the variable-interval type. This helps an organisation to delight its employees and help in increasing their job satisfaction level. For example, four chocolates in a year for any good performance.
- ❑ **Fixed-ratio Schedule:** In a fixed-ratio reinforcement schedule, rewards are initiated after a fixed or constant number of responses to encourage this fixed number of responses and performances. For example, in a manufacturing organisation, employees receive Rs.50 extra after producing every twelve boxes of product.
- ❑ **Variable-ratio Schedule:** In the variable-ratio schedule, reward is provided to employees after a varying number of responses instead of the fixed number of responses. Mostly, the number of responses

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falls around a specific average in this schedule type. This enables an organisation to encourage its employee for high performance. For example, bonuses provided to the sales people at a call centre vary widely. The sales people may be rewarded after two successful sale calls or might not be rewarded even after twenty successful calls. In this case, the sales people are unaware after how many successful sale calls they will receive the bonus, but they know that if they keep completing their sales calls successfully, they will receive the bonus. This encourages them to perform better at a steady rate.

It is believed that variable schedules tend to lead to higher performances than fixed schedules, because employees are not aware of the timing of the reward. Thus, they keep performing better, because they do not want their performance to be low at the time when rewards are provided. In contrast, variable interval schedules generate high rates of response and more stable and consistent behaviour because of high correlation between performance and reward and because of the uncertainty involved, that is, employees tend to be more alert, because there is a surprise factor involved.

#### 5.5.4 IMPACT OF PUNISHMENT

Punishment is given to strengthen a particular type of behaviour in an individual. It tries to decrease the frequency of unwanted behaviour and actions or an undesirable happening. Punishment can be of two types:

- ❑ **Positive Punishment:** A positive punishment presents a negative consequence of a particular behaviour of an individual, so that the behaviour is not repeated in the future. For example, ₹ 100 are deducted from the salary of an employee, because he/she always arrives late to the office even after many reminders. This may discourage the employee's behaviour of arriving late to the office in the future.
- ❑ **Negative Punishment:** A negative punishment involves the removal of a stimulus due to a particular behaviour to decrease the probability of occurrence of that behaviour in the future. For example, in the example of salary reduction, if one day's salary of an employee is deducted due to arriving late to the office, he/she will avoid such behaviour in the future.

Punishment often leads to a negative impact on employee behaviour. Following are some negative responses resulting from punishment:

- ❑ Punishment may result in undesirable emotional reactions. For example, if a worker is reprimanded because of taking leaves frequently even when the reason for leave is genuine, he/she can react angrily, leading to behaviour that is detrimental to the organisation.

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- ❑ Punishment can also lead to sabotage, wherein the punished employees form a group and plan to damage the organisation's property, such as machines.
- ❑ Most of the time, punishment leads to temporary suppression of undesirable behaviour instead of its complete elimination. For example, a manager punishes a team for disciplinary issues at the workplace. In this case, the team may only remain under discipline when the manager is present.
- ❑ Punishment reduces initiative taking and ability for flexibility in employees. This is because self-esteem of an employee decreases when he/she is given a punishment.



## SELF ASSESSMENT QUESTIONS

11. Reinforcement helps in motivating and retaining employees. (True/False)
12. A \_\_\_\_\_ system executes the complete reward process in an effective manner.
13. Intermittent schedules can be classified as a ratio schedule and a \_\_\_\_\_ schedule.
14. Punishment often impacts employee behaviour negatively. (True/False)



## ACTIVITY

Using the Internet, identify the type of reinforcement most commonly used in a sales team of an organisation.

## 5.6 SUMMARY

- ❑ Learning refers to the process of acquiring knowledge and new skills by an individual.
- ❑ Learning enables employees to change their behaviour as per the organisation culture and working style that further brings efficiency in their work.
- ❑ The different learning theories, developed to understand the process of learning, are classical conditioning theory, operant or instrumental conditioning theory, cognitive learning theory, and social learning theory.
- ❑ Reinforcement refers to strengthening a particular behaviour in an individual.
- ❑ The four elements of reinforcement are positive reinforcement, negative reinforcement, punishment, and extinction.

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- ❑ Reward is a form of positive reinforcement that motivates employees to improve their performance.
- ❑ Reinforcement schedules can be broadly categorised as continuous reinforcement and intermittent reinforcement.
- ❑ Punishment tries to decrease the frequency of unwanted behaviour and actions or an undesirable happening. Punishment can be of two types: positive punishment and negative punishment.



## KEY WORDS

- ❑ **Learning:** It is a relatively permanent change occurring in the behaviour of an individual due to an external or internal stimulus.
- ❑ **Negative Reinforcement:** It involves encouraging good behaviour by removing the stimulus that leads to undesirable behaviour.
- ❑ **Positive Reinforcement:** It is the positive encouragement provided to an employee on delivering the desired performance.
- ❑ **Reinforcement:** It is the process of strengthening a specific type of behaviour in an individual.
- ❑ **Reward:** It is the monetary or non-monetary encouragement provided to an employee on his/her good performance.

## 5.7 DESCRIPTIVE QUESTIONS

1. Discuss the meaning of learning.
2. Explain the different theories of learning.
3. What are the factors that influence social learning?
4. Define reinforcement.
5. Define the term reward.
6. What is the impact of punishment?

## 5.8 ANSWERS AND HINTS

### ANSWERS FOR SELF ASSESSMENT QUESTIONS

Topic	Q. No.	Answers
Definition of Learning	1.	Learning
	2.	True



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Topic	Q. No.	Answers
Significance of Learning	3.	True
	4.	True
Theories of Learning	5.	Classical Conditioning
	6.	Bell
	7.	Reflex
	8.	Cognitive learning theory
	9.	Social learning theory
Meaning of Reinforcement	10.	c. Read
	11.	Operant conditioning
	11.	True
	12.	Reward
	13.	Interval
	14.	True

**HINTS FOR DESCRIPTIVE QUESTIONS**

1. Learning is the process of acquiring knowledge and new skills by an individual. Refer to Section 5.2 **Definition of Learning**.
2. The different theories of learning are classical conditioning theory, operant or instrumental conditioning theory, cognitive learning theory, and social learning theory. Refer to Section 5.4 **Theories of Learning**.
3. The factors that influence social learning are attention, retention, reproduction, and motivation. Refer to Section 5.4 **Theories of Learning**.
4. Reinforcement is the way of strengthening a particular behaviour in individuals. Refer to Section 5.5 **Meaning of Reinforcement**.
5. Reward is the encouragement provided to an employee on his/ her good performance. Refer to Section 5.5 **Meaning of Reinforcement**.
6. The impact of punishment can be positive or negative, depending upon the way of providing a punishment and the way it is taken by the individual. Refer to Section 5.5 **Meaning of Reinforcement**.

**5.9 SUGGESTED READINGS & REFERENCES****SUGGESTED READINGS**

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# 6

## C H A P T E R

### MOTIVATION

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## INTRODUCTORY CASELET

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### EMPLOYEE MOTIVATION IN MCDONALD'S

Given the type of business of McDonald's, employee motivation is a significant part of the organisation. This case deals with employee motivation initiatives of McDonald's in its stores in the UK. Each of its restaurants is operating as a separate profit unit. Thus, each employee has a vested interest in collaborating with team members to ensure that their restaurant performs well. Such collaborative behaviour of employees are incentivised and supported through two bonus schemes.

Every month, mystery shoppers evaluate all the McDonald's restaurants in the UK. On the basis of the scores given, all the employees in the top 10 restaurants receive a performance bonus. In addition, restaurant managers get a quarterly bonus based on three equally weighted measures: scores of mystery shoppers, sales growth, and profitability. According to benefits and compensation manager, **Neal Blackshire**, *"The entire management team is being aligned as a team to be motivated to, and rewarded for, achieving those business metrics. And the entire team is being challenged to deliver the best customer service they can, because they are never exactly sure when they're going to be visited [by mystery shoppers]"*.

Moreover, company-owned restaurants, as well as franchises, are also eligible for titles, such as Restaurant of the Quarter and Restaurant of the Year, which earns them a day or night out.

#### MCDONALD'S MOTIVATION AND RECOGNITION SCHEMES

- Service awards, recognising employees' Service at five-year intervals.
- Restaurant of the quarter.
- Restaurant of the year.
- President' Award: global scheme for support staff.
- Ray Kroc Award: for business managers.
- Champion of the month, ultimately feeding into employee of the year scheme.
- Restaurant bonus schemes: one for all employees and one for managers, based on restaurant performance.

These bonus schemes are part of a wider portfolio of motivation and incentive schemes that operate across McDonald's in the UK,

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## INTRODUCTORY CASELET

as well as its global business. One of the newest schemes is the Ray Krock Awards, which recognises the best manager across Europe. The scheme is named after the founder of McDonald's Corporation. It replicates the initiatives that were previously available in the US and across Asia Pacific, the Middle East, and Africa (APMEA).

12 winners from the UK were selected for the latest awards from nominations by McDonald's operations managers and directors of franchising across company-owned and franchised restaurants. They were the top 1% performers. The winners got the opportunity to attend a two-day event in Barcelona in June, in which they were presented with trophies in a gala awards ceremony.

"It was a full-on production, like a mini Oscars [ceremony]", says Blackshire. "There was a red carpet for them all to walk up, they all had their names printed on stars lining that red carpet, and a specially shot video opened the evening with some of the winners in their usual restaurant".

He also added, "All those 12 UK managers came back to their restaurants and will have been talking to their peers about what a fantastic time they had. Undoubtedly, we'll have 1,200 managers keen to be nominated next year".

(Source: <http://www.employeebenefits.co.uk/benefits/staff-motivation/mcdonalds-restaurants-built-on-motivation/102953.article>)

## LEARNING OBJECTIVES

After completing this chapter, you will be able to:

- Define motivation
- Explain the characteristics of motivation
- Describe different motives of motivation
- Discuss the theories of motivation

## 6.1 INTRODUCTION

Lalit, Sahil's manager, notes that Sahil's performance has fallen in the past two months. Sahil has also taken more leaves than he normally does in a month. Lalit discusses the problem with Sahil and observes his performance for the next month. However, it still does not improve. This time, Lalit tells Sahil that if he can perform well, he can earn a sizeable incentive. In the following month, Sahil's performance improves dramatically.

In the scenario, the incentives promised to Sahil have motivated him to perform better. In an organisational set up, motivation refers to a process in which the management identifies the needs of the employees and fulfils those needs to inspire them to achieve certain goals. Motivation includes monetary as well as non-monetary benefits. Motivation is intended to generate a positive work attitude in employees, so that organisational goals are achieved. The motivation level of employees is directly correlated to their productivity. A motivated workforce is an asset to the company and provides a competitive advantage to it. Companies, such as Southwest Airlines, Google, and Starbucks, are some of the leading examples of companies that derive a competitive advantage out of employee motivation. Therefore, motivation is a very important concept in organisational behaviour.

In this chapter, you will study the meaning of motivation. Characteristics and motives of motivation are also described. In addition, you will study motivational approaches and theories. Towards the end, the chapter demonstrates motivation in action.

## 6.2 MEANING OF MOTIVATION

Motivation is a very fundamental psychological process. The term 'motivation' is derived from the Latin word 'movere' meaning 'to move'. Therefore, in simple words, motivation refers to the psychological process of driving an individual to certain goals. Motivation consists of three interacting and independent elements: needs, drives, and incentives. Needs are created whenever there is a physical or a psychological imbalance. For example, when the body is deprived of

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food, there is a need for food. Drives alleviate needs. Drives provide the energising thrust to achieve a goal. Incentives are at the end of the motivation cycle. Incentives can be defined as factors that reduce drive and alleviate needs. For example, the compensation paid to employees for their work is an incentive that motivates them to work.

The meaning of motivation will become clearer through the following definitions of motivation:

According to **Dale S. Beach**, “*motivation can be defined as a willingness to expend energy to achieve a goal or a reward*”.

According to **Dubin**, “*motivation is the complex of forces starting and keeping a person at work in organisation*”.

According to **Michael J. Jucius**, “*motivation is the act of stimulating someone or oneself to get a desired course of action, to push the right button to get a desired reaction*”.

According to **W.G. Scott**, “*motivation means a process of stimulating people to action to accomplish desired goals*”.

According to **Dalton E. McFarland**, “*the concept of motivation is mainly psychological. It relates to those forces operating with the individual employee or subordinate, which impel him to act or not to act in certain ways*”.

According to **Vance**, “*motivation implies any emotion or desire, which so conditions one’s will that the individual is properly led into action*”.

According to **Hodge and Johnson**, “*motivation in organisational settings refers to the willingness of an individual to react to organisational requirements in the short run. The greater the magnitude of positive motivation of an individual towards the organisation, the more is the likelihood that he will perform effectively in his position, even if it causes some amount of personal deprivation*”.



## SELF ASSESSMENT QUESTIONS

1. The term ‘motivation’ is derived from the Latin word \_\_\_\_\_ meaning ‘to move’.
2. Motivation consists of three interacting and independent elements. List these elements.



## ACTIVITY

Think of a moment when you felt motivated. Write a note on the needs, drives, and incentives that you experienced.



### 6.3 CHARACTERISTICS OF MOTIVATION

Motivation refers to an internal feeling that helps individuals in achieving their personal and professional goals in an efficient manner. Motivation generates a drive to move in a certain direction and achieve certain goals. Following are some of the important characteristics of motivation:

- ❑ The source of motivation for different people is different; it depends on their age, status, cultural background, etc.
- ❑ Motivation is a psychological concept. Therefore, it comes from within an individual. Human behaviour is influenced more by inner motivation than external influences.
- ❑ Motivation is a complex phenomenon, because it cannot be observed directly. In addition, motives being dynamic, add to the complexity of motivation.
- ❑ Motivation is different from satisfaction, inspiration, and manipulation.
- ❑ Motivation positively influences the behaviour of individuals. This helps an organisation in achieving its goals through its employees.
- ❑ Motivation strengthens employees' interest in work, which helps in reducing absenteeism.
- ❑ Motivation encourages employees to fulfil their own unsatisfied personal goals.
- ❑ Motivation helps employees to achieve individual, group, and organisational goals.



#### SELF ASSESSMENT QUESTIONS

3. Motivation leads to an urge to move in a particular direction and reach pre-set goals. (True/False)
4. Motivation reduces absenteeism in organisations. (True/False)"



#### ACTIVITY

Think of a moment when you felt motivated. On the basis of your experience, make a list of the characteristics of motivation.

### 6.4 DIFFERENT MOTIVES OF MOTIVATION

Richa and Deepa are both working hard, because both want to win the employee of the month title for that month. Richa wants to win it be-

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cause winning this award also entails a sum of 2000 rupees, which she needs for an extra expense at home. Deepa, on the other hand, wants to win the award, because it will make the management take notice of her efforts and it could mean a promotion for her.

In the scenario, the award motivates both Richa and Deepa to aim for the same award. However, their motives for wanting it are different. Motivation originates from underlying human motives. The cause of doing something or exhibiting certain type of behaviour is known as motive. In other words, motives are the fundamental functions that regulate the behaviour of individuals. Various types of motives are shown in Figure 6.1:

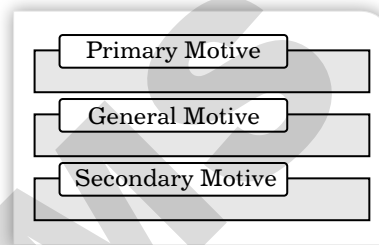


Figure 6.1: Types of Motives

#### 6.4.1 PRIMARY MOTIVES

There is a significant amount of disagreement among psychologists on how to classify different human motives. However, almost everyone agrees that some motives are unlearned and physiologically based. Such motives are called physiological, biological, unlearned, and primary motives. These motives are called ‘primary’ because these are more tangible than other motives and originate from the basic physiological level. However, the term ‘primary’ does not mean that these motives always take precedence over other types of motives.

For a motive to be classified as ‘primary’ it needs to meet at least two criteria, which are as follows:

- ❑ It must be unlearned. In other words, these motives are inherent in a human being.
- ❑ It must be physiologically based. In other words, these motives originate from the biological system of a human being.

Some of the most common primary motives are hunger, thirst, avoidance of pain, sleep, sex, and material concern. Primary motives have different potential roles in the workplace. For example, material concerns can motivate employees to perform better at their work.

According to **Coffman and Gonzalez Molina**, “What many organisations don’t see — and why many don’t want to understand — is the employee performance and its subsequent impact on customer engagement revolve around a motivating force that is determined in the brain and

*defines the specific talents and emotional mechanisms everyone brings to their work”.*

### 6.4.2 GENERAL MOTIVES

There are a number of motives that lie between primary and secondary motives. These motives are partially learned and partially biologically inherent. For example, affection is a motive that is partially biological and partially learned from the environment. These motives are termed general motives. General motives are unlearned, but they are not physiologically based. General motives are also called ‘stimulus motives’, because they induce a person to increase the amount of stimulation. Some examples of general motives are curiosity, manipulation, and affection.

### 6.4.3 SECONDARY MOTIVES

Secondary motives are the most important of the three types of motives, because these are learned motives. As a society develops, the primary and general motives give way to secondary motives. For example, in a primitive society, primary motives, such as hunger and sex, were very dominant. However, as society developed, motives, such as power and achievement, took precedence. To be classified as a secondary motive, the motive must be learned. Some common examples of secondary motives are power, achievement, and affiliation. In addition, in relation to the workplace, security and status are also important secondary motives.



#### SELF ASSESSMENT QUESTIONS

5. Which of the following is not a type of motive?
  - a. Primary
  - b. Tertiary
  - c. General
  - d. Secondary
6. Hunger is an example of a secondary motive. (True/False)
7. Affection is a primary motive. (True/False)
8. Primary motives are also known as biological motives. (True/False)



#### ACTIVITY

With the help of the Internet, search how various secondary motives influence organisational behaviour. Make a list of the points and discuss with your friends.

## N O T E S

**6.5 MOTIVATIONAL APPROACHES**

Different psychologists have explained the sources of motivations in different manners. Depending on the sources of motivation, there are different approaches of motivation. Now, let us study some of the approaches of motivation:

**INSTINCT APPROACH**

According to this approach, instincts or inborn patterns of behaviour, influence the behaviour of a person. These instincts are biologically predetermined. Therefore, the approach successfully explains food-seeking and mate-seeking behaviour of individuals, because sex and hunger are primary instincts.

However, this approach cannot always explain the complex behavioural patterns displayed by humans. For example, the instinct to survive does not influence the behaviour of an individual who saves a friend in a car accident. Thus, there are factors in addition to instincts that influence human behaviour.

**DRIVE-REDUCTION APPROACH**

This approach was proposed by Clark C. Hull. The approach establishes a relationship between needs and the fulfilment of needs. According to this approach, every living organism experiences certain drives or arousals that create a feeling of anxiety and tension. Each organism behaves in a certain manner to reduce this anxiety. This approach is similar to the instinct approach; it fails to explain complex human behaviour.

**INCENTIVE APPROACH**

According to this approach, motivation originates from the desire to achieve external goals or incentives. Incentives can be tangible, such as money and food, and intangible, such as love and recognition. However, this approach fails to determine how certain incentives direct behaviour. In addition, it is not scientifically possible to determine the value of an incentive.

**COGNITIVE APPROACH**

This is a relatively modern approach, and it is widely accepted by psychologists. The main focus of this approach remains on the individual's thoughts, beliefs, and perceptions, as well as his/her understanding of the world. According to the cognitive theory of motivation by Edward C. Tolman, an individual's expectation of behaviour and the value attached to its consequences determine his/her behaviour.

**SELF ASSESSMENT QUESTIONS**

9. The \_\_\_\_\_ approach successfully explains the food-seeking and mate-seeking behaviour of individuals.
10. The cognitive theory of motivation was given by Edward C. Tolman. (True/False)

**ACTIVITY**

Make a group of your friends and discuss the approaches of motivation.

## 6.6 THEORIES OF MOTIVATION

Motivation refers to encouraging individuals to direct their actions towards the realisation of organisational goals. Numerous researchers and theorists, such as David Clarence McClelland, Abraham Maslow, and Douglas M. McGregor, provided their views on motivation. Some of the theories provided by eminent theorists are as follows:

- ☐ Maslow's Hierarchy of Needs
- ☐ Theory X and Theory Y
- ☐ Herzberg's Two Factor Theory/Motivation-Hygiene Theory
- ☐ McClelland's Theory of Needs
- ☐ Goal Setting Theory
- ☐ Equity Theory
- ☐ Vroom's Expectancy Theory
- ☐ ERG Theory
- ☐ Cognitive Evaluation Theory
- ☐ Cognitive Dissonance Theory
- ☐ Behaviour Modification Theory

These motivational theories can be broadly classified into:

- ☐ **Content Theories:** The “what” aspects of motivation are included in content theories. In other words, content theories deal with “what” motivates individuals. Therefore, content theories are concerned with individual needs and goals. Maslow, Alderfer, Herzberg, and McClelland studied motivation from a “content” perspective.
- ☐ **Process Theories:** The process theories deal with the “how” of motivation. In other words, the process theories deal with how motivation occurs. Vroom, Porter and Lawler, Adams and Locke studied motivation from a “process” perspective.

## N O T E S

Motivational theories are important in OB, because they help in managing people. An organisation is in a better position to motivate and retain employees if it is aware of the process and factors of motivation. For example, if an organisation is aware of the various factors that motivate or demotivate its sales persons, it can take necessary steps to create a conducive working environment for its employees.



## SELF ASSESSMENT QUESTIONS

11. Content theories deal with the “what” aspects of motivation. (True/False)



## ACTIVITY

Make a group of your friends and discuss the theories of motivation.

## 6.7 CONTENT THEORIES

Content theories investigate into what motivates people. Naturally, content theories take into account the needs and goals of individuals. Maslow, Alderfer, Herzberg, and McClelland are some of the proponents of the content theories. These theories explain why an individual's needs change with time. Moreover, these theories explain the specific factors that motivate behaviour. None of these theories have been conclusively shown to be valid. However, they provide a contextual framework for dealing with individuals.

Let us discuss some of the content theories in the next section.

### 6.7.1 MASLOW'S NEED HIERARCHY THEORY

The most famous need hierarchy theory of motivation has been given by psychologist Abraham Maslow. He classified human needs into five categories. Following are the levels of human needs:

1. **Physiological Needs:** Include needs for hunger, thirst, shelter, sex, and other physical needs
2. **Safety Needs:** Include need for safety and protection from physical and emotional harm
3. **Social Needs:** Include need for affection, belongingness, acceptance, and friendship
4. **Esteem Needs:** Include need for internal esteem factors, such as self-respect, autonomy, and achievement; as well as external esteem factors, including status, recognition, and attention
5. **Self-actualisation Needs:** Include need for the drive to realise one's potential, self-growth, and self-fulfilment

## N O T E S

All these needs of an individual must be satisfied in a hierarchical manner.

The diagrammatic representation of these needs is shown in Figure 6.2:

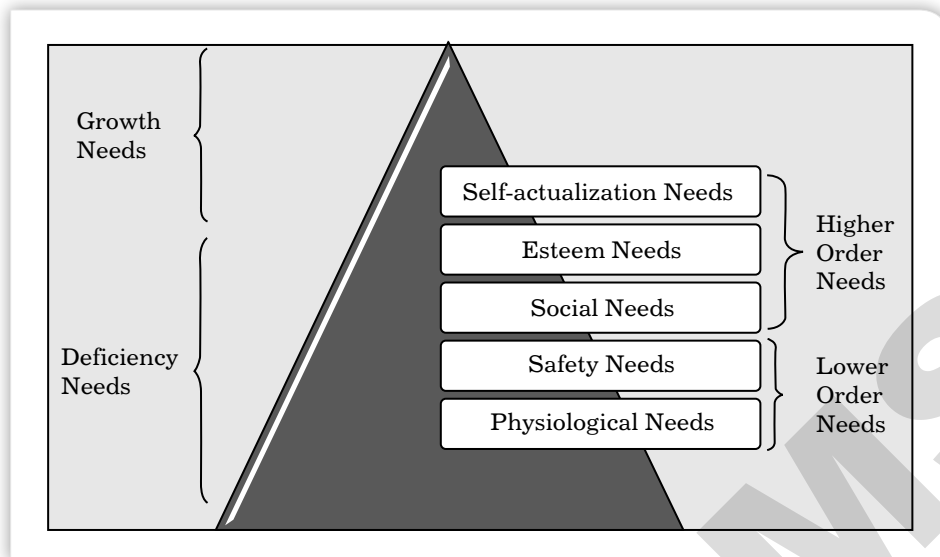


Figure 6.2: Maslow's Level of Needs

In Figure 6.2, the upward arrow shows that the hierarchy of needs works upwards from the bottom of the pyramid towards the top. After the fulfilment of one set of needs, the next one becomes dominant, so individuals keep moving up in the steps of the hierarchy.

Maslow divided the five types of needs in two categories. He considered physiological and safety needs as lower-order needs; whereas the social, esteem, and self-actualisation needs as higher-order needs. Higher-order needs are satisfied by internal factors, such as growth and development; whereas, lower-order needs are satisfied by external factors such as salary or work tenure.

Often, the physiological, safety, and social needs are considered as deficiency needs, because they are concerned with the needs that the individual lacks. Similarly, the esteem and self-actualisation needs are considered as the growth needs, because the individual works for their development by satisfying these needs.

However, it should be noted that the lower-order needs should be fulfilled for an individual to move to the higher-order needs.

For instance, if managers follow Maslow's hierarchy for satisfying their employees, it is essential for them to know the current state of desire of their employees.

Maslow's theory became popular among psychologists, but it has some drawbacks:

## N O T E S

It is now always possible to follow a hierarchy, because an individual's needs might fall into two levels of needs simultaneously. For example, an individual's physiological and social needs may be dominant at the same time.

Measuring some needs, for example, the self-actualisation needs, remains difficult.

However, in spite of the preceding drawbacks, this theory is assumed to be the most famous one and is useful for modern managers.

### 6.7.2 HERZBERG TWO-FACTOR THEORY

This theory was proposed by psychologist Frederick Herzberg, who was one of the most influential names in business management. The Herzberg two-factor theory investigates people's expectations from their jobs. Herzberg asked people to describe the situations in their jobs; when they felt good or bad. From the responses, Herzberg arrived at the conclusion that the following two factors are related with job satisfaction and job dissatisfaction:

- ❑ **Intrinsic Factors/Motivators:** These factors represent people's perception about their jobs. Some examples of intrinsic factors are the sense of responsibility and desire for growth and advancement, which increase job satisfaction of employees.
- ❑ **Extrinsic Factors/Hygiene Factors:** These are the factors in the absence of which dissatisfaction is created among employees. Some examples of extrinsic factors are rules and regulations and supervision.

According to Herzberg, people feel good about their jobs because of intrinsic factors; whereas, they feel bad about their jobs because of extrinsic factors. Thus, Herzberg named the intrinsic factors 'motivators' and the extrinsic factors 'hygiene factors'. Extrinsic factors should be regulated to keep employees motivated. An appropriate combination of motivators and hygiene factors leads to better employee satisfaction. The limitations of Herzberg's two-factor theory are as follows:

- ❑ Determining the reliability of the two-factor theory is difficult due to lack of clear understanding about intrinsic and extrinsic factors.
- ❑ Using the two-factor theory is inflexible.

In spite of all the criticism, the Herzberg two-factor theory is an extensively used and well-known theory of motivation.

### 6.7.3 ALDERFER ERG THEORY

This theory was proposed by Clayton Alderfer to address some of the limitations of Maslow's need hierarchy theory. The letters ERG stand for three levels of needs, which are explained as follows:



- ❑ **Existence:** Existence needs correspond to the physiological and safety needs of Maslow's hierarchy. Existence needs include the physiological and physical needs of individuals, such as needs for food, shelter, and safe working conditions.
- ❑ **Relatedness:** Relatedness needs correspond to Maslow's belongingness needs. Relatedness needs include a person's needs to mix and interact with other people, be publicly recognised, and feel secure among people.
- ❑ **Growth:** Growth needs correspond to Maslow's esteem and self-actualisation needs. Growth needs involve a person's self-esteem through personal achievement as well as the concept of self-actualisation presented in Maslow's model.

The ERG theory says that, unlike Maslow's theory, every individual has multiple needs to satisfy simultaneously. Therefore, one may try to satisfy the growth needs even though the relatedness needs are not completely satisfied.

This theory is an extension of Maslow's theory, thus, it has many things in common with the latter. One of the similarities between these two theories is that both follow the satisfaction-progression process. Thus, a need level dominates the motivation of a person more than other needs levels. However, there are a number of differences as well. Unlike Maslow's model, the ERG theory includes a frustration-regression process, in which individuals being unable to satisfy a higher need become frustrated and regress to the next lower need level. For example, if an individual is able to satisfy the existence and relatedness needs, but the growth need fulfilment has been blocked, the individual becomes frustrated and the relatedness needs start dominating his/her motivation.

#### 6.7.4 MCCLELLAND NEEDS THEORY

David McClelland was the proponent of this theory. According to this theory, every individual is driven by the following three motivators:

- ❑ Achievement
- ❑ Power
- ❑ Affiliation

These three motivators exist in all individuals in varying degree. However, most people are not aware of what drives them. Let us discuss these motivators as follows:

- ❑ **Achievement:** People who are driven by achievement are driven by complex challenges, and they want to find solutions of problems. In addition, they are goal oriented and desire feedback to improve further. These people are motivated by standards of excellence, precise goals, and clear roles. They are concerned about achieving excellence through individual efforts.

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- ❑ **Power:** These people want to have control over a situation, and they are very influential. It has been observed that executives are strongly motivated by power. Power motivation is also strong in case of influential leaders.
- ❑ **Affiliation:** Affiliation-oriented people have a strong desire to belong. They are deeply concerned about relationships, and they strive to reduce uncertainty. In addition, they are good team players. Affiliation-oriented people tend to be less assertive and depend on others. These people are motivated by what they can accomplish with people they know and trust.



## SELF ASSESSMENT QUESTIONS

12. According to McClelland's needs theory, which of the following is not a motivator?
- a. Achievement
  - b. Power
  - c. Affiliation
  - d. Incentive



## ACTIVITY

Make a group of your friends and discuss the content theories of motivation.

## 6.8 PROCESS THEORIES

Process theories explain the mechanism through which human needs change. Process theories address the limitations of the content theories. One of the major weaknesses of the content theories is the assumption that motivation can be explained by one or two factors, such as job atmosphere or the content of a job. However, human motivation is a much more complex phenomenon. In most cases, motivation is a result of the interaction of a number of factors. Process theories take these complex aspects of motivation into consideration. The focus of the process theories remains on the cognitive processes in which people engage to influence the direction, intensity, and persistence of their behaviour.

Let us study some of the process theories.

### 6.8.1 GOAL SETTING THEORY

The goal setting theory, propounded by Edwin Locke, explains that specific and difficult goals lead to higher performance. It constantly

motivates employees by helping them to keep their goals in mind and improve their performance. According to this theory, feedback and commitment lead to higher performance and bridge the gap between the actual and expected performance of individuals. In addition, it suggests that for self-improvement, an individual should have goals that are specific (S), measurable (M), attainable (A), relevant (R), and time-bound (T), known as SMART goals. The goal setting theory is based on five basic principles, which are as follows:

- ❑ **Clarity:** Implies that goals of individuals should be measurable and unambiguous. Goals should also be communicated clearly, so that employees know what is expected from them.
- ❑ **Challenge:** Implies that goals should be somewhat difficult to attain. However, goals must not be so challenging that they sound unrealistic. Goals should also not be non-challenging, because that can demotivate employees. Therefore, an optimum level of challenge is required in goals.
- ❑ **Commitment:** Refers to the dedication of employees to achieve their goals. When goals are challenging, they increase the commitment of employees. High commitment levels ensure improvement in the performance of employees.
- ❑ **Feedback:** Helps employees understand goals clearly and overcome the obstacles in achieving these goals.
- ❑ **Task Complexity:** Refers to the level of difficulty involved in a task. A challenging task keeps employees motivated. However, a highly-challenging task may be burdensome for employees.

### 6.8.2 VROOM'S EXPECTANCY THEORY

This theory is one of the most widely-accepted theories of motivation. It was given by Victor Vroom, who has studied organisational behaviour with a focus on motivation, decision making, and leadership. The expectancy theory suggests that employees are motivated to apply effort when they believe that their efforts will result in performance appraisals and rewards such as bonus, incentives, and promotion. The theory focuses on the following three relationships:

- ❑ **Effort-Performance Relationship (Expectancy):** Refers to the perception of an individual that a particular amount of effort will lead to a certain level of performance. For example, an individual may expect that working extra hours in office may increase his/her performance by a significant margin.
- ❑ **Performance-Reward Relationship (Instrumentality):** Refers to the perception of individuals that if they perform in a particular way, they might get certain rewards. For example, an employee may expect that he/she may have a better salary increment if he/she increases the performance level.

## N O T E S

- ❑ **Rewards-Personal Goals Relationship (Valence):** Refers to the perception of individuals regarding whether the rewards provided by the organisation are able to fulfil their personal goals or not. For example, the personal goal of an employee is to increase his/her wealth. Thus, if the employer rewards him/her with some cash, then the award will be able to fulfil his/her personal goals.

All three relationships are shown in Figure 6.3:

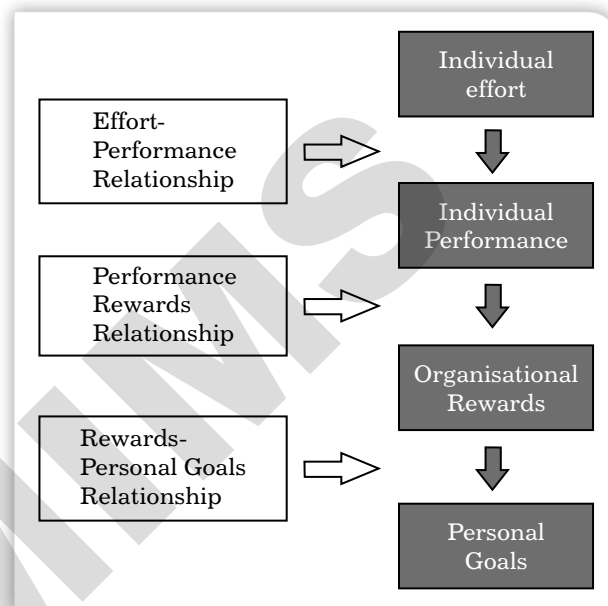


Figure 6.3: Relationships of the Vroom's Expectancy Theory

### 6.8.3 PORTER'S PERFORMANCE SATISFACTION THEORY

Since the very beginning of the study of organisational behaviour, there has been significant amount of debate regarding the relationship between performance and satisfaction. It has generally been accepted by the content theorists that satisfaction leads to a better performance. However, Herzberg's theory of job satisfaction does not provide any explanation of the relationship between satisfaction and performance. In addition, the Vroom's model also does not explain the relation. Lyman Porter's performance satisfaction theory is an extension of the Vroom's expectancy theory. The theory postulates that motivation does not equate with satisfaction and performance. In other words, motivation, satisfaction, and performance are all separate variables. In addition, the theory states that effort does not directly lead to performance. However, performance is mediated by abilities and role perceptions. According to this theory, the reward that is followed by performance determines satisfaction. Therefore, this theory is a multi-variate model. It is based on the following four assumptions:

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- ❑ Multiple factors in the individual and in the environment determine behaviour.
- ❑ Individuals make conscious decisions about how they are going to behave in an organisational set up.
- ❑ Different individuals have different needs, desires, and goals.
- ❑ The behaviour of an individual depends on the expectation that the behaviour will bring certain rewards.

The various elements of the theory are shown in Figure 6.4:

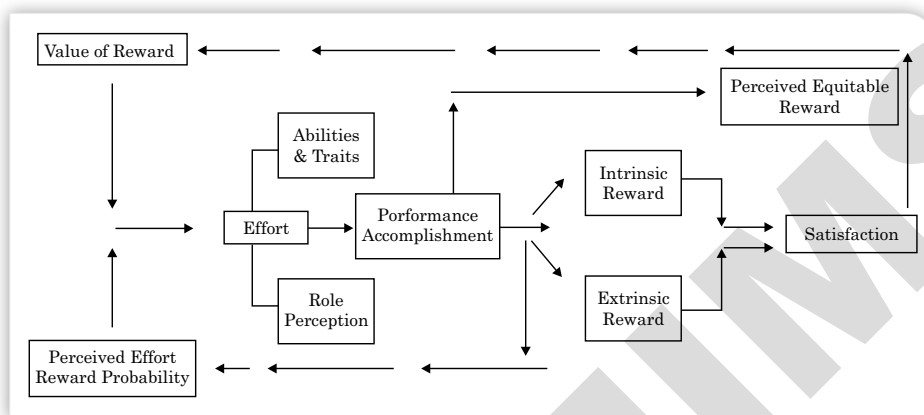


Figure 6.4: Elements of the Porter's Performance Satisfaction Theory

The elements are explained as follows:

- ❑ **Efforts:** It refers to the amount of energy put by a person into his/her job.
- ❑ **Value of Reward:** It refers to the worth of the rewards received by an individual because of his/her efforts.
- ❑ **Perceived Effort-Reward Probability:** It refers to the perception of an individual regarding the rewards associated with a level of effort.
- ❑ **Performance:** It indicates that efforts lead to performance.
- ❑ **Reward:** It refers to the benefits received because of the efforts put into work. Intrinsic rewards lead to self-actualisation, and extrinsic rewards lead to working conditions and other tangible benefits.

#### 6.8.4 EQUITY THEORY

This theory was proposed by John Stacey Adams. The theory calls for a fair balance to be struck between the inputs of an employee, such as hard work, skills, tolerance, and enthusiasm, and the outputs such as compensation, benefits, and recognition. According to this theory, a balance between the inputs and outputs creates a strong and productive relationship between the employees and employers.

**N O T E S**

Following are some of the inputs considered in this theory:

1. Hard work
2. Commitment
3. Loyalty
4. Effort
5. Adaptability
6. Skill
7. Flexibility
8. Ability
9. Tolerance
10. Determination
11. Enthusiasm
12. Trust in superiors and colleagues
13. Personal sacrifice
14. Trust

Some of the outputs considered in this theory are:

1. Salary
2. Benefits
3. Reputation
4. Recognition
5. Praise
6. Sense of achievement
7. Responsibility
8. Job security

The theory recognises that various factors influence the perceptions of individuals about their employers. If employees think that their inputs are greater than their outputs, the employees feel demotivated. In such cases, employees may start putting fewer efforts into work. On the other hand, if employees feel that their inputs are lesser than their outputs, they feel motivated and start putting in more efforts into their work.

#### **6.8.5 REINFORCEMENT THEORY**

This theory was proposed by B.F Skinner and his associates. This theory proposes that an individual's behaviour is a function of its consequences. In other words, an individual's behaviour follows a "law of

effect”, i.e., behaviours with positive consequences are repeated, and behaviours with negative consequences tend not to be repeated.

This theory overlooks the internal state of an individual, i.e., the inner feelings and drives. The main focus of this theory remains on what happens to an individual when he/she takes some action. According to Skinner, the external environment of an organisation should be designed in a way that motivates employees. This theory does not focus on the causes of individual behaviour.

This theory proposes the following methods for controlling behaviour of employees:

- ❑ **Positive Reinforcement:** It implies giving a positive response when an individual shows positive and required behaviour. For example, if an employee is immediately praised for arriving early to a job, the probability of the employee repeating the behaviour will increase.
- ❑ **Negative Reinforcement:** This involves rewarding an employee by removing negative or undesirable consequences. This method can be applied to increase the frequency of a desired behaviour.
- ❑ **Punishment:** It involves removing positive consequences to lower the probability of repeating undesirable behaviour in the future. In other words, punishment involves applying undesirable consequences for undesirable behaviour. For example, deducting an employee’s salary for late coming.
- ❑ **Extinction:** It is the absence of any kind of reinforcement. In other words, it involves lowering the probability of undesirable behaviour by removing rewards for that kind of behaviour.



#### SELF ASSESSMENT QUESTIONS

13. Porter’s performance satisfaction theory is an extension of \_\_\_\_\_.



#### ACTIVITY

Make a group of your friends and discuss the various theories of motivation.

## 6.9 MOTIVATION IN PRACTICE

An organisation finds it a complex and challenging task to keep its employees motivated. In an organisational set up, multiple techniques are used to keep employees motivated in their respective jobs. Some

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of the common motivational techniques in practice are shown in Figure 6.5:

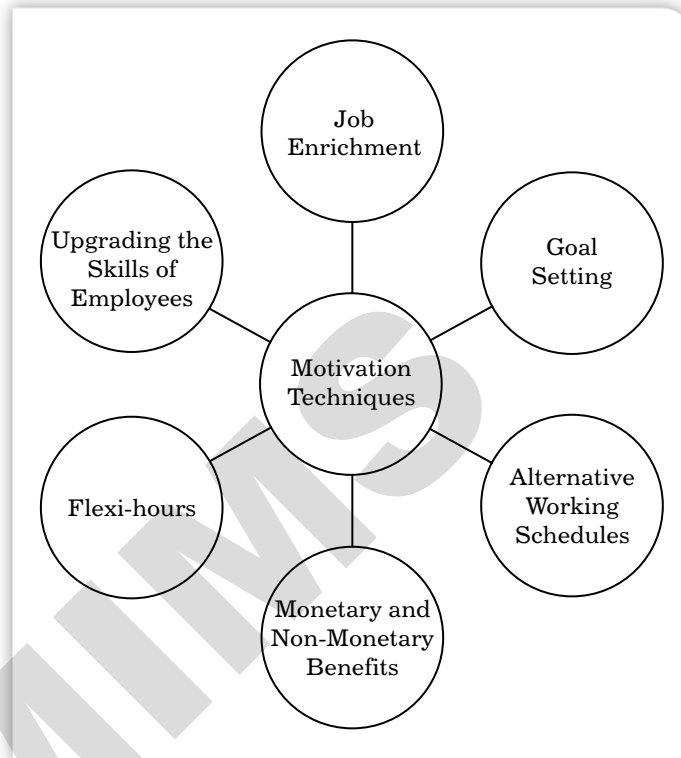


Figure 6.5: Motivational Techniques Used in an Organisation

The following points explain these motivational techniques further:

- ❑ **Monetary and Non-monetary Benefits:** Refer to salary components, which include money and other fringe benefits (non-monetary benefits) provided to the employees as compensation for their work. Some examples of monetary benefits are incentives, commissions, and bonus, while examples of non-monetary benefits are gift vouchers and electronic gadgets. It is commonly accepted that monetary motivational tools have better results in comparison to non-monetary ones. However, we cannot ignore the importance of non-monetary measures, because certain needs cannot be fulfilled by money.
- ❑ **Job Enrichment:** This technique involves making a job more competitive by asking employees to share responsibilities of their superiors. When employees are given additional responsibilities, they feel themselves to be an integral part of the organisation. In addition, this increases the confidence level of employees and maintains their interest in work, which in turn leads to increase in productivity.
- ❑ **Job Rotation:** Refers to assigning different roles and responsibilities to employees at different times to increase their interest



in their jobs. It enhances the performance level of employees by keeping them motivated. In addition, it reduces the monotony of work. However, this practice should be followed for employees who have covered a particular tenure in the organisation, because if an employee without experience keeps getting assigned to new roles, he/she will not be able to gain expertise in any role.

- ❑ **Goal Setting:** In this technique, certain goals are assigned to employees to invoke their participation. If employee participation is invoked while setting goals, they feel more committed towards the attainment of goals.
- ❑ **Alternative Working Schedule:** Refers to flexible work timings offered by various organisations to help their employees select the desired shift of work. This way, employees can work as per their convenience to strike a work-life balance in their lives. Alternative working schedules motivate employees to give better performance.
- ❑ **Employees' Skills Up-gradation:** Refers to improving skills of employees from time to time and providing them training to increase their competency.



#### SELF ASSESSMENT QUESTIONS

14. \_\_\_\_\_ involves making a job more competitive by asking employees to share some responsibilities of their superiors.
15. Job rotation refers to assigning different roles and responsibilities to employees at different times to increase their interest in their jobs. (True/False)



#### ACTIVITY

With the help of the Internet, search and discuss the motivational techniques followed by the organisation.

### 6.10 SUMMARY

- ❑ Motivation is a fundamental psychological process. The term 'motivation' is derived from the Latin word 'movere', meaning 'to move'.
- ❑ Motivation refers to an internal feeling that helps individuals in achieving their personal and professional goals in an efficient manner.
- ❑ Motivation originates from underlying human motives. The cause of doing something or exhibiting a certain type of behaviour is known as a motive.

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- ❑ Different types of motives are primary motives, general motives, and secondary motives.
- ❑ Different psychologists have explained the sources of motivations in different manners. Depending on the sources of motivation, there are different approaches of motivation. Some of the approaches of motivation are instinct approach, drive-reduction approach, incentive approach, and cognitive approach.
- ❑ Motivation refers to encouraging individuals to direct their actions towards the realisation of organisational goals. Numerous researchers and theorists, such as David Clarence *McClelland*, Abraham Maslow, and Douglas M. McGregor, provided their views on motivation.
- ❑ Some of the theories provided by eminent theorists are Maslow's hierarchy of needs, Theory X and Theory Y, Herzberg's two-factor theory/motivation-hygiene theory, McClelland's theory of needs, goal setting theory, equity theory, Vroom's expectancy theory, ERG Theory, and Cognitive Evaluation Theory.



## KEY WORDS

- ❑ **Mystery shoppers:** Refers to shoppers who shop in an outlet to collect information regarding the outlet.
- ❑ **Franchising:** Refers to a type of business deal in which an organisation gives the rights of using its trademarks and other intellectual properties to another organisation at a mutually-decided fee.
- ❑ **Franchises:** Refers to the organisation that buys the right to use the business model and other intellectual property of another organisation.
- ❑ **Incentive:** It refers to the various tangible and intangible benefits provided to employees to motivate them.
- ❑ **Multi-variate Model:** It refers to a model that involves more than two variables.

## 6.11 DESCRIPTIVE QUESTIONS

1. Describe the concept of motivation.
2. Mention the main characteristics of motivation.
3. What do you mean by the primary motives of motivation?
4. Elaborate on the different approaches of motivation.
5. Describe the goal setting theory of motivation.
6. Describe various motivational techniques used in organisations.

## 6.12 ANSWERS AND HINTS

### ANSWERS FOR SELF ASSESSMENT QUESTIONS

Topic	Q. No.	Answers
Meaning of Motivation	1.	Movere
	2.	Needs, drives, and incentives.
Characteristics of Motivation	3.	True
	4.	True
Different Motives of Motivation	5.	b
	6.	False
	7.	False
Motivational Approaches	8.	True
	9.	Instinct Approach
	10.	True
Theories of Motivation	11.	True
	12.	d
Content Theories	13.	Vroom's expectancy theory
Process Theories	14.	Job Enrichment
Motivation in Practice	15.	True

### HINTS FOR DESCRIPTIVE QUESTIONS

1. Motivation refers to the psychological process of driving an individual to certain goals. Refer to section 6.4 for details.
2. Motivation refers to an internal feeling that helps individuals in achieving their personal and professional goals in an efficient manner. Refer to section 6.5 for details.
3. The unlearned and biological motives are known as primary motives. Refer to section 6.6.1 for details.
4. The different approaches of motivation are instinct approach, drive-reduction approach, incentive approach, and cognitive approach. Refer to section 6.7 for details.

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5. The goal setting theory, propounded by Edwin Locke, explains that specific and difficult goals lead to higher performance. Refer to section **6.8.4 for details**.
6. Some of the important motivational techniques are monetary and non-monetary benefits, job enrichment, job rotation, goal setting, alternative working schedule, and employees' skills up-gradation. Refer to section **6.9 for details**.

### **6.13 SUGGESTED READINGS & REFERENCES**

#### **SUGGESTED READINGS**

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# 7

## CHAPTER

### LEADERSHIP AND PEOPLE SKILLS

#### CONTENTS

- 7.1 Introduction
- 7.2 Definition of Leadership
  - 7.2.1 Significance of Leadership
  - 7.2.2 Managers vs. Leaders
    - Self Assessment Questions
    - Activity
- 7.3 Leadership Theories
  - 7.3.1 Trait Theories
  - 7.3.2 Behavioural Theories
  - 7.3.3 Contingency Theories
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    - Activity
- 7.4 Pitfalls in Leadership
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- 7.5 Emotional Intelligence
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  - Activity
- 7.6 Styles of Leadership and Their Impact on Employees
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- 7.10 Suggested Readings & References

## N O T E S

## INTRODUCTORY CASELET

## LEADERSHIP AT HCL TECHNOLOGIES

Vineet Nayar is the former Chief Executive Officer (CEO) of HCL. He headed the initiative that gave rise to the organisation's motto, "employee first, customer second". Nayar encouraged his employees to evaluate all their managers and presented his own review on the organisation's intranet, so that everyone could read it. He urged employees to follow his lead. The reason he cited for the initiative was to seek enough transparency and empowerment in the organisation.

Nayar intended to make certain that organisational decisions would be made by employees, because it is the employees of an organisation who interact with clients. He dissolved the office of the CEO stating, *"the organisation would be inverted, where the top is accountable to the bottom, and therefore, the CEO's office will become irrelevant."*

HCL, at present, has an employee strength of about 55,000 and a market share of \$24 billion. Nayar's leadership approach is very different from that of the organisational heads of India's other big organisations, but by investing in people, the HCL leader has proven his point. He takes a long-term, internally-focused view of his organisation and works to create a sense of social responsibility among employees along with meeting organisational objectives.

Nayar has made aggressive investments in employee development, despite tight labour markets and widespread attrition. His leadership approach focuses on high levels of work engagement and sincerity among employees.



## LEARNING OBJECTIVES

After completing this chapter, you will be able to:

- Explain the concept and significance of leadership
- Identify the differences between managers and leaders
- Discuss the leadership theories
- Discuss the pitfalls in leadership
- Explain the concept of emotional intelligence
- Discuss the styles of leadership and their impact on employees

## 7.1 INTRODUCTION

The management of Dilliwalla Carpets Pvt. Ltd. need to promote an employee in the sales team to head the sales of rugs. The management is considering Alok and Vivek for the post. Alok has slightly more experience in sales and marketing than Vivek. However, Vivek has displayed skills such as motivating his team mates, remaining resourceful and calm in volatile situations, and taking initiatives. Thus, the management selects Vivek for the post.

The scenario shows that leadership is a highly sought after and valued quality in organisations. It is a process through which an individual enlists the support of other individuals for the accomplishment of a common objective. Researchers, philosophers, and practitioners have conducted several studies on leadership and suggested various traits of effective leaders, environmental and personal contingencies, leadership styles, and leadership theories. Traits of leaders have been studied to identify the work and personal characteristics of leaders, and skill traits associated with leader effectiveness.

Leaders possess certain leadership traits and personality traits, which when combined with leadership skills, help to influence the other individuals. Leadership traits include perseverance, inclination to take responsibility, determination, tolerance etc. Personality traits of a leader include dominance, self-confidence, high energy, etc. while the leadership skills include assertive skills, communication skills, interpersonal skills, and adaptive skills.

There are certain differences between leaders and managers, though the two terms are often used interchangeable. The manager-versus-leader argument is a never ending discussion about the difference between the two and the vital functions that each role plays in an organisation. Managers usually have a basic practical approach towards accomplishing a task and are oriented to achieve pre-determined targets. On the other hand, leaders act as visionaries, conceptualisers, and catalysts to influence and inspire other individuals.

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Leaders are prime agents in an organisation, who inspire and guide other individuals to achieve shared goals. They plan, delegate, coordinate, and motivate employees to accomplish organisational objectives. Leaders attempt to develop employee potential and align the objectives of employees with those of the organisation.

This chapter starts by discussing the concept of leadership, its significance, and explains how leadership differs from management. Next, it discusses the different leadership theories and the various pitfalls in leadership. The chapter also explains the significance of emotional intelligence in becoming an efficient leader. The chapter concludes by discussing the various styles of leadership and their impact on employees.

## 7.2 DEFINITION OF LEADERSHIP

"Leaders are individuals who establish direction for a working group of individuals who gain commitment from these group of members to this direction and who then motivate these members to achieve the direction's outcomes."

- Conger, J.A. 'Learning to Lead' San Francisco: Jossey-Bass (1992, p18)

Leadership is the ability of an individual to persuade other individuals to behave in a particular way, willingly. It is the process of influencing individuals to work to achieve a desired result. Leadership involves developing and communicating a vision for the unforeseen future, encouraging other individuals and assuring their involvement in the achievement of an objective.

Leaders are able to define and achieve challenging targets by motivating others for their accomplishment. He/she is able to take immediate yet effective decisions in difficult situations. Leaders attempt to outperform their competitors, take calculated risks, and persist during times of failure. Also, leaders are futuristic, have strong communication skills, confidence, an ability to manage others, and a willingness to embrace changes.

In organisations, leadership entails motivating employees to do their jobs using the skills and commitment that is required for the attainment of desired results. This requires leaders to have efficient people skills, so that they can cope with other individuals. People skills refer to the various attributes and competencies that enable an individual to work with other individuals. Leaders should possess certain people skills for efficient leadership. These skills are as shown in Figure 7.1:



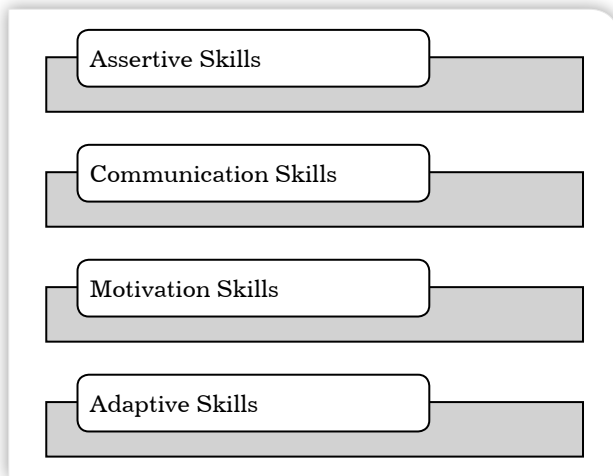


Figure 7.1: Leadership and the Required People Skills

Let us discuss the people skills leaders should possess:

- ❑ **Assertive Skills:** Effective leadership requires the ability to assert how individuals behave in certain situations as objectively as possible. Leaders should be able to use their assertive skills to identify the reasons for individual behaviour in a particular situation to interact with them, empathetically. A leader's assertive skill not only helps in emphasising his/her rights but also helps in maintaining a positive professional relationship with other individuals. For example, an employee who habitually arrives late to the office needs to be communicated the same. An assertive manager would tend to empathise by saying, "We are supposed to be at work by 9:00 A.M. and it is already 10:50 A.M. Was there some problem?" instead of being rude and using words such as, "You're always late!"
- ❑ **Communication Skills:** Leaders should develop strategies to communicate their ideas and views effectively. Communication skills help in exchange of ideas that lead to problem solving and decision making, both of which are required for efficient leadership. For example, while introducing a new idea to followers, leaders should communicate the benefits that favour the followers to persuade them.
- ❑ **Motivation Skills:** Communication alone may not encourage people to follow a leader. Individuals are interested in knowing the benefits that a certain decision or strategy offers to them. That is when the motivational skills of a leader are required to highlight the incentives of accomplishing a task. For example, a captain of a cricket team motivates his/her teammates to introspect their performance in case of failures, so that they can play and perform better in the future.

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- ❑ **Adaptive Skills:** An efficient leader is aware that no two individuals are the same, and they do not have the same needs. Therefore, leadership requires having adaptive skills to adjust the communication and motivation techniques while meeting an individual's needs. For example, two team members in a manager's team are completely different in nature. While one is an aggressive career person, the other is a sensitive family-oriented person. Here, the manager has to use different approaches to motivate or communicate with both the team members.

### 7.2.1 SIGNIFICANCE OF LEADERSHIP

Effective leaders constantly motivate employees to work towards the accomplishment of immediate goals as well as innovation through new ideas. A good leader should be able to set an example for others to follow. He/she must be able to inspire, motivate, and provide clear directions to other individuals. Leadership provides many advantages to an organisation, leading to the achievement of success and stability. The absence of effective leadership often slows down the growth of an organisation, because employees tend to lose direction and competitiveness. Some reasons why leadership is important to organisational development are as follows:

- ❑ **Leadership Provides Clear Vision:** Leaders communicate a clear vision to employees of an organisation by presenting the bigger picture. They are the connection between the organisation and the employee. Thus, employees remain focused regarding the organisational direction and do not stray from their roles and responsibilities. For example, before starting a new project, a manager presents the goals and organisational benefits of the project to his/her team members.
- ❑ **Leadership Leads to Effective Planning:** Leaders provide a structured approach to generate a plan of action to achieve organisational goals. Planning helps employees to identify, contribute to, and understand their roles in achieving defined objectives. For example, when a new project starts, a manager defines the role of each team member.
- ❑ **Leaders Inspire and Motivate:** If a leader shows commitment and enthusiasm towards organisational goals, he/she provides inspiration and motivation for employees to perform at a high level. For example, a manager always reaches work on time to set an example of punctuality.
- ❑ **Leaders Build Employee Morale:** High-employee morale signifies wilful dedication of employees towards their work. Leaders build employee morale to maintain that dedication. This helps in encouraging employees to perform with perseverance as they work to achieve the goals. For example, a manager constantly participates in

the team's activities and is involved in every problem, which sends the message that he/she is always there for his/her team members.

- ❑ **Leaders Encourage New Ideas:** Leaders encourage employees to contribute and discuss new ideas and innovative techniques by creating a positive environment. This helps in using employees' diverse experiences and ideas to improve business. For example, a manager holds brainstorming sessions with his/her team members before launching a new project.
- ❑ **Leaders Improve Employee-organisation Relationship:** An effective relationship between a leader and the employees in an organisation validates that employees are considered valuable and integral to the organisation. This creates a sense of ownership among employees and builds a favourable relationship between employees and the organisation. For example, a manager gives due credit to team members who have put in extra efforts in a project.
- ❑ **Leaders Help in Management of Crisis:** Leadership helps in motivating employees to remain focused during a crisis. During difficult times, leaders can remind employees of their achievements and encourage them to define achievable goals. For example, during unforeseen project delays, a manager discusses a new delivery plan with his/her team members.

### 7.2.2 MANAGERS VS. LEADERS

*“Great managers discover what is unique about each person and then capitalise on it. This is the exact opposite of what great leaders do. Great leaders discover what is universal and capitalise on it”.*

- Marcus Buckingham, author of ‘First, Break All the Rules: What the World's Greatest Managers Do Differently’

Leadership and management work hand in hand. To be an efficient manager, an individual requires leadership skills. Similarly, an effective leader relies on applying his/her management skills to inspire others to achieve a mission.

There are several functions of management that are consistent with the attributes of leadership. Leadership requires influencing other individuals, which is also true for management. Similarly, both leadership and management entail working with other individuals. Both are concerned with the accomplishment of goals and objectives through the involvement of people. However, there are certain factors that differentiate leadership from management. Let us discuss the main differences between the two:

- ❑ **Managers Influence While Leaders Inspire:** Management comprises controlling individuals to accomplish a goal, whereas leadership involves influencing, motivating, and enabling other individuals to contribute in the attainment of an objective. For ex-

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ample, a leader inspires millions of individuals to participate in a revolution, but the person who arranges the tasks involved in the revolution, handles the media, etc. is the manager.

- ❑ **Managers Create Circles of Power While Leaders Create Circles of Influence:** Managers have subordinates who help in carrying out the instructions laid down by the manager. On the other hand, leaders usually have followers, who are motivated by the leader to perform. For example, Nelson Mandela created a powerful position through his relentless pursuit of racial equality and economic prosperity. He influenced millions of people with the help of this power.
- ❑ **Managers Work to Achieve a Given Objective, While Leaders Create Targets for the Future:** Managers influence subordinates to accomplish an identified target. However, leaders are futuristic in their approach and inspire individuals to accomplish revolutionary ideas. For example, Tata Nano, the cheapest car in the world is an example of Ratan Tata's revolutionary and futuristic thinking. It is his managers, however, who would have carried out this vision by planning tasks, defining roles, and communicating with the employees involved.

Therefore, leaders direct, encourage, motivate, and inspire individuals to achieve organisational success. On the other hand, managers coordinate individuals' efforts and allocate resources to maximise efficiency in achieving identified goals. Table 7.1 shows the main points of differences in the characteristics of leadership and management:

TABLE 7.1: DIFFERENCE BETWEEN LEADERSHIP AND MANAGEMENT	
Leadership Characteristics	Management Characteristics
Strategic and people-oriented focus	Tactical and organisational focus
Setting of organisational direction and goals	Planning coordinated activities
Motivating and inspiring people	Administering and maintaining systems
Establishing principles	Formulating policies
Building a team and development of talent	Allocating and supporting human resources
Developing new opportunities	Solving logistical problems
Promoting innovation and invention	Ensuring conformance to standards and procedures
Empowering and mentoring people	Instructing and directing people
Risk engagement and instigation of change	Management and containment of risks
Long-term, high-level perspective	Short-term, detailed perspective

(Source: <http://toolkit.smallbiz.nsw.gov.au/part/8/39/188>)

**SELF ASSESSMENT QUESTIONS**

1. Match the following:
 

1. Assertive skills	a. Ability to assert how individuals behave
2. Communication skills	b. Help in exchange of ideas
3. Motivation skills	c. Help in highlighting the incentives of a task
4. Adaptive skills	d. Adjust according to employee behaviour
2. Leaders work to achieve a given objective, while managers create targets for the future. (True/False)

**ACTIVITY**

Identify an individual among your friends who possesses excellent motivational skills. Relate two incidences when he/she used his motivational skills to encourage your group.

## 7.3 LEADERSHIP THEORIES

Research and studies have been conducted to identify the most preferred leadership style. However, there is no research that confirms one leadership style as the most effective and preferable. Rather, a combination of leadership styles, depending on the situation, is considered more appropriate leadership behaviour. To understand the evolution of the leadership theory, let us discuss the progress of leadership theories.

The three main leadership theories are shown in Figure 7.2:

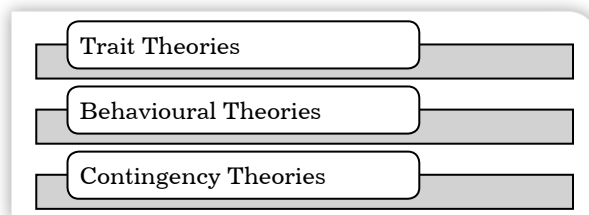


Figure 7.2: Theories of Leadership

Let us discuss these theories further.

### 7.3.1 TRAIT THEORIES

Popular in the 1940s and 1950s, the trait theories of leadership are based on the assumption that individuals inherit certain traits that make them suitable for leadership. In other words, these theories assert that leaders are born, not made. Several scholars and researchers,

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such as Stogdill, McCall and Lombardo, Bennis and Thomas, have studied the trait theories to understand the qualities and abilities of a leader. According to the trait theories, leaders have common personalities or behavioural characteristics. These theories attempt to explain the distinctive characteristics accounting for leadership effectiveness.

Much research has been conducted to identify the physiological and psychological qualities common to leaders. For example, high level of energy, aggressiveness, self-reliance, pleasant appearance, persuasiveness, and dominance were identified as traits common for successful leadership. Leaders were considered different from their common counterparts in their drive, desire to lead, morality and integrity, knowledge, awareness, and cognitive ability.

However, the theory failed to explain how certain leaders, who are effective, lack one or more of the qualities mentioned in these theories. Also, the theory failed to explain that leaders require certain skills and the ability to implement their vision. These skills are necessary to transform leadership traits into leadership behaviour. For example, an individual may be persuasive but may lack the ability to gain the attention of the people.

The trait theory has more historical than practical relevance for administrators and managers in an organisation. The trait theorists believe that to understand both a leader and leadership in a better way, the individual and the situation need to be considered more than the traits. From an organisational point of view, there are certain qualities that managers are expected to possess, such as vast knowledge about the organisation and its competitors, good interpersonal relations, excellent reputation in the industry, integrity, high energy, and dedication, among others. However, these qualities alone do not make for an efficient manager. Rather, the making of an efficient manager depends on how these traits are transformed while decision making, handling situations, and motivating employees.

### 7.3.2 BEHAVIOURAL THEORIES

The limited scope of the trait theory to predict leadership behaviour led researchers to shift their focus to the behavioural theories of leadership, during the 1950s. Several studies and researches have been conducted on behavioural theories by Kurt Lewin and his colleagues, Dr Rensis Likert, etc., to assert the behavioural traits of leaders. Behavioural theories of leadership are based upon the belief that it is not the personal traits of an individual but his/her behaviour that makes him/her an effective leader.

Contrary to the trait theory, behavioural theories support the ideology that great leaders are made, not born. The theory focuses on the actions of leaders and not their cognitive abilities or personal attributes. According to the theory, individuals can learn to become leaders through learning, experience, and observation. As per behavioural theories, leadership behaviour can be categorised into the following two types:

- ❑ **Production-oriented:** This leadership behaviour is also referred to as concern for production, initiating structure, or task-focused leadership. Production-oriented behaviour typically involves acting to get a task done. Such leaders focus on completing a task, irrespective of personal consequences. For example, a school principal who commands teachers to prepare the course curriculum in a day without considering their limitations is a product-oriented leader. Such leaders are usually autocratic and fail to involve employees in the decision-making process.
- ❑ **Employee-oriented:** This leadership behaviour is also referred to as concern-for-people leadership. Employee-oriented leadership behaviour focuses on supporting employees in getting their tasks done. Such a leader empathises towards his employees' needs and involves them in the decision-making process. For example, if the school principal considers the problems of teachers and supports them in the preparation of the course curriculum, he/she demonstrates employee-oriented leadership.

Therefore, behavioural theories attempt to explain the distinctive styles of behaviour used by effective leaders or to define the nature of their work.

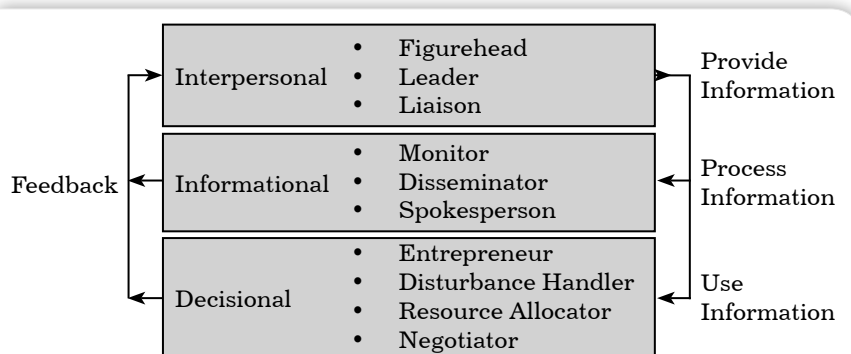


## EXHIBIT

## Mintzberg's Ten Management Roles

According to management expert and professor, Henry Mintzberg, managers' work behaviour can be categorised into three types of roles: informational (managing through information), interpersonal (managing through people), and decisional (managing through action). These roles are further divided into ten common roles, which are shown in the following figure:

In reality, these management roles overlap, and a manager should be able to balance between them to manage effectively. As per Mintzberg, *"The manager who only communicates or only conceives never gets anything done, while the manager who only 'does' ends up doing it all alone"*.



(Source: Flat World Knowledge, Inc. )

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**7.3.3 CONTINGENCY THEORIES**

According to the contingency theories, no leadership style is suited for all situations. Successful leadership depends upon particular variables, such as the leadership style, abilities of the followers, and the situation.

In the 1960s, Fred Fielder proposed the first theory using the contingency theory of leadership. The theory states that leadership effectiveness is a function of two variables:

- ❑ The tasks or interpersonal relationships that motivate a leader
- ❑ The situation

The tasks or interpersonal relationships that motivate a leader can be assessed with the help of a Least Preferred Co-worker (LPC) scale. The LPC scale is used by managers to rate the least preferred co-worker in the organisation. To use this scale, the leaders recall a co-worker they work with, to rate him/her on a series of eight-point bipolar adjectives, such as friendly-unfriendly, pleasant-unpleasant, and so on. Higher LPC scores signify more positive descriptions of the least preferred co-worker, while low LPC scores signify more negative description of the co-worker. Fielder stated that workers with high LPC scores are motivated to maintain harmonious interpersonal relationships, while workers with low LPC scores are driven to perform better and focus on interpersonal skills. The LPC scale used in organisations is shown in Table 7.2:

**TABLE 7.2: LPC SCALE**

Unfriendly	1 2 3 4 5 6 7 8	Friendly
Unpleasant	1 2 3 4 5 6 7 8	Pleasant
Rejecting	1 2 3 4 5 6 7 8	Accepting
Tense	1 2 3 4 5 6 7 8	Relaxed
Cold	1 2 3 4 5 6 7 8	Warm
Boring	1 2 3 4 5 6 7 8	Interesting
Backbiting	1 2 3 4 5 6 7 8	Loyal
Uncooperative	1 2 3 4 5 6 7 8	Cooperative
Hostile	1 2 3 4 5 6 7 8	Supportive
Guarded	1 2 3 4 5 6 7 8	Open
Insincere	1 2 3 4 5 6 7 8	Sincere
Unkind	1 2 3 4 5 6 7 8	Kind
Inconsiderate	1 2 3 4 5 6 7 8	Considerate
Untrustworthy	1 2 3 4 5 6 7 8	Trustworthy
Gloomy	1 2 3 4 5 6 7 8	Cheerful
Quarrelsome	1 2 3 4 5 6 7 8	Harmonious



According to the contingency theory, there are two types of leaders:

- ❑ **Task-oriented Leaders:** These leaders usually see their LPCs more negatively, resulting in lower scores. Task-oriented leaders were referred to as low-LPC leaders by Fiedler. Low-LPC leaders are effective in organising a group to get tasks and projects done. However, building interpersonal relationships is a low priority for such leaders.
- ❑ **Relationship-oriented Leaders:** These leaders usually see their LPCs more positively, resulting in higher scores. Relationship-oriented leaders were referred to as high-LPC leaders. High-LPC leaders focus on building interpersonal relationships, while avoiding and managing conflict.



#### SELF ASSESSMENT QUESTIONS

3. Behavioural theories of leadership are based upon the belief that it is not the personal traits of an individual but his/her behaviour that makes him/her an effective leader. (True/False)
4. Employee-oriented leadership behaviour focuses on supporting employees in getting their tasks done. (True/False)
5. \_\_\_\_\_ scale is used by managers to rate the least preferred co-worker in the organisation.
6. \_\_\_\_\_ leaders usually see their LPCs more negatively, resulting in lower scores.
7. Lower LPC scores signify more positive descriptions of the least preferred co-worker, while higher LPC scores signify more negative description of the co-worker. (True/False)



#### ACTIVITY

Search the Internet and list some of the important events in the evolution of leadership theories.

## 7.4 PITFALLS IN LEADERSHIP

Leadership is similar to navigating a boat rather than steering it. It requires determining the direction and speed of the boat, asserting the weather, monitoring the depth of the sea, planning the halts, and the final destination. Even with the most planned courses of action, the captain of a boat requires to make midcourse adjustments because of unforeseen circumstances. Leadership requires similar actions. An effective leader is aware that pitfalls appear midcourse and needs to be prepared to overcome them. Pitfalls in leadership can be categorised as shown in Figure 7.3:

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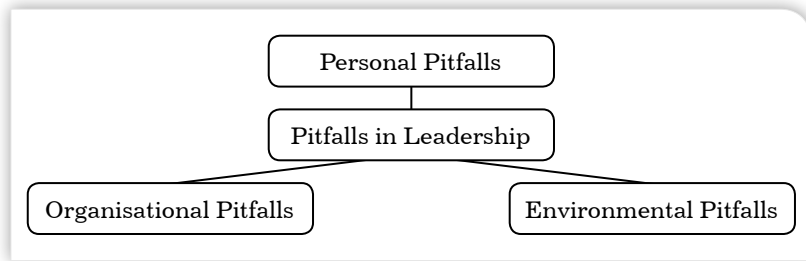


Figure 7.3: Leadership Pitfalls

Let us discuss the pitfalls in leadership:

- ❑ **Personal Pitfalls:** Several obstacles may appear in the way of initiatives taken by a leader. For example, individuals in disagreement may cause obstructions for a leader. A leader should be prepared to face difficult times and continue to persuade and motivate others. A leader can face or be involved in the following personal pitfalls:
- ❑ **Criticism:** This is one of the major personal pitfalls faced by a leader. For example, a leader works to direct an organisation by taking several initiatives. However, in the midst of new initiatives, prior initiatives are left behind. In such a situation, people associated with the prior initiatives experience a sense of loss and attempt to make it a personal issue for the leader. Leaders need to be prepared to face such situations. Criticism should be handled by the leader keeping in view the role he/she has without being personal.
- ❑ **Dictatorship:** A personal pitfall in leadership may also arise if leaders become dictatorial in their approach rather than being collaborative. Such leaders may tend to keep their personal objectives above those of the followers and lay unrealistic targets for them. A leader should collaborate with one and all to yield the outcomes of an initiative.
- ❑ **Role Confusion:** A leader's role is to serve others and work for their welfare. However, in their passion to accomplish a task, leaders often ignore the other individuals associated with him/her. For example, a manager who neglects his employees' work capacities in his passion to be the top performer is a leader who confuses passion with purpose.
- ❑ **Organisational Pitfalls:** Sometimes, leaders do not understand the culture of the organisation he/she is associated with, thereby not realising the goals and objectives of the organisation. The rules and principles driving an organisation should be well versed by a leader to understand the ramifications of not abiding by them. A leader who misses to comprehend the cultural clues may face obstructions in leading the organisation towards a new direction. For example, an organisation that focusses on Corporate Social Responsibility (CSR) hires a new manager who tends to ignore CSR

in his decisions. Such a manager may not be able to lead employees in the long run.

Another common organisational pitfall is experiencing changes in leadership. It can be challenging when an organisation's founding leader changes. People in the organisation are committed to the previous leader and may resist the new leader. The new leader should view this as a developmental process and attempt to win the trust of the people. Consider an organisation whose CEO has been replaced with a new one. Employees may not be inclined towards the new CEO owing to their faith and liking for the former CEO.

- ❑ **Environmental Pitfalls:** Organisations and their external environment change constantly. These changes can be legislative, social and political, economic, etc. Organisations need to respond to these changes by adopting new policies and plans. New services or products may need to be developed to overcome competition. Budget restructuring, merging of departments, etc. are a few examples of organisational response to external influences. Depending on the external influence, a leader needs to bring about changes in his/her strategies and work procedures. It can be challenging to keep employees motivated during times of crisis or change. A leader should set an example by leading the team through the change and inspire others to follow suit.



#### SELF ASSESSMENT QUESTIONS

8. Pitfalls in leadership can be categorised into \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_.



#### ACTIVITY

Discuss in groups how environmental pitfalls affect the strategies and work procedures of a leader. List five such probabilities.

## 7.5 EMOTIONAL INTELLIGENCE

Emotional intelligence is also called Emotional Quotient (EQ). Emotions are organised responses that typically arise in response to an event, internal or external, which bears a positive or negative meaning for an individual. Intelligence can be defined as the ability of an individual to act purposefully, think rationally, and cope effectively with changes around him/her.

Emotional intelligence is an individual's ability to identify, understand, and manage emotions to relieve stress; communicate and empathise with other individuals; and overcome challenges and conflict. Emotional intelligence affects several aspects of an individual's daily life

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such as the way he/she behaves and interacts with other individuals. It is the capacity of an individual to identify and manage the emotions of others, apart from managing his/her own emotions. Emotional intelligence has four main aspects, which are shown in Figure 7.4:

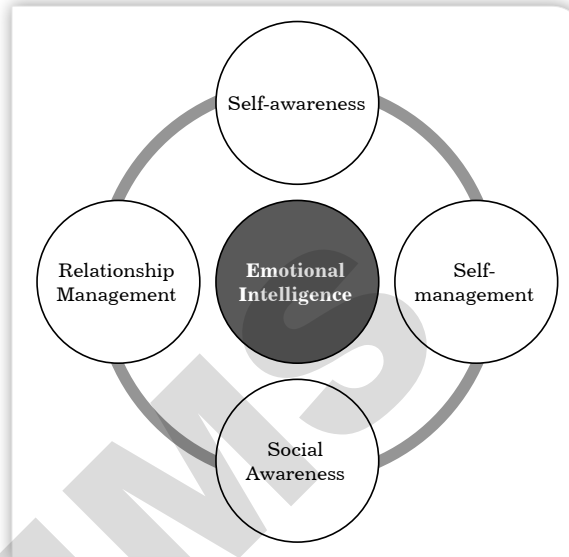


Figure 7.4: Four Aspects of Emotional Intelligence

Let us discuss these aspects of emotional intelligence further:

- ❑ **Self-awareness:** It is the ability of individuals to recognise their emotions and the way they affect their thoughts and behaviour. It also includes the ability of individuals to identify their strengths and weaknesses and develop self-confidence.
- ❑ **Self-management:** It is the ability of individuals to control impulsive feelings and behaviours, manage emotions, take initiatives, adhere to commitments, and adapt to changing situations.
- ❑ **Social Awareness:** It is the ability of individuals to understand the emotions, needs, and apprehensions of other individuals. It also includes the ability to be socially acceptable and recognise the dynamics of a group or organisation.
- ❑ **Relationship Management:** It is the ability of individuals to develop and maintain good relationships with others and to communicate and inspire others in a team to work in collaboration, thereby, avoiding conflicts.

### EMOTIONAL INTELLIGENCE AT WORKPLACE

Consider the following work situations:

- ❑ Working with an employee who steals a colleague's ideas and presents them as his/her own
- ❑ Working with a rude co-worker

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- ❑ A poor work review
- ❑ Co-workers who share a racist joke or a sexually explicit joke

Such situations can be emotionally stressful. To deal with such instances, individuals require high emotional intelligence. Emotional intelligence helps individuals understand the social complexities of the workplace. Nowadays, several organisations conduct emotional intelligence tests for candidates before hiring them. Emotional intelligence gives leaders a competitive edge over others. Even in well-known organisational set-ups, the most valued and productive leaders are those who have strong traits of emotional intelligence.

The concept of emotional intelligence was first introduced by Peter Salovey and John Mayer in 1990. However, Daniel Goleman was the first to highlight the importance of emotional intelligence in the workplace through his book, 'Emotional Intelligence', in 1995. Goleman concluded that although qualities, such as intelligence, determination, and vision, are required in a leader, they may not be sufficient for effective leadership. Effective leaders are distinguished by appreciable degrees of emotional intelligence, which includes qualities such as self-awareness, self-regulation, motivation, empathy, and social skills. Emotional intelligence in leadership gives birth to resonant leadership. Resonant leaders possess higher degrees of emotional intelligence and the ability to connect with their followers. They empathise with employees struggling with a personal crisis. Resonant leaders attempt to create harmony in a group and motivate employees in unfavourable situations.



## SELF ASSESSMENT QUESTIONS

9. Who introduced the concept of emotional intelligence?
10. Match the following:
 

1. Self-awareness	a. Ability to understand emotions
2. Self-management	b. Ability to develop and maintain relationships
3. Social awareness	c. Ability to control impulsive feelings
4. Relationship management	d. Ability to recognise one's emotions
11. \_\_\_\_\_ possesses higher degrees of emotional intelligence and the ability to connect with their followers.



## ACTIVITY

Consider an individual, who, you think, has excellent interpersonal relationships. Identify the attitudes, values, skills, and knowledge that contribute to his/her high emotional intelligence.

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## 7.6 STYLES OF LEADERSHIP AND THEIR IMPACT ON EMPLOYEES

*“Leadership style is defined as the pattern of behaviours that leaders display during their work with and through others”.*

### -Hersey and Blanchard, 1993

A leadership style includes the techniques and methods used by leaders to motivate other individuals to follow their instructions. There are basically three factors that influence the kind of leadership an individual follows:

- ❑ Characteristics of the leader
- ❑ Characteristics of the subordinates
- ❑ Characteristics of the organisational environment

Moreover, the personal background of leaders and employees both affects the style of leadership followed. These factors include personality, knowledge, values, and experiences and learning, which shape an individual's feelings. For example, employees who are knowledgeable and experienced may perform well under a democratic leadership style, whereas employees with lesser experience and expectations may require an autocratic leadership style.

Leadership has a direct impact upon employees and organisational success. Leaders determine the organisational values, culture, and work ethics, which reflect the work style, behaviour, and motivation of the employees. A broad classification of leadership styles has been shown in Figure 7.5:

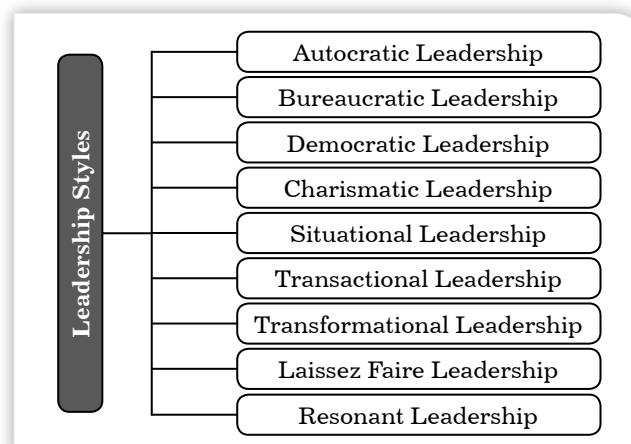


Figure 7.5: Types of Leadership Styles

Let us discuss the different leadership styles and their impact on employees:

- ❑ **Autocratic Leadership:** This leadership style is also referred to as authoritarian leadership. Autocratic leaders make decisions

with little or no involvement of employees. Leaders who follow the autocratic style are extremely confident of their decision-making abilities, organising abilities, and capacity to formulate strategies and plans. Although this leadership style works well when decisions need to be taken promptly, autocratic leaders are generally less creative as compared to other leaders. Employees may feel disassociated with the leader and his/her decisions in this style of leadership. There is a lack of shared vision and motivation among employees. Autocratic leadership eliminates commitment, creativity, and innovation on the part of employees.

Steve Jobs, co-founder and former CEO of Apple Inc., is an example of this leadership style. Jobs was expelled from Apple after a power struggle with the-then top management. Later, he was asked to join back, and today, Jobs is the best example of how total control and innovation can transform an organisation.

- ❑ **Bureaucratic Leadership:** Leaders following this style rely on a stated policy to meet organisational goals. Bureaucratic leaders believe that policy dictates direction. They are strongly committed to procedures and processes instead of employees' needs and objectives. The disadvantage of this style of leadership is that the most important characteristics of leadership, such as motivation and development of employees, are generally ignored. Policies are not always adequate to motivate and seek commitment from people. Bureaucratic leaders often do not empathise with people and lack creativity and innovation at work, which often results in resistance or disinterest from employees. Joseph Stalin, the leader of the erstwhile USSR, is one of the many bureaucratic leaders in history. He helped to transform communism in the USSR from an egalitarian, revolutionary movement into an authoritarian, bureaucratic governmental system.
- ❑ **Democratic Leadership:** This style of leadership is also referred to as participative style of leadership. Contrary to autocratic leadership, the democratic leadership style emphasises that leaders offer guidance to people and accept inputs from individuals to make decisions. Democratic leaders reserve the right to make the final decision, but they encourage feedback, ideas, and suggestions from all employees. Democratic leaders usually have more satisfied followers. However, this leadership style has certain limitations, for example, increased chances of poor decision-making and implementation, slow processing of strategies, and greater efforts to bring out workable results. One of the best examples of a democratic leader is Dwight D. Eisenhower, the 34th President of the US, who was also a military leader. He was faced with the difficult task of convincing the Alliance forces to agree on a common strategy. Eisenhower worked hard to motivate everyone to work together to achieve a common understanding.

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- ❑ **Charismatic Leadership:** Leaders following charismatic style of leadership have a vision and personality that motivate people to execute the vision. Charismatic leadership offers opportunities for creativity and innovation, because it is highly motivational. Employees tend to follow such leaders and are usually content with their roles and tasks in the achievement of organisational objectives. However, there is a significant issue with charismatic leadership. If the leader leaves, a replacement is hard to find, because charismatic leadership is based upon an individual's strong personality. In the absence of such a leader, employees may feel demotivated, disoriented, and without direction. One of the most charismatic leaders in history is John F. Kennedy, the 35th President of the US, who hailed from a powerful family and was blessed with pleasant looks, which added to his personal charisma.
- ❑ **Situational Leadership:** The situational leadership theory states that there is no ideal style of leadership to suit every situation. Accordingly, an effective leader constantly adapts to different styles of leadership for different situations or outcomes. Experienced and seasoned leaders, who are aware of organisational and employee needs, tend to adopt the situational leadership style. Employees are content, because there is freedom to choose the best strategy for every situation, which offers scope for innovation, development, and learning. Situational leadership provides leaders with the opportunity to test and develop different styles for various situations, resulting in learning and experience for both leaders and employees. An example of situational leadership is George Bush, the 43rd President of the US, who responded and took decisions after the suicide bomb attacks at the World Trade Center, Washington D.C. on September 11, 2001 (9-11 Tragedy).
- ❑ **Transactional Leadership:** This style of leadership is also referred to as managerial leadership. Leaders following this style tend to adopt a system of rewards and punishments for employees. For example, when employees are successful, they are rewarded, and when employees fail, they are reprimanded or punished. Rules, policies, procedures, and standards are strictly followed in transactional leadership. An example of transactional leadership is Indra Nooyi, CEO of PepsiCo Inc. She quoted, *"You give a team of people a set of objectives and goals and get them all to buy into it, and they can move mountains"*. Nooyi topped the Fortune's 2009 list of Most Powerful Women in Business. However, employees may not feel content in this style of leadership, because they are not encouraged to be creative or to find new solutions to problems. Moreover, employees may feel less motivated to work towards a goal, if the rewards and compensation do not appeal to them.
- ❑ **Transformational Leadership:** Leaders following the transformational leadership style attempt to transform their followers. These leaders are usually energetic, enthusiastic, and passionate towards employees. Transformational leaders represent the most



valuable form of leadership, because employees are offered fair opportunities to change, transform, and develop themselves as contributors. Structurally, this style results in the best leadership outcome, because transformational leaders develop people. Such a leadership style is most suitable for modern organisations, facing constant external changes that demand creative problem solving and employee commitment. Mahatma Gandhi was a transformational leader, who led by example and empowered his followers to gain Indian independence, following the principle of non-violence.

- ❑ **Laissez Faire Leadership:** Leaders following this style believe that people excel when they are left alone to respond to their responsibilities and obligations on their own. Therefore, Laissez faire leaders extend the least possible guidance to employees and attempt to control them through less obvious means. The laissez faire leadership style is suitable for organisations where employees are highly skilled and motivated to work on their own. This leadership style offers enough opportunity to employees to develop their problem-solving skills and exhibit their creativity. Warren Buffett, the CEO of Berkshire Hathaway, employs the laissez faire leadership style, allowing his managers full autonomy. However, in situations where employees are unable to accomplish tasks without guidance, laissez faire leadership may lead to delays in work and disoriented employees.
- ❑ **Resonant Leadership:** When leaders fail to empathise with the emotions of group; they create collective distress. The group members may feel off-balance and thus perform poorly, which may further affect the achievement of organisational mission. Thus, it is important for a leader to accommodate with the feelings of the people and spread positive emotional direction.

Resonance is a drive that encourages people to achieve higher productivity, creativity, accord and results. Leaders with resonant leadership quality show high level of emotional intelligence and possess the skills of self-awareness, emotional intelligence and empathy for others. Such leaders have a tremendous ability to connect with their followers and their challenges. These leaders have better ability to create harmony in a team and motivate employees to follow direction, even in a stressful working-environment. Basically, resonant leaders apply emotional and social intelligence skills to create positive relationships and engage others to achieve a common goal.

Late Akio Morita, former Chairman and CEO of Sony Corp., can be cited as an excellent example of resonant leader. Morita played an important role in establishing, nurturing and growing Sony Corp. through his outstanding leadership qualities. He was said to be a leader of exceptional energy level and an appealing personality. He was a visionary leader and used to share his vision with all his employees. This helped in developing family feeling among

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the employees. It was because of the Morita's work style that the employees of Sony always worked in harmony and felt pride in contributing their talent to the achievement of Morita's vision.



## NOTE

Dr Paul Hersey, author of 'The Situational Leader', and Ken Blanchard, author of 'One-Minute Manager', proposed the Hersey-Blanchard situational leadership theory, which states that successful leaders should change their leadership styles according to the maturity of the individuals they lead and the situational aspects.



## SELF ASSESSMENT QUESTIONS

12. Experienced and seasoned leaders, who are aware of organisational and employee needs, tend to adopt which of the following leadership styles?
  - a. Situational
  - b. Transactional
  - c. Transformational
  - d. Charismatic
13. Bureaucratic leaders often do not empathise with people and lack creativity and innovation at work, which often results in resistance or disinterest from employees. (True/False)
14. Leaders following the \_\_\_\_\_ leadership style extend the least possible guidance to employees and attempt to control them through less obvious means.



## ACTIVITY

Through the Internet, find out the type of leadership that is prevalent in one of the following industries:

- ☐ Advertising
- ☐ Manufacturing
- ☐ Software

## 7.7 SUMMARY

- ☐ Leadership is the ability of an individual to persuade other individuals to behave in a particular way, willingly.
- ☐ Leaders are futuristic, have strong communication skills, confidence, an ability to manage others, and a willingness to embrace changes.

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- ❑ Leaders should possess certain people skills for efficient leadership such as assertive skills, communication skills, motivation skills, and adaptive skills.
- ❑ Leadership is important to organisational development, because leadership provides a clear vision, leads to effective planning, inspires and motivates individuals, builds employee morale, encourages new ideas, improves employee-organisation relationship, and helps in management of crisis.
- ❑ The main differences between leaders and managers are that managers influence while leaders inspire, managers create circles of power while leaders create circles of influence, and managers work to achieve a given objective, while leaders create targets for the future.
- ❑ The three main leadership theories are trait theories, behavioural theories, and contingency theories.
- ❑ Pitfalls in leadership involve personal pitfalls, organisational pitfalls, and environmental pitfalls.
- ❑ Emotional intelligence is an individual's ability to identify, understand, and manage emotions to relieve stress, communicate, and empathise with other individuals, overcome challenges and conflict.
- ❑ The four aspects of emotional intelligence are self-awareness, self-management, social awareness, and relationship management.
- ❑ The three factors that influence the kind of leadership are characteristics of the leader, characteristics of the subordinates, and characteristics of the organisational environment.
- ❑ Leadership style can be categorised into autocratic leadership, bureaucratic leadership, democratic leadership, charismatic leadership, situational leadership, transactional leadership, transformational leadership, and laissez faire leadership.



## KEY WORDS

- ❑ **Corporate Social Responsibility (CSR):** It is an organisation's sense of responsibility towards the community and environment.
- ❑ **Emotional Quotient:** It is an individual's ability to sense, understand, and apply his/her wisdom of emotions to facilitate high levels of collaboration and productivity.
- ❑ **Interpersonal Relations:** It is the association between two or more people ranging from brief to long periods of time.
- ❑ **Laissez Faire:** It is the policy of letting events to take their own course without much intervention.

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- ❑ **Least Preferred Co-worker (LPC) Scale:** It is a scale used by managers to rate the least preferred co-worker in the organisation.
- ❑ **Resonance Leadership:** It is the leadership style followed by leaders who possess higher degrees of emotional intelligence.

## 7.8 DESCRIPTIVE QUESTIONS

1. Identify the differences between managers and leaders.
2. Explain the concept of leadership based on trait theories.
3. Discuss the contingency leadership theories in detail.
4. Discuss the pitfalls in leadership.
5. Explain the concept of emotional intelligence. Explain its significance in the workplace.
6. Discuss the styles of leadership and how they impact employees.

## 7.9 ANSWERS AND HINTS

### ANSWERS FOR SELF ASSESSMENT QUESTIONS

Topic	Q.No.	Answers
Definition of Leadership	1.	1(a), 2(b), 3(c), 4(d)
	2.	False
Leadership Theories	3.	True
	4.	True
	5.	Least Preferred Co-worker scale
	6.	a. Trait theories
(LPC)	6.	Task-oriented leaders
	7.	False
	8.	Personal, organisational and environmental
Pitfalls in Leadership	8.	Personal, organisational and environmental
Emotional Intelligence	9.	Peter Salovey and John Mayer
	10.	1(d), 2(c), 3(a), 4(b)
	11.	Resonant leaders
Styles of Leadership and their Impact on Employees	13.	Peter Salovey and John Mayer
	12.	Situational
	13.	True
	14.	Laissez faire leadership

**HINTS FOR DESCRIPTIVE QUESTIONS**

1. The main differences between leaders and managers are that managers influence while leaders inspire, managers create circles of power while leaders create circles of influence, and managers work to achieve a given objective while leaders create targets for the future. Refer to Section **7.2 Definition of Leadership**.
2. According to the trait theories, leaders have common personalities or behavioural characteristics. Refer to Section **7.3 Leadership Theories**.
3. The contingency theory states that leadership effectiveness is a function of two variables: the tasks or interpersonal relationships that motivate a leader and the situation he/she has to deal with. Refer to Section **7.3 Leadership Theories**.
4. Pitfalls in leadership involve personal pitfalls, organisational pitfalls, and environmental pitfalls. Refer to Section **7.4 Pitfalls in Leadership**.
5. Emotional intelligence is an individual's ability to identify, understand, and manage emotions to relieve stress, communicate and empathise with other individuals, and overcome challenges and conflict. Emotional intelligence helps individuals understand the social complexities of the workplace. Refer to Section **7.5 Emotional Intelligence**.
6. Leadership style can be categorised into autocratic leadership, bureaucratic leadership, democratic leadership, charismatic leadership, situational leadership, transactional leadership, transformational leadership, and laissez faire leadership. Refer to Section **7.6 Styles of Leadership and Their Impact on Employees**.

**7.10 SUGGESTED READINGS & REFERENCES****SUGGESTED READINGS**

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# 8

## CHAPTER

### GROUPS AND TEAMS

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NMIMS



**INTRODUCTORY CASELET****N O T E S****MANAGING THE TEAM PROBLEMS**

Mr. Rajat is working as a team leader in a leading Business Process Outsourcing (BPO). He is hardworking and dedicated and efficient in his work. However, Rajat observed that from the past two months, his team's productivity has shown a steep decline. In addition, his team received warnings from the compliance team for infringing various quality issues pertaining to work. Rajat checked with his team and found that most of the team members had little interest in working in a BPO. In addition, the team had some internal conflicts and coordination issues amongst members.

Rajat, realising the gravity of the situation started taking steps to resolve the issues. First he interacted individually with each team member enquiring about their work and non-work related problems. He tried to motivate them by explaining the benefits in terms of money, promotion they can achieve in that company and a career they can carve in a BPO industry. Then he kept a track on the performance of his team members. The members who showed interest in their work were rewarded. On the other hand, the team members who were still not interested to work were asked to leave the organisation.

Further Rajat, tried to resolve the conflicts among the team members by communicating with them and identifying the root cause of the problem. Beside this, he also conducted team activities and games on a weekly basis in order to build a healthy relationship among the team members.

Within a period of two months, the performance of the team improved and they also received positive feedback from the quality team.

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## LEARNING OBJECTIVES

After completing this chapter, you will be able to:

- Explain the concept of group dynamics
- Identify the different types of groups
- Explain the different group processes
- Describe the formation of groups
- Discuss the theories of group formation
- Explain the concept of teams

## 8.1 INTRODUCTION

The word 'group' or a 'team' is often used for one another. Is there a difference between the two? Consider this example. What would you call a bunch of people gathered together in the evening kicking a football in a parking lot? It can be called a group, as there is no format or structure to the activity; it is just some people behaving in an unorganised, uncoordinated manner. This bunch of people might be together for a simple reason that they are friends and like spending time together after office hours.

However, taking the same bunch of individuals and turning them into a football team would be a challenging task. Once they are made into a team, then their tasks would have to be clearly defined, and as a team they will have a well-defined objective, for instance, winning 5 out of 7 matches. This team will have to perform in an organised and coordinated manner and will have to be trained for achieving the team objectives. Thus, a team is a group of individuals, which are united towards achieving a common goal.

In simple words, a group refers to a collection of two or more individuals who come together to accomplish their common objectives. For example, in an organisation, people eating lunch together form a group to fulfill their social need of interaction. On the other hand, a team refers to a set of two or more individuals who come together to realise their pre-determined goals. For example, in an organisation, people belonging to a particular department form a team, such as all the members of the quality department form a quality assurance team. The success and failure of an organisation depends on how effectively it manages its groups and teams to optimise the output.

The formation of groups and teams plays an important role in the decision-making process of an organisation. It helps in maintaining co-ordination among various activities of an organisation and carry-

ing out day-to-day operations. In addition, group behaviour and team culture influence the overall environment of an organisation.

This chapter begins with defining group dynamics. Further, the chapter explains different types of groups. Further ahead, the chapter discusses group processes and the formation of groups. In addition, different theories of group formation have been explained in the chapter. Towards the end, the concept of the team has been explained in the chapter.

## 8.2 GROUP DYNAMICS

In general, a group is described as a gathering of people at a particular place and time. For example, people travelling in a bus or employees gathered in a training programme organised by the organisation will be considered as a group. However, in organisational settings, the definition of a group is quite different.

Organisational behaviour, defines a group as the collection of two or more independent individuals interacting with each other to achieve a common goal. For example, heads of different departments of an organisation gathered in a meeting with the CEO to identify the causes of the problem faced by the organisation.

Group dynamics is a social process by which people interact face-to-face in small groups. It describes how a group should be organised and operated. The features of group dynamics are as follows:

- ❑ It outlines the interaction model within the group.
- ❑ It estimates the pressure of other groups.
- ❑ It estimates the pressure exerted by members of the group.
- ❑ It facilitates decision-making process of the group.
- ❑ It measures and increases satisfaction level of group members.

Group dynamics affects the productivity and performance of group members. Thus, the importance of understanding group dynamics is as follows:

- ❑ It enables managers to manage the groups effectively and promotes effective working of the organisation.
- ❑ It helps managers to harness the synergy of the group for any contingent business need.
- ❑ It prepares the groups for better future performance.

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## DEFINITION

According to **D. H. Smith**, “a group is the largest set of two or more individuals who are jointly characterised by a network of relevant communications and shared sense of collective identity and one or more shared dispositions with associated normative strength.”

According to **Edgar H. Schien**, “a group may be defined as a social phenomenon in which two or more persons decide to interact with one another, share common ideology and perceive themselves as a group.”

### 8.2.1 FEATURES OF GROUPS

Have you ever noticed, that employees going on a vacation trip organised by their organisation are considered as a group and not a team even when they belong to the same organisation.

A number of people gathered together or working together will only be considered as a group. However, this bunch of people must have the features of a group.

Some of the features of a group are as follows:

- ❑ Groups’ emphasise on the development and accomplishment of common goals of the group members rather than individual goals.
- ❑ In groups, full participation of all the members is expected.
- ❑ Groups mainly focus on behavioural changes instead of personality changes.
- ❑ Groups’ emphasise on the impact of behaviours, rather than their intent.
- ❑ Groups help in determining the reasons for less participation by the members in a group activity.
- ❑ Groups facilitate the efforts of people to establish reasonable boundaries with colleagues.
- ❑ In groups, power or authority is not used for resolving the problems.
- ❑ In groups, all the members feel vulnerable despite of their positions in the organisation.

### 8.2.2 IMPORTANCE OF GROUPS

Groups are important for an organisation as they provide an opportunity for the employees to interact freely with other employees having similar goals.

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In addition, groups help the organisation in the following ways:

- ❑ **Groups provide a sense of becomingness among the employees:** Employees feel satisfied if they get a common platform where they can share their views, ideas, and feelings. Thus, they feel comfortable in their group as it satisfies their urge of becomingness as well as the need for affiliation.
- ❑ **Groups act as a source of warmth and support for the employees:** It means that no individual can live in isolation and it has been observed that individuals perform better in a group. According to **Elton Mayo**, “employees who are isolated from each other because of plant layout find their jobs less satisfying than those group members who are able to socialise on the job.”
- ❑ **Groups provide a power/authority to the group members:** Power is the result of authority provided to group members. On the other hand, group itself can be so powerful that its association provides power to its members.
- ❑ **Groups provide security to the employees:** An individual feels secure after being a part of a group.
- ❑ **Groups offer recognition and status to the employees:** If individuals enjoy high status within the group, they get respect and recognition from their group members. In addition, if a group enjoys superior status in the society, it provides social status, recognition, and appreciation to its members.



## SELF ASSESSMENT QUESTIONS

1. People watching a movie in a PVR will be considered as a group. (True/False)
2. Which of the following is not an advantage of a group for an organisation?
  - a. Group provides a sense of becomingness to the employees.
  - b. Group helps in increasing the productivity of employees.
  - c. Group helps in getting a competitive advantage over competitors.
  - d. Group helps in developing feeling of security among the employees.
3. Groups focus on personality changes instead of behavioural changes. (True/False)



## ACTIVITY

Identify the groups in your class and social circle. Present your findings in a short note, providing reasons why you consider them a group.

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### 8.3 TYPES OF GROUPS

Various types of group exist within an organisation depending upon their nature and purpose. Some of the groups found most commonly in the organisations are depicted in Figure 8.1:

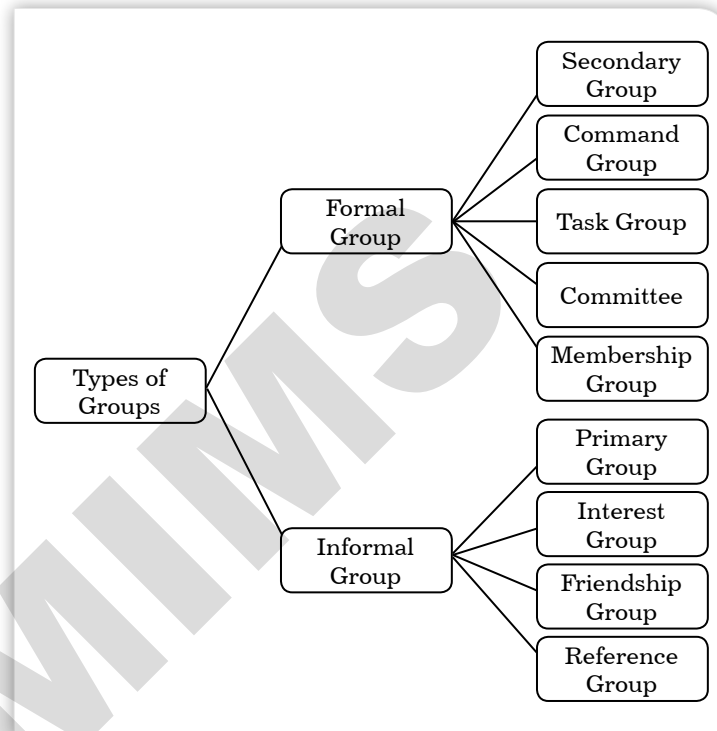


Figure 8.1: Different Types of Group

Formal and informal groups are discussed in the next sections.

#### 8.3.1 FORMAL GROUPS

Formal groups are the groups formed by the organisation for accomplishing a particular task. For example, a group is formed for organising an event on a particular occasion in the organisation. Formal groups can be further categorised as follows:

- ❑ **Secondary Group:** It is a formal, general, and remote group. The members of this group do not form personal associations. They are more concerned with formal communication and relationship. The members of these groups may not necessarily have a face-to-face interaction with each other.
- ❑ **Command Group:** It is a group where subordinates directly report to one superior only. The organisational chart provides detail about the reporting relationships that exist in an organisation. For example, departmental heads are clearly mentioned in the chart, making it easy for a subordinate to know about his/her reporting

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head. The size of the command group increases with increase in the span of control of departmental heads.

- ❑ **Task group:** It is a group of employees who work together to complete a particular task, project, or job. In a task group, employees work in coordination with each other to get the work done.
- ❑ **Committee:** It is a group of individuals working together to solve certain problems. This group explores, analyses, and discusses various problems to find their solutions.

Different types of models are used for communicating in formal groups. Some of these models are discussed as follows:

- ❑ **Chain Model:** In this model, the hierarchy of an organisation needs to be followed for communication. The chain model is followed in traditional or bureaucratic organisations. Figure 8.2 shows the chain model:

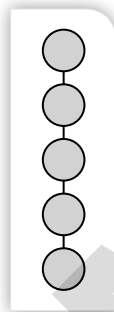


Figure 8.2: Chain Model

- ❑ **Wheel Model:** It is a model wherein group members report to a single superior. In this model the team members are not allowed to communicate amongst themselves; all communication is done by the superior. In such a model coordination amongst the group members becomes a challenging task. Figure 8.3 shows the wheel model:

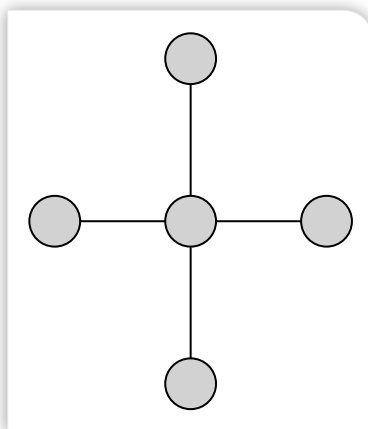


Figure 8.3: Wheel Model

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- ❑ **Circular Model:** In this model, information flows from one group member to another. In the circular model, generally the communication among the group takes a lot of time. Figure 8.4 shows the circular model:

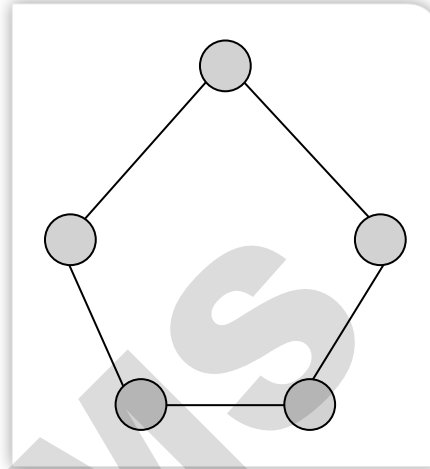


Figure 8.4: Circular Model

- ❑ **Free Flow Model:** It is a model in which each group member is free to communicate with other members. The free flow model facilitates faster communication; however, coordination amongst the group may be a problem in this type of model. Figure 8.5 shows the free flow model:

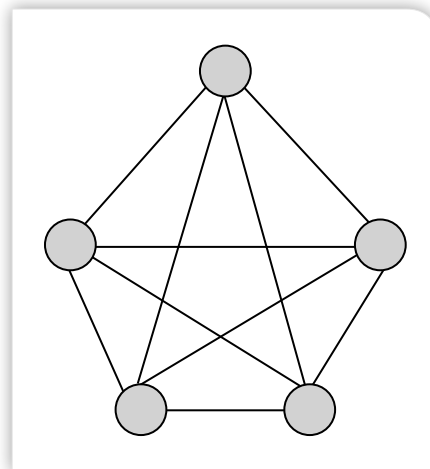


Figure 8.5: Free Flow Model

- ❑ **Inverted V Model:** It is a model that facilitates the communication of a group member, not only with his/ her own superior, but also with his/her superior's superior. In the inverted V model, communication takes place at a much faster pace among group members. Figure 8.6 shows the inverted V model:



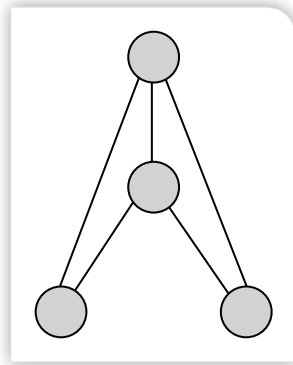


Figure 8.6: Inverted V Model

### 8.3.2 INFORMAL GROUPS

Informal groups are the groups that people form to satisfy their social needs. People belonging to informal group have a common interest. Informal groups are classified as follows:

- ❑ **Primary Group:** It is a group wherein intimate interaction, informal communication, and cooperation among members take place. For example, a group of friends is a primary group.
- ❑ **Interest Group:** It consists of members who have some common interests, such as sports, social awareness and politics.
- ❑ **Friendship Group:** It is a group of individuals who share some common characteristics, such as age or religion.
- ❑ **Reference Group:** It is a more influential group that shapes the behaviour of its members; therefore, it has great significance in the study of organisational behaviour. It is a group with which the individual identifies or draws a feeling of becomingness.

The communication models followed in the informal groups are discussed as follows:

- ❑ **Single Strand Model:** It is an informal group model in which one individual communicates with another individual through other individuals. Figure 8.7 shows single strand model:

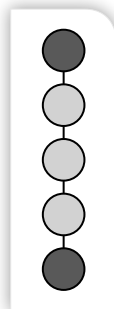


Figure 8.7: Single Strand Model

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- ❑ **Gossip Model:** In a gossip model a person transfers a piece of information about a person to as many people as possible.

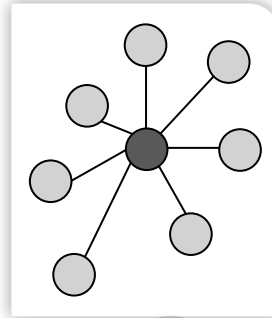


Figure 8.8: Gossip Model

- ❑ **Probability Model:** In this model, an individual communicates with others in a random manner. Figure 8.9 shows probability model:

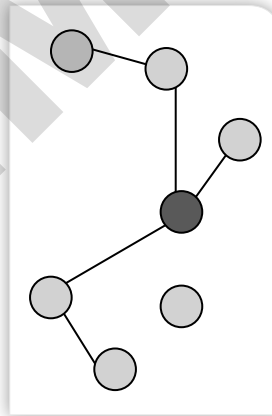


Figure 8.9: Probability Model

- ❑ **Cluster Model:** It is a model wherein the individuals communicate only with the individuals, who are trustworthy according to them. Figure 8.10 shows cluster model:

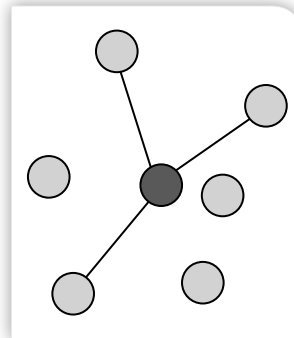


Figure 8.10: Cluster Model

**SELF ASSESSMENT QUESTIONS**

4. Which of the following is not a type of formal group?
  - a. Primary Group
  - b. Secondary Group
  - c. Task Group
  - d. Committee
5. Name the model wherein an individual communicates with others in a random manner.
6. Name the model that facilitates the communication of a group member, not only with his/ her own superior, but also with his/ her superior's superior.

**ACTIVITY**

Using the Internet, identify different types of formal groups found in a manufacturing organisation. Present your findings in a short note.

## 8.4 UNDERSTANDING GROUP PROCESSES

In every group, there are certain inherent processes, which are called group processes. After the formation of a group, it is assumed that stable relationships, bonds of intimacy, appropriate behaviours for individual members have been established. This results in a definite structure of the group along with some important processes, which characterise the dynamics within groups. Some of the important dynamics of the group are as follows:

- **Roles:** It is the positions assigned to different members of a group. There are various other dimensions of roles, which are discussed as follows:
  - ◆ **Identity:** It is the different attitudes or behaviours that are specific to a role. The identity of an individual may change according to the role. For example, a peon would have an attitude change, when he/she is promoted to a clerical level in a government organisation.
  - ◆ **Expectation:** It is the level of achievement that an individual aspires to reach to fulfill his/her roles and responsibilities. For example, creative head in an organisation needs to have an artistic bend of mind, to fulfill his/her responsibilities effectively.
  - ◆ **Perception:** It is the pre-assumed way of thoughts of an individual about how he/she should react in a particular situation. An individual's perception might be different from the actual roles and responsibilities that he/she has to perform.

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- ◆ **Conflict:** It represents the difference in perceived and actual role. An individual has preconceived notions about his/her role in the organisation, which may not be in synchronisation with his/her actual roles and responsibilities. In such a situation, the conflict of role occurs in the group.
- ◆ **Ambiguity:** It is the confusion between the perceived role and actual role of any member of the group.
- **Norms:** These are the acceptable standards or expectations shared by group members. The norms may differ from one group to another.
- **Status:** It indicates a prestige grading, position, or rank of members within a group. It refers to the respect and recognition that is associated with a group.
- **Free Rider Tendency:** It is a group phenomenon in which individual members reduce their individual efforts and contributions as the group expands.
- **Group Cohesiveness:** It is the degree to which group members feel connected to one another and be a part of the group as a whole.



## SELF ASSESSMENT QUESTIONS

7. Identity of an individual may change according to the \_\_\_\_\_.
8. The degree to which group members feel connected to one another and be a part of the group as a whole is called \_\_\_\_\_.



## ACTIVITY

Ask your parents/relatives/friends about the social groups they are attached with and identify their roles within these groups. Present your findings in a short note.

## 8.5 FORMATION OF GROUPS

You might imagine that forming a group is as simple as asking some friends to meet and complete a task. However, when people work in a group task, the relationship of each member of a group has to be professional. Although, it takes time for a group of people to work in a coordinated, professional manner to complete a common task effectively. Thus, before a group reaches a stage where it can function effectively, it has to go through various stages of development.

These stages of development are depicted in Figure 8.11:

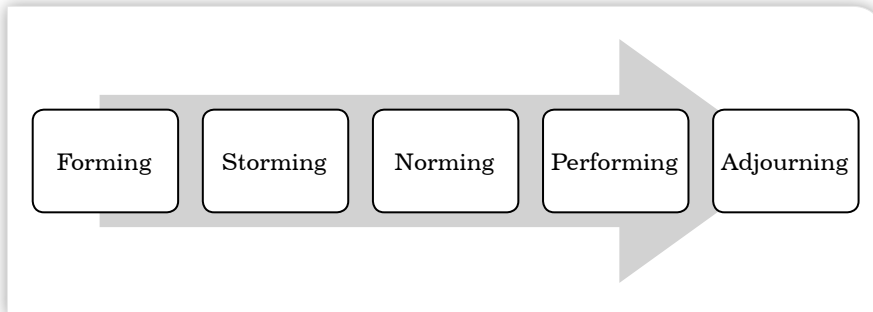


Figure 8.11: Stages of Group Development

The stages of group development are explained as follows:

1. **Forming:** In this stage, the group members are introduced to each other. It is the initial stage where group members behave very cautiously and try to understand each other.
2. **Storming:** It is a stage wherein group members start interacting and enquiring about each other. The feelings, such as disagreements, resentment, and anxiety, develop as members start interacting with each other. In this stage, power struggle can also occur wherein the members decide the informal leader of the group. This stage is also known as the confrontation stage.
3. **Norming:** In this stage, all the disagreements are worked out within the group. The group members set norms, try to attain cohesiveness, and understand their goals.
4. **Performing:** It is the stage wherein group members' performance is at the maximum and they trust each other completely. In this stage, the performance of group members are evaluated as well as communicated to them.
5. **Adjourning:** It is the final stage of group development in which the group dissolves after accomplishing desired goals.



#### SELF ASSESSMENT QUESTIONS

9. Identifying is one of the stages in the group formation process. (True/False)
10. What is the name of the final stage of a group formation process?



#### ACTIVITY

Using the Internet, identify how groups are formed on a facebook, Twitter, and LinkedIn account. Also, determine the similarities and differences in the group formation process.

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## 8.6 THEORIES OF GROUP FORMATION

The functioning of a group depends on its member's ability to exchange ideas and communicate effectively. Also individual roles and responsibilities of members are established for an effective functioning of a group. Thus, management of the organisation needs to have a theoretical understanding of how a group functions and what are the reasons for the formation of groups. Various theories have developed that explain the formation of these groups.

Some of these theories are shown in Figure 8.12:

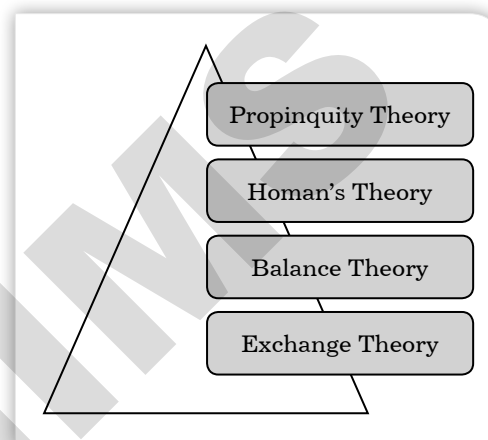


Figure 8.12: Theories for Formation of Groups

Let us discuss these theories for the formation of groups in the following sections.

### 8.6.1 PROPINQUITY THEORY

The word propinquity is derived from the Latin word *propinquitias*, which means nearness. Thus, propinquity theory states that people who are affiliated to each other either due to spatial or geographical proximity form informal groups. For example, workers tend to form groups with the people who are working on the same process or same areas of a plant or office rather than with the people who are working at a distant place in the plant or office.

However, propinquity theory has ignored the factors that lead to the formation of groups, which are much complex factors than nearness. Nearness can only be the facilitating factor to form a group and not the reason for its formation.

### 8.6.2 HOMAN'S THEORY

Homan's theory is based on three main principles, namely activities, interactions, and sentiments. According to Homan, the more activities

an individual share with one another in a group, interaction among them increases. This enables these individuals to perform the shared activities of a group, together and effectively. Consequently, individuals develop sentiments for each other, which help them to further perform the group activities more effectively, thereby achieving the group goals and objectives easily.

Thus, the key element in the formation of group is interaction that helps in developing common sentiments for one another. This is one of the basic ideas for forming the informal groups. Interaction among the group members not only helps in achieving the objectives of the group but also helps in solving problems, reduce tension, and facilitate coordination among the members.

### 8.6.3 BALANCE THEORY

**Theodore M. Newcomb** has proposed the Balance theory. According to him, *“Persons are attracted towards one another on the basis of similar attitudes towards commonly relevant objects and goals. Once a relationship is formed, it strives to maintain a symmetrical balance between the attraction and the common attitudes. If an imbalance occurs, attempts are made to restore the balance, if the balance cannot be restored, the relationship dissolves.”*

This theory states that similarity in attitudes of individual towards objects and goals is the basis for the formation of groups.

In Balance theory, both propinquity theory and Homan's theory plays an important role. This is because propinquity or nearness and interaction play a significant role in maintaining a balance in the relationship of the group members. For example, Mr. Ajay and Mr. Vijay are working in the same organisation. When they interact with each other, they found that they have similar attitudes, values, working style, and culture. Thus, they constitute a group.

### 8.6.4 EXCHANGE THEORY

The exchange theory was proposed by John W. Thibaut and Harold H. Kelley. This theory is based on the social exchange theory, which states that people get involve into social exchange based on the perceived reward-cost of the interactions. For example, an individual will join a group based on what he/she will get after joining it. Reward will be in terms of the gratifying the needs while the cost is in terms of anxiety, frustration, embarrassment, and fatigue. If the reward is equal or more than the cost, the individual will join the group. However, if the rewards are lower than the cost, the individual will not join the group. The reasons given for the formation of groups in propinquity theory, Homan's theory, and Balance theory are applicable in this theory.

## N O T E S



## SELF ASSESSMENT QUESTIONS

11. In which theory of group formation, proximity of individuals is suggested as a reason for the formation of group?
12. \_\_\_\_\_ theory is based on the social exchange theory.



## ACTIVITY

Suppose your friend is a member of a group and he/she asked you to join the group. Identify and list the criteria based on which you will join or not join the group.

## 8.7 CONCEPT OF TEAMS

Team can be defined as a formal group comprising interdependent individuals who are responsible for the attainment of common goals. Quality assessment team, testing team, and production team are some of the examples of teams in an organisation. In the organisation, teams play a very crucial role in completing the work within the deadlines.

A team has following features:

- ☐ In a team the members interact freely with each other.
- ☐ In a team, the members depend on each other to complete tasks.
- ☐ A team provides support to all its team members willingly.
- ☐ A team encourages collective decision-making.
- ☐ A team creates an environment of trust and support among team members.
- ☐ A team provides opportunity to the team members to give suggestions.
- ☐ In teams, regular feedback is provided to members for improving their performance by the leader or supervisor.
- ☐ It requires commitment from team members for the achievement of organisational goals

In contemporary organisations most of the work project-based, wherein forming a team and allocating tasks among the members helps in completing the project on-time and with accuracy. Project completion would have been a difficult proposition if a single employee was handling the entire work.

For building a strong team, it is important to carefully study the behavioural patterns of individuals and create the right blend of team members. For example, in a project requiring six individuals, two people can be selected for their creative skills, two people for analytical skills, and the remaining two for their entrepreneurship or leadership skills.



Teams help organisations in the following ways:

- ❑ Team makes the members loyal to each other when they unite to accomplish common organisational objectives.
- ❑ Team increases the performance of individual members by utilising the collective knowledge, skills, and ideas of team members. This further helps in enhancing the overall performance of an organisation.
- ❑ Team provides an opportunity to team members to show their potentials by delegation of work. This will further encourage team members to bring innovation and creativity to their work, which ultimately helps organisation to get excellence in performing certain tasks.
- ❑ Team increases flexibility among the members of the team. This is due to the fact that when people in a team come together from different background for a common purpose then they become more tolerant, open for discussions, and eager to learn. This further helps the organisation to use its workforce in diverse fields.

Teams can be of various types depending on their purpose, structure, membership, and duration. The different types of teams are discussed as follows:

- ❑ **Functional Team:** It involves a manager and his/her subordinate who belongs to the same functional area, such as the finance department or the marketing department.
- ❑ **Cross Functional Team:** It comprises employees from the same hierarchical level, but different work areas or departments. These teams are formed for special purposes and after the completion of the task, they get disbanded. For example, when an organisation wishes to enter a new market, the heads of the different departments of the organisation, such as production, marketing, and finance, work together in order to identify the feasibility of the organisation in that market.
- ❑ **Self-Managed Team:** It is a team that is considered capable enough to handle routine problems; therefore, does not require reporting to its team leader on a daily basis.
- ❑ **Supervised Team:** It is a team that works under direct supervision of a manager.
- ❑ **Virtual Team:** It may not exist physically, yet works with the help of teleconferencing and videoconferencing. Such teams gained importance due to globalisation where the team members located at different places were not able to physically gather at a single place.
- ❑ **Problem-Solving Team:** It is a team formed by a few employees of the same department who meets once a week to solve the work-related problems, such as quality issues.

## N O T E S



## DEFINITION

According to Katzenbach and Smith, “a team is a small number of people with complementary skills who are committed to a common purpose, performance goals, and approach for which they hold themselves mutually accountable.”

### 8.7.1 DIFFERENCE BETWEEN GROUPS AND TEAMS

In the preceding section we have studied that groups and teams are different. There are certain defined points based on which we can differentiate between the two. Some of these points are depicted in Table 8.1:

**TABLE 8.1: POINTS OF DIFFERENCE BETWEEN GROUP AND TEAM**

Group	Team
The group focuses on individual's accountability.	Team focuses on mutual accountability.
The group emphasises on sharing of ideas, information, and perspectives of the members.	Team emphasises on taking decisions, discussing various issues, solving problems, or planning for the future.
It focuses on the goals of individuals.	It focuses on the collective and common goals of the entire team.
Group produces the outcomes, such as individual projects or assignments.	Team produces collective outcome that is achieved by the entire team.
It encompasses individual roles, responsibilities, tasks, procedures, or assignments.	It encompasses shared roles, responsibilities, tasks, and assignments.
Group shows individual concern of every member of the work group to his/her own work.	Team shows no individual concerns; the entire team is responsible for the work as a whole.

### 8.7.2 PROBLEMS IN TEAMWORK

A team is like a chain which can only remain strong and effective if all of its links (i.e. team members) are strong (i.e. equipped with the required skills, knowledge, and expertise). If any of the link (or team member) is weak, then it may lead to major problems for the entire team. Some of these problems are discussed as follows:

- ❑ **Communication:** This implies that if there are gaps and barriers in communication among team members, it will hamper the teamwork.

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- ❑ **Personal Variables:** This refers to variables, such as personality and the value system of an employee. Personal variables may lead to individual differences that may act as a source of conflict.
- ❑ **Unrealistic Expectations:** This refers to impractical expectations of managers from employees. Unrealistic expectations may de-motivate employees and create conflict between managers and employees.
- ❑ **Change:** It indicates that individuals or groups might be resistant to adapt to any new change in an organisation, thus, giving rise to conflict.
- ❑ **Goal Conflict:** It indicates that the goals of two or more individuals or groups collide with one another, leading to conflict.
- ❑ **Difference in Values:** It indicates that people have a different value system to which they are emotionally attached and uncompromising. In such a scenario, the values of one individual may collide with another that may lead to conflict in a team.
- ❑ **Behaviour:** It indicates that any extreme action of an individual, whether defensive or offensive, can be a cause of conflict in a team environment.

A manager needs to resolve the abovementioned problems in team-work to accomplish the given projects on time and with efficacy. Most of these problems are related with the behaviour and self-focused attitude of the team members. Thus, while forming a team, a manager needs to identify and involve only those people in the team who are passionate about the team goal and wish to work as a team member. For example, if a team member is not interested in the goals of the team or rather did not believe that the team is accomplishing anything useful; he/she will never work effectively and can also discourage other members from working hard.

In addition, the manager should also work on reducing too much of competition among the team members as it will destroy the team's ability to work as a unit. For example, if the team members compete with each other for getting a promotion or hike, it might hamper the team objective. Such actions will spread distrust among the team members and the team will not be able to accomplish as much as it could have in the case of a trusting environment.

Moreover, the manager can organise some team games or activities in order to build healthy and strong relationships among the team members.

### 8.7.3 CREATING EFFECTIVE TEAMS IN THE WORKPLACE

Teams have the power of exponentially empowering the organisation by creating synergy, which is the interaction of team members to pro-

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duce an outcome which is greater than the sum of the outcome produced through their individual contributions.

Synergy is the element that differentiates an effective team from a common team. An effective team is the one that achieves the target or objective of forming the team. It is a team that provides a competitive advantage to the organisation over a period of time.

However, forming and managing effective teams is not an easy task as it involves individuals from different backgrounds and perspectives. In such a case, if the team members are not compatible with each other, the motive for which the team is created will suffer. For creating effective teams, an organisation needs to take into account the following factors:

- ❑ **Clear Goals:** Organisational goals should be clear and discrete for all the team members so that they clearly know their job responsibilities.
- ❑ **Relevant Skills:** While forming a team certain relevant skills should be kept in mind so that it becomes easier to attain team goals.
- ❑ **Mutual Trust:** It ensures the success of the team as a whole. When team members trust each other, then they coordinate well to achieve team goals.
- ❑ **Unified Commitment:** All the team members should be committed and dedicated towards the achievement of the team as well as organisational goals together.
- ❑ **Good Communication:** An organisation should provide an effective communication channel such that team members can express themselves openly. The organisation should also promote healthy communication among team members and avoid any communication gap or miscommunication among them.
- ❑ **Negotiation Skills:** The team members should have good negotiating and bargaining skills so that they can demand required resources from the management to work efficiently.
- ❑ **Appropriate Leader:** Leaders should be selected according to the requirement of the situation.
- ❑ **Internal Support:** All the team members should support each other. This can be done if all the team members possess good interpersonal skills.
- ❑ **External Support:** The team should get appropriate support from non-members so that there is no hindrance in attaining the assigned goal in stipulated time.

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Apart from the abovementioned factors, a manager needs to avoid the following unwanted characteristics to manage and create effective teams:

- ❑ Minimise group pressure and dominance of members of a team as it will reduce free thought and expression subduing great possible ideas of the team members.
- ❑ Avoid control of one member over the entire team
- ❑ Avoid politics in the team as the compromises made by the team members due to political power will affect the overall team objectives and effectiveness
- ❑ Avoid distraction of team members from the main goals and objectives of the team
- ❑ Avoid group thinking in the teams as it leads to unwanted solutions and will harm the organisation.

**SELF ASSESSMENT QUESTIONS**

13. In a team, all the members should interact with each other. (True/False)
14. Which of the following is not a problem in teamwork?
  - a. Communication gap
  - b. Unrealistic goals and expectations
  - c. Team members sitting in different locations
  - d. Goal conflict

**ACTIVITY**

Using the Internet, identify the different types of teams which are formed in a restaurant.

**8.8 SUMMARY**

- ❑ The group is the collection of two or more independent individuals to achieve a common goal.
- ❑ Group dynamics refers to a social process through which people interact face-to-face in small groups.
- ❑ Groups provide a sense of becomingness to the employees, source of warmth and support for the employees, power/authority to the group members, security to the employees, and recognition and status of the employees.

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- ❑ Formal groups are the groups formed by the organisation for accomplishing a particular task.
- ❑ Informal groups are the groups that people form to satisfy their social needs.
- ❑ After group formation, bond of intimacy and stable relationships are developed among the group members, which provide a structure for the group along with some important processes, which characterises the dynamics within groups.
- ❑ Various stages involved in the group formation are forming, storming, norming, performing, and adjourning.
- ❑ Different theories for group formation are propinquity theory, Homan's theory, Balance theory, and exchange theory.
- ❑ Team is the formal group that includes interdependent individuals responsible for the attainment of common goals.
- ❑ Some of the factors important for creating effective teams are clear goals, relevant skills, mutual trust, unified commitment, good communication, negotiation skills, appropriate leader, internal and external support from the organisation.



## KEY WORDS

- ❑ **Group:** Two or more individuals working together for a common goal.
- ❑ **Formal Groups:** The groups formed by an organisation for a common task.
- ❑ **Informal Groups:** The group formed due to the common interests of the members of that group.
- ❑ **Norms:** A set of acceptable standards and expectations from a person belonging to a particular group.
- ❑ **Structure:** A particular pattern of relationships amongst the members of a group.
- ❑ **Teams:** The group formed by an organisation involving interdependent individuals who are responsible for the attainment of common goals.
- ❑ **Groupthink:** A process wherein an individual tends to compromise on his/ her idea and agrees to the idea of the group.

## 8.9 DESCRIPTIVE QUESTIONS

1. What do you mean by groups? What is the significance of groups in an organisation?
2. Discuss the different types of groups in detail.

3. Elaborate on the group processes.
4. What are the different stages of group formation?
5. Explain the theories of group formation.
6. Define teams. How you will differentiate between groups and teams?

## 8.10 ANSWERS AND HINTS

### ANSWERS FOR SELF ASSESSMENT QUESTIONS

Topic	Q. No.	Answers
Group Dynamics	1	False
	2	c. Group helps in getting a competitive advantage over competitors.
	3	False
Types of Groups	4	a. Primary Group
	5	Probability model
	6	Inverted V Model
Understanding Group Processes	7	Role
	8	Group cohesiveness
Formation of Groups	9	False
	10	Adjourning
Theories of Group Formation	11	Propinquity theory
	12	Exchange
Concept of Teams	13	True
	14	c. Team members sitting in different locations

### HINTS FOR DESCRIPTIVE QUESTIONS

1. Group refers to two or more individuals gathered together to attain a common goal. Refer to section 8.4 for details.
2. Groups can be categorised as formal groups and informal groups. Refer to section 8.5 for details.
3. Group processes involve roles, norms, status, free rider tendency, and group cohesiveness. Refer to section 8.6 for details.

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4. The different stages of group formation are forming, storming, norming, performing, and adjourning. Refer to section 8.7 for details.
5. The theories developed for group formation include propinquity theory, Homan's theory, Balance theory, and exchange theory. Refer to section 8.8 for details.
6. Team is a group having interdependent individuals who need to achieve the common goals. Refer to section 8.9 for details.

## 8.11 SUGGESTED READINGS & REFERENCES

### SUGGESTED READINGS

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# 9

## CHAPTER

### STRESS MANAGEMENT

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- 9.2 Defining Stress
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  - 9.2.2 Defining Workplace Stress
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## INTRODUCTORY CASELET

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### HOW COACHING HELPED IN MANAGING STRESS

Stephen Larke was a vice president at the IT consultancy firm Cap Gemini. He was 47 years old with no history of any mental health issues. As a busy and successful executive, he was accustomed to pressures of targets, long hours, challenging clients and significant global travel while at the same time juggling with the priorities of family life for many years. In 2005, Larke was shocked when diagnosed with clinical depression. It came as a shock to him even though the diagnosis was an unsurprising confirmation of a pattern of feelings and behaviour that had built up over a period of time and that was not normal and healthy.

In the past, Larke had experienced periods of stress and fleeting periods of feeling low about work. But over a period of time, these experiences morphed into a more constant and pervasive feeling of anxiety, stress, and sadness. This was exacerbated by poor sleep as he tended to wake up early in the morning.

When diagnosed to be suffering from clinical depression, Larke was still able to function very well when involved in high priority activities. However, for non-urgent but important activities requiring strategic thought or creative energy, he found himself empty. He used to spend a lot of time staring at the computer screen, feeling emotional and very low. He had a nagging feeling that he was unable to effectively deal with everything that was on his plate.

Five months before the diagnosis, Larke started on a programme of employer-funded coaching. The coaching helped him unpack his emotions and acted as a gateway to getting the additional help he needed. He was able to better understand his own feelings and frequent anxieties and lows. The programme also provided strategies for putting work stress into a context and tackling specific stressful challenges. He was able to put his career in a context and reflect on where he is headed in life and what he was trying to achieve in life. Finally, he realised that he required a treatment from a professional psychiatrist and trained therapist.

With the right support, it was possible for Larke to make a rapid recovery and emerge as a stronger and high-performing employee. He was sure that he became stronger, more resilient and wiser within a year of recovery. If he had left the problem unaddressed or lacked the required employer support, the workplace stress-driven depression he was suffering from could have driven him spiralling downwards and could even have led to suicide.

## N O T E S



## LEARNING OBJECTIVES

After completing this chapter, you will be able to:

- Define stress
- Discuss work stress model
- Explain stressors
- Discuss the sources of stress
- Describe the various levels of stress
- Explain the outcomes of stress
- Discuss the stress-performance relationship
- Explain stress management

## 9.1 INTRODUCTION

All of us have heard and experienced stress. But do you know that it is one of the terms that researchers have found it hard to define? The concept of stress has been a subject of scientific research ever since Walter Cannon in 1932 began researching stress and tried to define and explain its causes and impact. Cannon focused on what stress means to our body and conceptualised it as the fight-or-flight response. When confronted by a threat, generally our instinctive response is to either stand ground and fight or run away. This response is due to the bodily changes that include external manifestations like increased heart rate, respiration, blood pressure, etc. After Cannon, several researchers over the years studied the concept of stress with regard to how and why it manifests and what steps one should take for managing it.

Apart from defining stress, explaining the process of stress manifestation and its causes, researchers also delved into techniques of stress management. Techniques like deep meditation, progressive relaxation, autogenic training, etc were the result of these research efforts. In this regard, it is pertinent to note that stress is universal and it can manifest in any part of our life sphere. For example, family stress resulting out of family and personal problems, stress on students owing to academic burden, stress on elderly people, social stress due to politics, economics, and environment, etc.

In this chapter, we are going to focus on a specific area of stress and its management, viz. occupational stress or workplace stress. It is important to differentiate this stress from generic stress as the concepts and theories involved in workplace stress are different from those related to generic stress. For example, the fight or flight response is a generic way of describing the generic stress phenomenon while occupational stress is much more sophisticated in conceptual terms. The com-

mon denominator in both types of stress are the physiological effects caused by them.

The concept of workplace stress is an important subject area of research in the field of organisational behaviour. Workplace stress involves several factors which are different from those involved in the stress which we experience in other parts of our life. Workplace stress has a bearing not only on our personal well being but also on the organisational success.

Researchers have found that personal well-being of the workforce is directly related to the organisational success. A noteworthy statement in this regard is "Good health equal good business, and the line manager is the key agent of change." If you want proof, consider the UK's leading magazine Sunday Times' survey of "Best Companies to work for in the UK". The survey found that the companies that had focused on employee engagement by instituting employee well-being measures were found to have 13% lower staff turnover which was less than half the UK average. Not only that. These companies were found to have consistently outperformed the Financial Times Stock Exchange (FTSE) 100 Index compared to other companies which focused only on corporate profit and growth. Similarly, an analysis of "The Best companies to work for in America" found that there is a positive relationship between employee satisfaction and share value. They found that these organisations gave double the market return compared to the other companies during the research period of 1998 to 2005. Do we require any further proof to underline the importance of the concept of stress management in the field of organisational behaviour?

In this chapter, we will study the various models of work-stress that would allow us to better understand the phenomenon of stress. We will study the stressors that are supposedly responsible for stress creation, sources of these stressors, outcomes of stress and their impact on individuals and the organisation, the relationship between stress and organisational performance, and how to manage stress for organisational success.

## 9.2 DEFINING STRESS

As stated in the introduction, the companies that had put in conscious efforts for employee well-being and stress management were found to be more successful in wealth creation than others. So, in the current world of continuous competitive changes, workplace stress management has become an issue that needs to be tackled by every organisation. According to an ILO (International Labour Organisation) report, workplace stress is now recognised worldwide as a major challenge to workers' health and the health of their organisations. Though stress is believed to be associated only with white collar workers and management executives, in reality stress affects every employee of the organisation. The ILO report says that blue collar workers, who are stressed,

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are more likely to be unhealthy, poorly motivated, less productive and less safe at work. Their organisations are less likely to be successful while competing with other organisations.

Before discuss how organisations should tackle workplace stress, we should first define what is meant by stress. Unless we understand what stress is, we cannot really take steps to prevent or manage problems arising out of workplace stress.

### 9.2.1 BASIC SCHOOLS OF THOUGHT ON STRESS

Stress is actually an ambiguous term. It means different things to different people depending on the perspective taken. For example, stress definition given in a general English dictionary is different from the one given in a medical dictionary. While the English dictionary may use terms like hardship, adversity, strain, pressure, etc. to define stress, a medical dictionary definition goes like this "stress is the reactions of the body to forces of a deleterious nature, infections, and various abnormal states that tend to disturb its normal physiologic equilibrium". This definition is different from the psychological definition of stress. According to the psychological definition, stress is a physical or psychological stimulus which, when impinging upon certain individuals, produces psychological strain or disequilibrium.

As our focus is occupational stress, we will give importance to definitions pertaining to this domain. In this regard, we need to consider two important schools of thought. The first school propounds "a response-based model of stress". The second school advocates "a stimulus-based model of stress". To understand the difference between these two schools, consider any event in your life where you felt stressed. Do you think that the stress you had experienced did not arise externally, and you felt stressed only due to your personal disposition and internal factors? Or, do you think that the stress was entirely due to external stimulators and that anybody who got exposed to similar stimulators would have felt exactly the same way as you had felt? If you answered the first question in the affirmative, then you subscribe to the response-based model of stress. But if you answered the second question in the affirmative, then you are a votary of the stimulus-based model of stress.

These two schools define stress differently—one defines stress as an independent variable and the other defines it as a dependent variable. The response-based model of stress views stress as a dependent variable. In other words, it views stress as an outcome of external factors or as a response to external factors. It means the response of different people to similar external factors could be different, depending on their personal characteristics. Some people may feel stressed because of these factors and others may not be affected at all. The response-based model of stress had its origin in the field of medicine.

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Hans Selye in 1956 described stress as a dependent variable, which involves three concepts:

1. Stress is a defensive mechanism.
2. Stress follows the three stages of alarm, resistance, and exhaustion.
3. A prolonged stress could result in diseases.

The response-based model of stress defines stress as the nonspecific response to any noxious external stimulus. The physiological response is always same regardless of stimulus. This model assumes that each person is born with a finite amount of energy and that each stress encounter depletes the person's energy store that cannot be rejuvenated. It proposes that stress causes wear and tear on the body that can result in various diseases.

A theory of stress as stimulus came in the 1960s that viewed stress as a significant life event or change that demands response, adjustment, or adaptation. This model has its roots in the definition of stress from the fields of physics and engineering. The analogy is that stress is considered as a force exerted externally that results in a demand or load reaction that causes strain. In other words, stress is considered an independent external variable that causes its effect on the person who is stressed. The term stress according to this model is synonymous with a "life event". Such life events can be termed "stress" that require adaptation efforts. The physiological effects of stress are explained as a result of summative accumulation of adaptation efforts over a threshold level that makes the person vulnerable to physical or mental illness. The three important tenets of the stimulus-based model of stress are:

1. Change is inherently stressful.
2. Life events demand the same level of response across the population.
3. There is a common threshold beyond which illness can result.

Though the two models might not look very different, they are indeed based on totally different theories. The stress management programme to be adopted by an organization depends on the stress management model it subscribes to. If your organisation believes in the response-based model, it would view stress as something inherent to a person and would transfer larger responsibility for stress management to the individual employee. The organisation might introduce a programme to help the employee cope with a stress situation but will never recognise or acknowledge the possibility that stress could be caused by the organisational environment about which it will not do anything. While the employee might think that stress is due to organisational factors, managers might do nothing to remove or eliminate the factors which the employee considers responsible for his stress.

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The situation gets compounded by the fact that some employees might be able to cope with stress while others may not.

If your organisation believes in the stimulus-based model of stress, it may institute organisational programmes or redesign organisational structure, that impacts every employee of the organisation, to mitigate stress-causing environmental factors but may never take into account the needs of the individuals concerned. Thus, both the models have their strengths and weaknesses.

There is also a third model of stress called the transaction-based model of stress. This model incorporates both the response-based and the stimulus-based models of stress. It acknowledges that situations are not inherently stressful but are potentially stressful, and it is necessary to take into account the source of stress, the moderators of stress response and the manifestation of stress. The term stress, as per this model, is a rubric for a complex series of subjective phenomena, including cognitive appraisals in the form of threats and challenges, stress emotions, coping responses, and reappraisals. Stress is considered to be experienced when the demands of a situation exceed a person's resources and some type of harm or loss is anticipated. Coping is conceptualised as efforts to ameliorate the perceived threat or to manage stress.

### 9.2.2 DEFINING WORKPLACE STRESS

Having understood some basic models of stress, we can now focus on some definitions of workplace stress from the perspective of organisational behaviour. Experts differ in their definitions of workplace stress and there is no definition that is accepted by all. Given below are some important definitions which together convey all the dimensions of workplace stress.

1. Work-related stress is the response people may have when presented with work demands and pressures that are not matched to their knowledge and abilities and which challenge their ability to cope. (**WHO, 2003**)
2. Stress is a dynamic condition in which an individual is confronted with an opportunity, demand, or resource related to what the individual desires and for which the outcome is perceived to be both uncertain and important. (**Robbins, 2009**)
3. An adaptive response moderated by individual differences and/or psychological processes that is a consequence of any external environmental action, situation, or event that places excessive psychological and/or physical demands on a person. (**Ivancevich and Matterson, 1990**)



4. Stress is the unpleasant tension that occurs within an employee when he perceives a situation that is about to exceed his ability to cope and consequently endanger his well being. The workplace stress is the feeling that one's capabilities, resources, or needs do not match with the demands of the job. (Hitt, Miller, Colella, 2006)

Note that the above definitions include the concepts of basic stress models discussed in the previous sub-section. Stress is considered an unpleasant psychological process that occurs in an organisational participant in response to external environmental conditions. Thus it is an adaptive response leading to physical and psychological deviations owing to external stimulators. What kind of stimulators cause the adaptive response? The external stimulators that cause the stress response pertain to the ability of the individual to cope up with demand. As the first definition says, the stimulator may pertain to an external demand that that the employee finds difficult to cope with using his knowledge and abilities.

### 9.2.3 THE STRESS EXPERIENCE

The stress definitions given above provide a holistic explanation of the concept of stress. This is important to note because some people may consider a simple anxiety as stress. Anxiety pertains only to the emotional and psychological sphere whereas stress also impacts the physiological sphere. Stress might involve anxiety, but anxiety by itself cannot be termed as stress. Similarly, stress may be associated with nervous tension but nervous tension may also result from other factors. Another point some researchers emphasise is that stress may also result in positive developments and it need not always be negative and damaging. They use the term Eustress to denote stress with positive implications.

The stress experience may be a combination of three complex set of responses:

1. Physiological response
2. Emotional response
3. Cognitive or problem-solving response

The physiological response is the basic understanding of stress which was termed as the fight or flight response which we referred in the introduction. The autonomic nervous system of the human brain functions as two systems viz. sympathetic nervous system and parasympathetic nervous system. The sympathetic nervous system is active in conditions of stress, whereas parasympathetic nervous system is active when a person is calm and relaxed. Under stressful conditions,

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the physiological response begins with an individual's perception of stress. The autonomic nervous system enables the body to mobilise its resources to face the emotional or emergency situation. The body's resources are mobilised first through the activation of sympathetic nervous system and then through the anterior pituitary gland. The sympathetic nervous system triggers discharge of two hormones called adrenaline and noradrenaline. These hormones enter the bloodstream and circulate to all parts of the body. When adrenaline reaches liver, it helps mobilise glucose into the bloodstream. The extra glucose provides the required extra energy to muscles and brain.

The second set of physiological responses is through the pituitary gland. The stress experience causes increased activity in the limbic system. This activates the hypothalamus to secrete corticotrophin releasing hormone (CRH). The CRH stimulates the pituitary gland to secrete the adrenocorticotrophic hormone (ACTH). This, in turn, causes the adrenal cortex to release cortisol and other corticosteroids. These bodily reactions continue and ultimately allow the body to mobilise energy during the time of stress. However continuance of such hormonal activities for prolonged periods could be detrimental to health.

The physiological response described above is mostly relevant only for stress experience that involves life-endangering events and hence is fully applicable for workplace stress. The other two aspects of stress experience—emotional response and cognitive response—are more relevant from the organisational behaviour perspective. While the physiological response may be same in different individuals for the same stress-causing event, their emotional and cognitive experience could differ. The emotional response involves feelings involving fear, anxiety, depression, anger, irritability, hostility, frustration, etc. Cognitive responses could involve confusion, difficulty in understanding, problems in concentration, trouble in learning new information, problem in decision making, forgetfulness, disorientation, etc. These responses will be mediated by factors like perception and cognition of the individual concerned. For example, emotional and cognitive responses could be different depending on whether the person is achievement-oriented or affiliation-oriented.

Workplace stress could lead to aggressive feelings and behaviour, decreased concern with punctuality, obsessive/compulsive behaviour, reduced work efficiency or productivity, lying or making excuses to cover up poor work, excessive defensiveness or suspiciousness, problems in communication, social withdrawal and isolation and impulsivity. Prolonged workplace stress can even lead to depression and other related psychiatric conditions. The introductory caselet explains how even a seemingly successful senior executive can become the victim of a serious mental problem like clinical depression.

**SELF ASSESSMENT QUESTIONS**

1. Which of the following statements is correct?
  - a. As per the response-based model of stress, stress is an independent variable as its impact is uniform across all employees.
  - b. As per the stimulus-based model of stress, stress is a dependent variable as it depends on how the individual reacts to an external situation or event.
  - c. As per the transaction-based model of stress, situations are not inherently stressful but only potentially stressful.
  - d. All of the above.
2. As per the stimulus-based model of stress, life events demand the same level of response across a population. (True/False)
3. Which of the following is not a component of the definition of workplace stress?
  - a. Stress is related to the matching of demands placed on the employee and his knowledge and abilities to cope up with those demands.
  - b. Stress is related to uncertainty faced by an individual when confronted with an opportunity or demand.
  - c. Stress is related to psychological processes that result as a consequence of external environmental threats.
  - d. Workplace stress has nothing to do with the abilities of an employee in undertaking a job. It only depends on his perception of an external threat.
4. Which of the following may not be a stress response experienced by an employee when faced with a stressful experience?
  - a. The parasympathetic nervous system is highly active.
  - b. The job performance of the employee deteriorates.
  - c. The employee shows cognitive problems.
  - d. The employee shows withdrawal symptoms.

**ACTIVITY**

Using the Internet, identify any Indian company that has recently been awarded/identified as one of the best places to work for. Write a report on various measures the company has taken in tackling workplace stress.

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### 9.3 WORK STRESS MODEL

In the previous section, we defined stress and understood what it means in the occupational context. In this section, we will study some models on workplace stress. Work-stress models allow us to understand the various factors involved in the phenomenon of occupational stress and hence can help in devising organisational stress management programmes. Figure 9.1 shows the three important models on workplace stress:

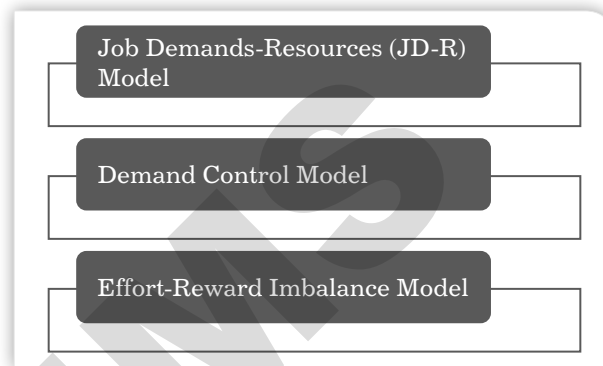


Figure 9.1: Work Stress Models

Let us discuss these models in detail:

1. **Job Demands-Resources (JD-R) Model:** As per this model, the factors responsible for stress can be classified into two broad categories of demands and resources. By classifying the risk factors associated with job stress into two categories of demands and resources, workplace stress can be analysed for any occupational setting – only the risk factors, i.e. particular demands and resources, vary between different occupations. Stress depends on the particular demands and resources involved. Job demands refer to those physical, psychological, social or organisational aspects of a job that require sustained physical, cognitive and emotional effort or skills. These include job responsibilities, pressures, obligations, and uncertainties involved in the workplace. These may also include high work pressure, unfavourable work environment or an emotionally demanding client. Note that job demands need not always be negative but when meeting these demands requires a higher effort, they may give rise to job stressors.

Job resources refer to those physical, psychological, social, or organisational aspects of a job that are functional for achieving work goals, and reduce job demands and the associated physiological and psychological costs or stimulate personal growth and learning. Resources are things within an individual's control that he can use to cope with demands. To the extent, an employee can apply resources to the demands placed on him to lessen job stress.

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The JD-R Model propounds that there are two different underlying psychological processes that play a role in workplace stress. The first process, termed health impairment process, involves job demands that may lead to job strain. The health impairment process involves poorly designed jobs or chronic job demands like work overload that exhaust employees' mental and physical resources leading to depletion of energy and health problems. According to the model, employees would use performance protection strategies under the influence of job demands that may involve mobilisation of sympathetic activation (similar to biological processes explained earlier) that leads to increased subjective effort. Greater the activation of these efforts, greater will be the physiological costs for the individual concerned, eventually leading to burnout or breakdown.

The second process proposed in the JD-R Model is the motivational process that is associated with job resources. The model assumes that job resources have motivational potential and can lead to higher work engagement, low cynicism, and excellent performance.

The JD-R Model proposes that the interaction between job demands and job resources is important for the development of job strain and also motivation. The model proposes that job resources may buffer the impact of job demands on job strain, including burnout. The final stress and achievement of organisational goals depend on the interaction between these two processes. Figure 9.2 depicts the processes involved in the JD-R Model:

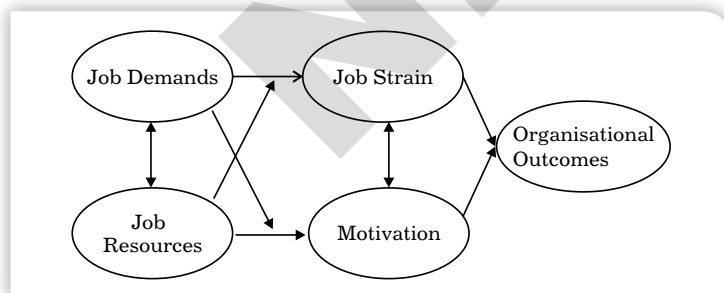


Figure 9.2: The Job Demands–Resources Model

The JD-R Model concludes that job resources particularly influence motivation and work engagement when job demands are high. Hence, job stress experienced by individuals can be understood in relation to the potential or actual loss of resources.

The JD-R Model also suggests the following:

- ◆ Individuals must bring in resources to prevent loss of resources.
- ◆ Individuals with a greater pool of resources are less susceptible to resource loss.

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- ◆ Those individuals who do not have access to strong resources pools are more likely to experience increased loss.
- ◆ Strong resource pools lead to a greater likelihood that individuals will seek opportunities to risk resources for increased resource gains.

**2. Demand-Control Model:** As per the Demand-Control Model, job strain is a function of the following two factors:

1. Workplace demands faced by an employee
2. The control that the employee has in meeting those demands

The Demand-Control Model suggests that job stress is a function of both job demands and job control. The stress encountered by an employee will be greatest when job demands faced by him are high but he has little control over the situation. Job demands involve job responsibilities and work pressure. Job control refers to the extent to which individuals are able to or perceive themselves as able to affect the state of job demands. In other words, it refers to the amount of control they have in making decisions pertaining to job demands.

Using these two dimensions of demands and control, there could be four workplace stress types that are faced by an employee in the work environment. These four workplace stress types are termed as passive, low strain, active and high strain depending on the high or low of demands and control. Figure 9.3 depicts the Demand-Control Model of workplace stress in terms of these four types. Employees facing low strain and passive situations may not encounter any stress. Employees facing high strain situation will experience stress that could be detrimental to the individual and the organisation in the long term. The active quadrant in Figure 9.3 refers to a positive environment where the stress is expected to boost the performance of the individual. This is the quadrant organisations should actively design for as per this model.

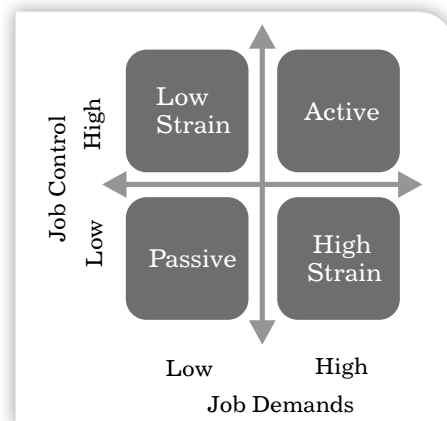


Figure 9.3: The Demand-Control Model of Stress

**3. Effort-Reward Imbalance Model:** This model considers the following two factors relevant for workplace stress:

1. The effort required by the employee
2. The rewards received by the employee

The effort refers to the performance demands and obligations of the job. It is similar to the job demands referred in the previous two models. But it is more narrowly defined in this model from the perspective of particular jobs. Rewards refer to extrinsic and intrinsic outcomes of the job. These include factors like salary, performance pay, recognition, esteem, etc.

The Effort-Reward Imbalance Model proposes that organisations that have jobs that require strong efforts but low rewards violate the principle of reciprocity and hence face a stressful work environment. The individuals facing such an environment may exit the company or may stay put hoping for changes in the work environment or due to limited opportunities in the job market. They may also resort to excessive work-related over-commitment that is driven by achievement motivation and approval motivation. Though the model is simple, empirical research has yielded supportive results in terms of predictability of the model, as indicated by a study on hospital workers where the model predicted musculoskeletal injury.



#### SELF ASSESSMENT QUESTIONS

5. The two processes that are considered important in the JD-R Model are:
  - a. Health impairment process and resource utilisation
  - b. Health impairment process and job control process
  - c. Motivational process and job demands process
  - d. Health impairment process and motivational process
6. An employee is working in an organisation with the responsibility of selling its products. Each employee is assigned a particular product for selling to customers with an associated sales target. An employee finds that he has no discretion in deciding on which product to sell to his customer though he is quantitatively monitored on sales calls and sales conversion leading to high work stress. Which work-stress model can explain this situation of stress better?
  - a. Job Demands-Resources Model
  - b. Demand-Control Model
  - c. Efforts-Rewards Imbalance Model
  - d. None of the above

## N O T E S

7. An employee believes in hard work and sincerity and is fully committed to organisational goals. He works overtime on his own and is generally termed as workaholic due to his over-commitment. Over a period of time, however, the employee is found to be lacking motivation and job dissatisfaction. Which of the following work-stress models can rightly explain his workplace stress?
  - a. Job Demands-Resources Model
  - b. Demand-Control Model
  - c. Efforts-Rewards Imbalance Model
  - d. None of the above
8. Compare two employees who are heading their respective sales teams in two different organisations. Both the organisations allow team leaders to set their own sales targets every year. The sales team sizes are determined by other factors including HR policies. The employee in the first organisation accepts sales targets as per organisational targets which steadily increase every year. However, the employee in the second organisation does not have constantly increasing sales performance targets. It was found that over a period of time, the employee of the first organisation suffered more job-related stress as compared to the employee of the second organisation. Which of the following models can explain this stress phenomenon?
  - a. Job Demands-Resources Model
  - b. Demand-Control Model
  - c. Efforts-Rewards imbalance Model
  - d. None of the above



## ACTIVITY

An OB researcher claims that the JD-R model is more comprehensive in explaining workplace stress than the Demand-control Model. However, another researcher, countering this claim, says the JD-R model ignores the control that can be exercised by the employee which is a major factor in workplace stress. Who do you think is more correct? Analyse these two models of workplace stress and explain how these two models differ from each other.

## 9.4 STRESSORS

Researchers have tried to find out the factors that are supposed to promote workplace stress. These factors are termed stressors. Stressors are the environmental conditions that cause employees to experience stress. Stressors could be challenge stressors like those associ-



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ated with workload, pressure to perform, etc. or hindrance stressors that might keep employees from performing like red tape, politics, etc.

Some important stressors are described below:

- ❑ **Role conflict:** A situation in which different roles lead to conflicting expectations.
- ❑ **Role ambiguity:** A situation in which goals, expectations, and/or basic job requirements are unclear.
- ❑ **Work overload:** It could be in terms of quantity of work involved which could be too much or quality of work in terms of the complex nature of work.
- ❑ **Resource inadequacy:** Lack of adequate resources can lead to workplace stress as it can make it difficult to accomplish job tasks efficiently and effectively.
- ❑ **Working conditions:** These include the job environment consisting of physical surroundings like lighting and psychological aspects like peer and supervisor relationships. Unpleasant working conditions and the unfriendly, closed and ambiguous work environment may lead to workplace stress that affects overall performance.
- ❑ **Organisational culture and management style:** The culture and leadership style of organisations can lead to workplace stress. Open and merit-based organisational culture where the management is transparent and friendly with employees can lead to a high-performing organisational environment in contrast to that organisational culture where leaders managing through fear and control.
- ❑ **Organisational monitoring:** Work-related and non-work-related monitoring of employees by management can lead to a stressful work environment. Employees might feel that they don't have sufficient discretion and control over their work environment and lack privacy and freedom.
- ❑ **Job insecurity:** Job insecurity can result from organisational culture or due to corporate phenomena like mergers, downsizing, re-engineering, etc. The resulting job insecurity can lead to a stressful workplace environment.



## SELF ASSESSMENT QUESTIONS

9. Which of the following is not a stressor?
  - a. Role ambiguity
  - b. Organisational culture
  - c. Management style
  - d. Personality type of an individual

## N O T E S



## ACTIVITY

Your friend says job insecurity has become a normal feature of the current work environment and hence it can no more be termed as a job stressor to tackle which a company can take stress mitigation steps. He says since it is a normal feature, it should not lead to workplace stress anymore. Another friend says as per the stimulus-based stress model, stress will anyway be created when faced with job insecurity and the consequent deterioration of job performance and hence organisations should consider it as a stress management issue. Which of these two assertions do you agree with? Why? Prepare a presentation on it.

## 9.5 SOURCES OF STRESS

The stressors discussed in the previous section can arise due to several sources. The three important sources of stress are shown in Figure 9.4:



Figure 9.4: Sources of Stress

Let us discuss these sources of stress in detail:

- ❑ **Environmental factors:** Environmental factors refer to uncertainty in the political, technological and economic environment. Political uncertainty refers to the uncertainty arising from unstable political systems. For example, a survey in America in 2017 during the US presidential election showed that occupational stress significantly increased among Americans due to political uncertainty. Changes in the business cycle can lead to period of recession which creates economic uncertainty. The period of recession makes employees anxious about their job security as during a recession organisations resort to strategies like downsizing. Technological uncertainty refers to technological obsolescence which can have a bearing on the viability of a company's operations and profitability.
- ❑ **Organisational factors:** Organisational factors refer to stressors like work pressures, work overload, unfriendly management, demanding boss, unpleasant co-workers, etc. Organisational struc-

ture and job design can also serve as stressors. Organisational structure and job design can lead to tasks that lack required degree of autonomy, task variety, etc. The job environment might involve poor work conditions, difficult work layout, poor organisational and work policies, etc. Job design may involve insensitivity to workers' needs that give rise to constant anxiety and stress. Role demands may put undue pressures on employees and may also lead to role conflicts. Apart from role conflict and role overload, poorly defined job specifications and organisational culture may result in role ambiguity that is a sure recipe for workplace stress.

- ❑ **Personal factors:** Personal factors are mostly related to workload and work-family balance. Family issues and personal economic problems can lead to high work stress. Organisations that consciously and deliberately take into account work-family life balance and personal problems of employees tend to perform better by providing the stress-free organisational environment.

Along with the above factors, we should also count individual differences among sources of stress. Some people are said to thrive on stressful situations while others get overwhelmed when faced with the same job demands. Researchers have tried to find out what differentiates people in terms of their ability to handle stress. Some factors that work at the level of individuals are:

- ❑ **Perception:** Organisational behaviour theories propound that employees react in response to their perception of reality rather to the reality itself. Hence, perception can moderate the relationship between a potential stress condition and the employee's reaction to it. The stress potential may not lie always in the objective conditions but may lie in the employee's interpretation of those conditions.
- ❑ **Job experience:** The amount of experience on the job is found to be negatively related to work stress. Employees who remain with an organisation longer are found to have more stress-resistant traits. In other words, they are resistant to the stress sources of the organisation. They generally are found to have developed coping mechanisms to deal with stress.
- ❑ **Social support:** If the organisational environment is friendly, professional and transparent with collegial relationships between co-workers and supervisors, then stress factors are easily managed as social support tends to buffer the impact of stress.
- ❑ **Personality traits:** The people with Type A personality are competitive, aggressive and impatient, and they are found to be more susceptible to stress-induced illness. Type B personalities tend to be less competitive, less aggressive and more patient, and they are found to be less susceptible to organisational stress as they do not tend to overload themselves unlike Type A personalities who are driven by achievement orientation

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- ❑ **Self-esteem:** Researchers say that people with high self-esteem suffer fewer incidences of stress as compared to people with lower self-esteem. People with higher self-esteem tend to engage in active coping behaviours when faced with stressful demands. They have higher control over the environment than people with lower self-esteem.



## SELF ASSESSMENT QUESTIONS

10. In a highly stress-prone organisation, when faced with the same organisational development, one employee finds himself highly stressed while another is least perturbed. Which of the following sources of stress can be the stressor at the individual level for the employee who feels stressed?
- Perception
  - Job experience
  - Personality trait
  - All of the above



## ACTIVITY

Social support is considered to be a good buffer to the stress-causing events in organisations. Consider an organisation in any industry and suggest various social support measures that can be considered as part of stress management programme of the organisation. Write a short note on it.

## 9.6 LEVELS OF STRESS

Workplace stress can be dealt at different levels. Figure 9.5 shows the various levels of stress:

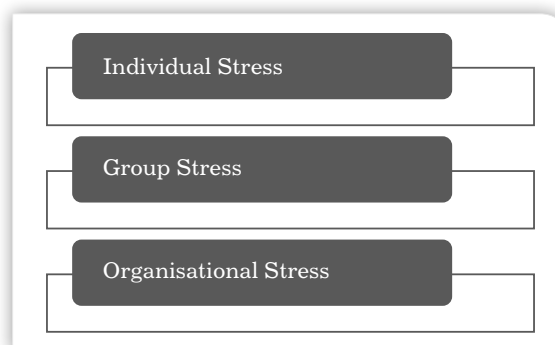


Figure 9.5: Levels of Stress

Let us discuss these levels of stress in detail.

### 9.6.1 INDIVIDUAL STRESS

Workplace stress may originate at the organisational level or group level but it may ultimately affect the individual. At the individual

level, its impact would be moderated by the personality traits and disposition of the individual. Personality traits are the factors that we discussed earlier like perception, self-esteem, Type A or B personality, work commitment and dedication, etc. At the individual level, a stress factor that looks like a threat for one individual could become an opportunity for another depending on his personality, experience, perception and social support.

### 9.6.2 GROUP STRESS

Employees invariably form part of some team or group in the organisational setting. Group characteristics and the relationship of the individual with the group can lead to stress for an individual. In general, group stressors can be categorised into two areas: lack of group cohesiveness and lack of social support. Stressors like interpersonal conflicts, group politics, individual interests, group rejection, etc., can act as group-based stressors for employees arising out of lack of group cohesiveness.

Social support has been recognised as a major buffer in handling workplace stress by researchers. A group that is cohesive and that offers social support to its members can provide a stress-free environment. If social support is lacking within the group, this could lead to increased stress level for group members. The group leader should take note of group stressors and provide a positive climate for group members to ensure a stress-free work environment.

### 9.6.3 ORGANISATIONAL STRESS

We have already discussed the organisational factors that could lead to workplace stress. These factors like poor organisational structure, inefficient job design and specification, role ambiguity, role overload, role conflict, job insecurity, red tape, nepotism, politics, etc can affect the work environment and lead to organisational stressors that affect many employees of the organisation.



#### SELF ASSESSMENT QUESTIONS

11. Group stress can be categorised into two areas: \_\_\_\_\_ and \_\_\_\_\_.



#### ACTIVITY

A manager uses group-level stressors like group politics, role ambiguity and group rejections to manage and control a large team and to promote job performance. He says that this keeps the team at peak performance. Do you agree? Write an essay on why or why not the manager is wrong in his understanding of theories of workplace stress. Write a short note on it.

## N O T E S

## 9.7 OUTCOMES OF STRESS

The outcomes of workplace stress have to be analysed both from the perspective of the individual and the organisation. The consequences of workplace stress can be classified into the following types:

- ❑ **Psychological:** Psychological outcomes on individuals include anxiety, depression, low self-esteem, anger, frustration, insomnia, etc. An important psychological problem that has major consequences is the problem of burnout. Burnout is a condition of physical or emotional exhaustion brought out by stress that might show various symptoms like constant fatigue, lack of enthusiasm and withdrawal or isolation from others. It is a major concern for organisations as it could lead to serious productivity issues and loss of talent.
- ❑ **Behavioural:** Behavioural outcomes include changes in activity levels, decreased efficiency, communication problems, smoking, accident proneness, inability to rest or relax, change in eating and sleeping habits, etc. Serious behavioural consequences include substance abuse and violence. Employees with chronic stress tend to resort to alcoholism and drug abuse as means of handling stress. As per the US Department of Health and Human Services, US business loses over \$100 billion over problems related to drug abuse, alcoholism, tobacco, etc.
- ❑ **Physiological:** Physiological reactions to workplace stress could manifest in terms of high blood pressure, increased heart rate, muffled hearing, tunnel vision, headaches, lack of coordination, etc. According to some studies, more than 75 per cent of all medical problems are directly attributable to stress. These outcomes also lead to lower productivity for organisations.
- ❑ **Organisational:** Workplace stress also has serious consequences for the organisation. Due to workplace stress, employees lose motivation and end up with several problems that are detrimental to organisational goals. These problems include lack of job satisfaction, lower productivity, reduced job performance, increased absenteeism, higher health costs, increased turnover and lower quality of overall social well-being in the organisation. Stress-related illnesses are said to cost millions of dollars for companies in terms of insurance and workers' compensation claims. As per research, employees who report high levels of stress are expected to lead to higher health care expenditures for the organisation, which is 50 per cent higher than those reporting lower stress levels.



### SELF ASSESSMENT QUESTIONS

12. Outcomes of workplace stress can be of following two types: \_\_\_\_\_ and \_\_\_\_\_.

**ACTIVITY**

Workplace stress can have both individual and organisational consequences. Surveys point out that organisational consequences can cost a company millions of dollars. Explain how organisational outcomes of workplace stress can have monetary impact for an organisation.

## 9.8 STRESS-PERFORMANCE RELATIONSHIP

Researchers have tried to understand the relationship between stress and work performance. What kind of relationship exists between stress and work performance? Does work performance decrease linearly with increased stress? Researchers say that a certain level of stimulus is needed for optimal performance. In other words, they claim that a healthy level of stress could lead to higher job performance. While high workload can lead to productivity issues, the same could be true with the below-median workload. Stress is found to be a significant source of concern only when the level of stress arousal exceeds the ability of the employee to meet the demand placed on him. This is in accordance with the work-stress models discussed earlier.

A significant amount of research has been dedicated to investigating the stress-performance relationship. One proposed relationship suggests an inverted U between stress and job performance as shown in Figure 9.6. As per this theory, low to moderate levels of stress stimulate the body and increase its ability to react. But when stress crosses a certain level, the work performance of the employee starts deteriorating. In accordance with the work-stress models, when the demand placed on the employee is disproportionate to the resources at his disposal and the control he can exert on the job environment, his work performance gets adversely affected.

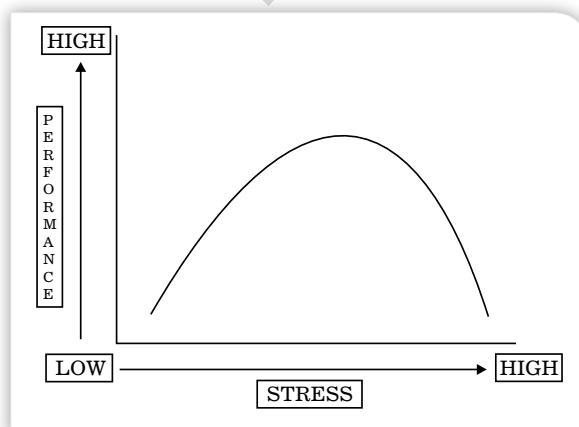


Figure 9.6: Inverted U Relationship between Stress and Job Performance

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Figure 9.6 explains the relationship between stress and job performance. The low level of stress indicates that jobs are interesting but not challenging. As the stress level increases, the performance enhances till a certain point. Moderate to high levels of stress stimulate the person to put more efforts in his/ her job to increase his/her performance. High level of stress may have a negative impact on the performance of an individual in the long term. The intensity of stress brings down a person's energy, resources, and enthusiasm to work. Thus, we can see that stress can be either helpful or harmful for job performance depending upon its quantum.



## SELF ASSESSMENT QUESTIONS

13. Researchers claim that the relationship between stress and job performance is:
  - a. Directly related
  - b. Inversely related
  - c. Depicted by a U-shaped curve
  - d. Depicted by an inverted U-shaped curve



## ACTIVITY

The inverted U-shaped curve has not found much empirical support when it comes to analysing the relationship between stress and job performance. Why or why not the inverted U curve can explain the relationship. Read the relevant literature and empirical studies and present your viewpoint in a report.

## 9.9 STRESS MANAGEMENT

Stress management in organisations aims at identifying and eliminating stressful situations, teaching individuals to cope with stress and helping employees who have become victims of stress.

A tripartite model of stress management is suggested for implementing stress management programmes in organisations. The tripartite approach consists of primary level stress management, secondary level stress management, and tertiary level stress management. Let us discuss these in detail.

- **Primary level stress management:** This type of stress management is stressor-directed. The objective is to eliminate, reduce or control the sources of stress. The main goal is prevention of workplace stress. For managing the primary level stress, organisational level interventions are taken. These interventions can take any of the following three forms:
  - ◆ **Organisational changes at the macro level:** Here the stressors that are targeted are related to organisational culture, manage-



ment style, work conditions, workload, organisational structure, career development and work culture. Organisational level programmes might focus on changing organisational culture, providing management coaching, designing coping strategies and programmes, designing career development programmes keeping in mind the goals related to stress management and designing organisational structure for providing a stress-free organisational work environment.

- ◆ **Micro environment-level strategies:** These strategies target the stressors related to job design, task specifications, alternative work arrangements, working shifts, work communication, role conflicts, etc. Stress management programmes involve re-design of organisational systems and practices for improving worker morale, motivation, and job performance. The job re-design might focus on improving skill and task variety, providing higher job autonomy, facilitating greater task feedback, job rotation, job enrichment, creation of semi-autonomous work groups, flexible and family-friendly work arrangements, etc.
- ◆ **Employee level strategies:** These strategies work for improving the perception of worker control, increasing career opportunities, improving decision-making methodologies etc. The strategies at this level may aim to reduce role-related stress, increase worker participation in decision making, initiate health programmes at the organisational level that provide stress therapies, creation of health circles, etc.

- **Secondary level of stress management:** These are organisational interventions that are response-directed. The objective is to help individual employees and groups of workers recognise their response to stress and the symptoms of stress. The goal is to develop stress resistance and adaptive coping strategies through employee education and training.

Secondary level stress management programmes recognise that it is not possible to completely prevent workplace stress by devising stressor-directed organisational interventions. These programmes aim at minimising the effects of stress exposure using techniques that rely on coping processes. The secondary-level prevention focuses on prompt detection and management of potentially stressful conditions by increasing employee awareness and improving the stress management skills of employees. These programmes may cater to addressing psychological, physiological and behavioural impacts of stressors. They may take the form of instituting stress management training programmes, stress coping workshops like meditation, stress relaxation techniques, and related skills training programmes like social skills training, time management, etc. Many leading corporates have launched wellness programmes, exercise and fitness programmes, etc. as part of the secondary-level stress prevention and management.

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- ❑ **Tertiary level stress management:** Here, interventions are symptom-directed. The objective is to assist the employees who are exposed to stress in terms of health care programmes and stress rehabilitation. At this level, the focus shifts from prevention of stress to the curative approach to stress problems. The programmes at this level focus on rehabilitation and recovery of individuals who are already affected by workplace related chronic stress. Some important interventions are providing counselling services, instituting employee assistance programmes, building social support networks and offering career sabbatical to burnt-out employees.

In the introductory caselet, it was explained how the employer support and coaching programme turned out to be a major factor in the recovery from clinical depression of a senior management executive of the IT industry. Such programmes are necessary components of the tertiary level stress management in organisations.

**SELF ASSESSMENT QUESTIONS**

14. A call centre company decided to launch an organisation-wide stress management programme that included a consultation with a leading clinical psychologist. This organisational intervention falls under which of the following stress management levels?
  - a. Primary level stress management
  - b. Secondary level stress management
  - c. Tertiary level stress management
  - d. None of the above

**ACTIVITY**

Consider an Indian company that is listed among the top ten best places to work for during the current year by employee surveys. Study the company and present the various programmes instituted by the company towards stress management. Categorise them in terms of the tripartite approach to stress management and present your report.

**9.10 SUMMARY**

- ❑ There are three basic schools of thought on the concept of stress. The response-based model of stress, the stimulus based model of stress and the transaction-based model of stress. The major difference in these models is how stress is viewed—as an independent variable or a dependent variable.
- ❑ Stress can be defined as the unpleasant tension that occurs within an employee when he perceives a situation that is about to exceed

## N O T E S

his ability to cope. The definitions of stress focus on the gap between the demands placed on an employee and his capability to cope with them, and the resulting physiological and psychological reactions.

- ❑ Stress experience can involve reactions in three areas— the physiology, emotions and cognitive response of the employee. The reaction to stress can manifest through several symptoms in each of these three areas.
- ❑ Researchers have tried to analyse the concept of workplace stress and the factors responsible for it. Three important models have been proposed, which are: the Job Demands-Resources Model, the Demand-Control Model, and the Effort-Reward Imbalance Model.
- ❑ Stress arises due to factors called stressors which are environmental conditions that cause employees to experience stress. These could be classified into challenge and hindrance stressors.
- ❑ Sources of stress could be environmental factors, organisational factors, and personal factors.
- ❑ Workplace stress can be dealt at three different levels of individual stress, group stress, and organisational stress.
- ❑ The outcomes of stress have consequences for both the individual and the organisation. The individual might face symptoms pertaining to physiological, psychological, behavioural or social aspects. Organisational outcomes involve loss of productivity, lack of job satisfaction, higher health costs, etc.
- ❑ One research claims that the relationship between stress and work performance can be depicted through an inverted U relationship. As per this theory, the stress at lower levels can boost performance but after reaching a peak, further stress may lead to deterioration in work performance.
- ❑ Stress management programmes in an organisation can take a tripartite approach—primary level stress management that focuses on stress prevention at the organisational level; secondary level stress management which consists of programmes that are response-directed and aim at minimising stress exposure; and tertiary level stress management which comprises programmes that take a curative approach in terms of employee welfare and health-care programmes.



## KEY WORDS

- ❑ **Burnout:** A feeling of physical and mental fatigue that can occur from working under difficult and demanding conditions.
- ❑ **Conflict:** Disagreements among managers and /or colleagues causing significant amount of stress that may result in burnout.

## NOTES

- ❑ **Motivation:** An internal feeling that helps individuals in attaining their personal and professional goals in an efficient manner.
- ❑ **Productivity:** A measure of how efficiently an input is used to produce output.
- ❑ **Role ambiguity:** Situation of indecisiveness that an employee faces about a particular assigned role.

### 9.11 DESCRIPTIVE QUESTIONS

1. Discuss how the response-based model of stress differs from the stimulus-based model of stress. Give any two accepted definitions of stress.
2. Explain the three work-stress models of workplace stress.
3. What is meant by stressors? What are the important stressors applicable in the organisational context?
4. List and explain how personal sources of stress can affect the stress phenomenon.
5. Describe the various outcomes of workplace stress.
6. Explain the tripartite model for stress management in organisations.

### 9.12 ANSWERS AND HINTS

#### ANSWERS FOR SELF ASSESSMENT QUESTIONS

Topic	Q. No.	Answers
Defining Stress	1.	c. As per the transaction-based model of stress, situations are not inherently stressful but only potentially stressful.
	2.	False
	3.	d. Workplace stress has nothing to do with the abilities of an employee in undertaking a job. It only depends on his perception of an external threat.
	4.	a. The parasympathetic nervous system is highly active.
Work-Stress Model	5.	d. Health impairment process and motivational process
	6.	b. Demand-Control Model
	7.	c. Efforts-Rewards Imbalance Model
Stressors	8.	a. Job Demands-Resources Model
	9.	d. Personality type of an individual

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Topic	Q. No.	Answers
Sources of Stress	10.	d. All of the above
Levels of Stress	11.	Lack of group cohesiveness; lack of social support
Outcomes of Stress	12.	Individual; organisational
Stress-Performance Relationship	13.	d. Depicted by an inverted U shaped curve
Stress management	14.	c. Tertiary level stress management

**HINTS FOR DESCRIPTIVE QUESTIONS**

1. The response-based model and the stimulus-based model differ in terms of how they treat stress—whether as an independent or as a dependent variable. Refer to Section **9.2 Defining Stress**.
2. The three work-stress models are: the Job Demands-Resources Model, the Demand-Control Model, and the Effort-Rewards Imbalance Model. Refer to Section **9.3 Work-Stress Models**.
3. Stressors are environmental conditions that promote occupational stress. Refer to Section **9.4 Stressors**.
4. Personal sources of stress moderate how an individual may react to stressors. Refer to Section **9.5 Sources of Stress**.
5. The outcomes of workplace stress involve both individual and organisational consequences. Refer to Section **9.7. Outcomes of Stress**.
6. The tripartite model of stress involves primary, secondary and tertiary levels of stress management. The first two focus on stress prevention while the third adopts a curative approach to stress management. Refer to Section **9.9 Stress Management**.

**9.13 SUGGESTED READINGS & REFERENCES****SUGGESTED READINGS**

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# 10

## CHAPTER

### CONFLICT MANAGEMENT

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## INTRODUCTORY CASELET

## CONFLICT IN PROJECT TEAM

Anamika and Robin work for a software development company based in Bangalore. Recently, a new product division was started in the company. Robin was hired by the manager of the new division, who was originally the leader of the project team. Robin was also interviewed by Anamika. However, she strongly opposed hiring him, because according to her, Robin was not competent for the job.

Six months after the hiring of Robin, the project manager left the organisation to start his own business. He recommended the names of Anamika and Robin to jointly serve as project leader. Anamika reluctantly agreed to the proposal with the stipulation that it needs to be made sure that she will not be working for Robin. The General Manager gave consent for Anamika and Robin sharing the project leadership. Within a few weeks, conflicts started developing between Anamika and Robin, because Robin was representing himself as the leader of the entire project, giving an impression that Anamika was working for him. The two approached the Human Resource (HR) manager for resolving the conflict. Following is Anamika's account of the events as communicated to the HR manager:

"Right after being given the responsibility of the joint project manager, Robin called a meeting with the team without consulting me about the time and content. He just informed me when it is going to be held and asked me to be present there. In the meeting, Robin reviewed everyone's tasks, including mine, treating me as just another team member working for him. While sending out letters, he signs as the project director, which obviously implies that I am working for him".

Following is Robin's version of the events as communicated to the HR manager:

"Anamika is only concerned about power and titles. Just because I sign as the project manager does not imply that she is working under me? This does not excite me and does not make any difference. She should not be so sensitive about everything. Can't I call a meeting myself? Right away, she should not think that I am trying to run everything. She mostly lets things slide, but whenever I take an initiative, she starts reacting like that".



**LEARNING OBJECTIVES**

After completing this chapter, you will be able to:

- Explain the concept of conflict
- Describe the sources of conflict
- Discuss the positive and negative aspects of conflict
- Explain functional and dysfunctional conflict
- Describe the types of conflict
- Discuss conflict resolution and management
- Explain the role of functional conflict in increasing organisational effectiveness

## 10.1 INTRODUCTION

The success of a business organisation depends on team work. However, where there is a team, conflict is bound to arise. In simple words, conflict refers to the actual and perceived disagreement among needs, values, and interests of individuals and groups. It is an unavoidable phenomenon occurring in every facet of life. In an organisational set-up, conflict occurs because of a number of reasons, including opinions, attitudes, and perceptions of employees.

The productivity of employees can be influenced by conflicts in a negative way. For example, an employee may feel a sense of injustice and decide to change his/her job. Therefore, it is crucial for organisations to reduce conflicts through conflict management. Conflict management can be successfully implemented by the management if it is well aware of the behaviour of employees. Therefore, conflict management is a powerful tool in organisational behaviour, which manages and controls the behaviour of employees. It can be implemented through negotiations that aim at resolving conflicts in a constructive way and through mediation and arbitration.

The chapter starts with a discussion on the meaning and sources of conflict. Further, the positive and negative aspects of conflicts have been discussed in the chapter. In addition, the chapter elaborates on functional and dysfunctional conflicts. Further ahead, the chapter describes various types of conflicts, such as inter-personal conflict and intergroup conflict. Towards the end, conflict resolution and management and encouraging functional conflict for organisational effectiveness is discussed in the chapter.

## 10.2 UNDERSTANDING CONFLICTS

To understand the concept of conflict, let us first define the term. Following are some of the definitions of conflict as provided by different authors:

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According to **Chung and Meggison**, “*Conflict is the struggle between incompatible or opposing needs, wishes, ideas, interests, or people.*” According to them conflict arises when individuals or groups encounter goals that both parties cannot attain satisfactorily.

According to **Pondy**, conflict has been defined as “the condition of objective incompatibility between values and goals; as the behaviour of deliberately interfering with another’s goal achievement; and as emotionally in terms of hostility.”

Descriptive theorists have explained conflict behaviour in terms of objective conflict of interest, personal styles, reactions to threats, and cognitive distortions. Therefore, conflict can be defined as the friction, which results from perceived or actual differences that exist among individuals or groups. Conflict is perceived in many different and unique ways, three of them being the most significant. They are as follows:

- ❑ **Traditional View:** According to this view, all types of conflicts are harmful to an organisation. Therefore, conflicts should be avoided at any cost. According to this view, managers should try to suppress all types of conflicts within the organisation.
- ❑ **Human Relations View of Conflict:** In this view, conflict is a natural phenomenon. This view states that conflict is essential for success and progress in an organisation. This is because conflicts help individuals in overcoming obstacles and performing duties more effectively.
- ❑ **Interactionist View of Conflict:** According to this view, conflict is necessary for a group to perform efficiently. This is because conflicts lead to positive results.

According to **Stephen P. Robbins**, “the harmonious, passive groups are prone to become stagnant and non-responsive towards the needs for change and innovation, which can be a major hindrance in the progress of the organisation.”

Following are some of the main characteristics of conflict:

- ❑ It occurs when two or more individuals pursue incompatible goals.
- ❑ In a conflict, individuals try to prevent others from attaining their goals.
- ❑ It arises due to a dilemma within an individual to select the right course of action.
- ❑ It occurs when there is a mismatch between the actual and expected role.
- ❑ It arises when the goals of one individual or department clashes with the goals of another individual or department.

### 10.2.1 SOURCES OF CONFLICTS

In an organisational setting, individuals from diverse backgrounds, cultures, and personalities integrate to form teams. These diversities

give rise to numerous situations or factors that in turn give rise to conflicts. Following are some of the major sources of conflicts in organisations:

- ❑ **Communication:** Conflict arises because of ineffective communication or lack of communication. If the employees of an organisation do not have the correct information, there may be conflict. For example, a manager forgets to inform a team member of a meeting taking place. The team member may feel that he/she is being omitted on purpose.
- ❑ **Personal Variables:** Personality and value system of different employees are diverse. This diversity in individuals leads to conflicts. For example, an outspoken individual may appear rude to his/her colleagues.
- ❑ **Unrealistic Expectations:** It refers to the impractical expectations that management bears from employees. Employees may feel demotivated due to unrealistic expectations. This may lead to conflict between managers and employees. For example, a manager asks a team member to complete an entire day's task within couple of hours.
- ❑ **Change:** It is a common tendency of employees to resist organisational change. Resistance to change leads to conflict. For example, introduction of new machines in a manufacturing company lead to feelings of insecurity among the workforce regarding their jobs.
- ❑ **Goal:** Goals of two or more individuals or departments may collide and lead to conflicts. For instance, the aim of a production department is on-time delivery, while the quality department aims at flawlessness of the product.
- ❑ **Difference in Values:** These indicate that people have different value systems, to which they are emotionally attached and uncompromising. In such a scenario, the values of one individual may collide with another that may lead to conflict. For example, two salespersons are selling a product. One salesperson believes that it is acceptable to lie while persuading a customer to buy a product. However, the other only believes in using honest means.
- ❑ **Behaviour:** This indicates that an extreme action of an individual, whether defensive or offensive, can be a reason for conflict. For example, on receiving negative feedback from a superior, an employee aggressively accuses his superior of bias.

### 10.2.2 POSITIVE AND NEGATIVE ASPECTS OF CONFLICTS

Organisational conflict arises due to differences in opinions among individuals or groups. However, the consequences of conflicts can be negative as well as positive. Following are some of the negative consequences of conflicts:

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- ❑ **Performance Degradation:** Conflicts consume significant energy of the individuals involved as well as the organisation. These lead to degradation in performance. For example, an employee who spends time arguing with a colleague is not able to deliver tasks within time.
- ❑ **Low Employee Retention:** Conflicts create demotivation among employees. This increases employee turnover and leads to low retention. For example, employees who think they are the victims of conflicts may bear negative perceptions about the organisation and try to find opportunities in other organisations.

Some of the positive consequences of conflict are as follows:

- ❑ **Change in Organisational Culture:** Conflicts help in identifying the potential problem areas in an organisation. Dealing with the problems leads to change in organisational culture. For example, after an employee raises an issue of bias in an HR policy, the policy is changed, benefitting all other employees.
- ❑ **Competition:** Conflict may induce healthy competition in an organisation. This helps in increasing productivity and quality. For example, competition to deliver better among two departments leads to both departments performing well.
- ❑ **Creativity:** Increasing competition due to conflicts may spur creativity among employees. For example, an employee tries to show that he/she is better than a colleague and thus forms profitable ideas for the entire team.



## SELF ASSESSMENT QUESTIONS

1. \_\_\_\_\_ can be defined as the friction, which results from perceived or actual differences that exist among individuals or groups.
2. According to the \_\_\_\_\_ view, all types of conflicts are harmful to an organisation.
3. According to the interactionist view of conflict, conflict is necessary for a group to perform efficiently. (True/False)
4. Conflicts lead to low employee retention. (True/False)



## ACTIVITY

Utilising Internet, find out about various sources of conflicts occurring in a project team. Present your findings in a short note.

### 10.3 FUNCTIONAL CONFLICTS

Gayatri and Neeraj work in an advertising company. In a brain storming session for a client's product, Gayatri and Neeraj both come up

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with good ideas. Their supervisor is unable to decide which idea is better. He gives them a week's time to improve further and declares that the idea that is better will be presented to the client. Gayatri and Neeraj start competing with each other aggressively, causing several conflicts between them. A week later, however, their supervisor is still unable to decide the better idea. Both Gayatri and Neeraj are asked to present their ideas to the client. The client is very pleased and decides to accept both the ideas for separate products. This leads to double profits for the company.

The conflict between Gayatri and Neeraj is called a functional conflict. Here, two employees have a difference of opinions regarding new ideas and they strive to generate better ideas for fulfilling organisational goals. Functional conflicts refer to constructive conflicts that support the goals of the organisations and improve its performance. Functional conflicts involve people genuinely interested in solving problems and listening to one another. A great way to improve a team's performance is stimulating functional conflicts and hence generating innovative ideas. Stimulating functional conflicts involves leading team members to defend or criticise ideas on the basis of relevant facts rather than personal preferences. Following are the two methods of stimulating functional conflicts:

- ❑ **Devil's Advocacy:** It involves assigning a team member the role of a critic. This person will always criticise an idea that the team may have. This helps in creating an environment of critical thinking. However, the role of the critic should be revolved in the team, so that no particular individual develops the reputation of being negative.
- ❑ **Dialectic Method:** It involves conducting a debate of opposite views before taking any decision. After hearing the pros and cons of different ideas, the team has greater success in making sound decisions.



## SELF ASSESSMENT QUESTIONS

5. \_\_\_\_\_ conflicts refer to constructive conflicts that support the goals of the organisations and improve its performance.
6. \_\_\_\_\_ method involves conducting a debate of opposing views before taking any decision.
7. Devil's advocacy involves assigning a team member the role of a critic. (True/False)



## ACTIVITY

Make a group of your friends and discuss various benefits of functional conflicts.

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**10.4 DYSFUNCTIONAL CONFLICTS**

In a software company, the development team, headed by Mayank, and the testing team, headed by Rohit, are always in conflict. The delivery head, Sheetal, has been encouraging this functional conflict. However, after some time, some members in the development team start picking fights with members in the testing team. The fights disrupt work, spread rumours, and lead to a few resignations.

In the scenario, a functional conflict has turned into a dysfunctional conflict. A dysfunctional conflict consists of various disputes and disagreements that hinder the performance of the company. It involves people unwilling to work for a common goal and solve a particular problem. In a workplace, there are various methods of dealing with dysfunctional conflicts. Some of these methods are as follows:

- ❑ **Integrating:** This method is also known as the problem-solving method. It involves encouraging opposing parties to face the issue collectively, generate a solution, and select the most appropriate action. Various misunderstandings can be resolved with the help of this method. For example, in the scenario, Sheetal calls a meeting of both the teams in which both teams realise that they were fighting over a non-issue or a misunderstanding.
- ❑ **Obliging:** In this approach, a party neglects their own concern to satisfy the concern of the opposing party. It emphasises commonalities and plays down differences. For example, in the scenario, Mayank's team realises that the conflict has gone too far, and they agree to apologise to Rohit's team.
- ❑ **Dominating:** People with an I-win-you-lose mentality follow this approach. It involves relying upon formal authority to force compliance. It is also used when unpopular but necessary solutions need to be implemented. For example, suppose conflict between the joint project managers of a project is hampering the project. In such cases, the General Manager needs to get involved and make one of the project managers accept the position of the other.

**SELF ASSESSMENT QUESTIONS**

8. In obliging, a party neglects their own concern to satisfy the concern of the opposing party. (True/False)
9. A \_\_\_\_\_ conflict consists of various disputes and disagreements that hinder the performance of the company.

**ACTIVITY**

Utilising Internet, list various aspects of dysfunctional conflicts.

## 10.5 TYPES OF CONFLICTS

Conflict may arise at any level in an organisation, starting from the individual level to the organisational level. Depending on the level of conflict, there are mainly two types of conflicts: inter-personal conflicts and inter-group conflict. Let us discuss these types of conflicts in detail.

### 10.5.1 INTER-PERSONAL CONFLICTS

Individual-level conflict indicates that human behaviour is directed by needs, which guide the activities of an individual. Before joining an organisation, individuals try to match their needs with the organisation's offerings in terms of salary packages or other benefits. However, if they observe any inequity with their colleagues in the organisation, it may result in a conflict at the individual level. Such a conflict may lead to tension, frustration, and unpleasant behaviour in individuals. For example, an employee who believes he/she is paid less than a colleague tries to load her work on the colleague.

Inter-personal conflict occurs between two individuals. Generally, this conflict arises due to availability of scarce resources or rewards. It can also occur, because different people have different opinions, attitudes, value systems, and style of working. In simple words, in inter-personal conflict, a person is in conflict with another individual. Inter-personal conflict is considered to be a major-level conflict that can occur between co-workers, siblings, spouses, roommates, and neighbours. This is the form of conflict most people have in mind when they think about being in conflict.

Following are two important concepts in the context of inter-personal conflicts:

- ❑ **Transactional Analysis:** It refers to a model of people and relationships that was developed by Dr. Eric Berne in the 1960s. It is based on two notions:
  - ◆ First, we have three 'ego-states' in our personality. These states are parent, adult, and child.
  - ◆ Second, these states converse with one another in 'transactions'.

In simple words, transactional analysis is a social psychological method for improving communication. It outlines how we develop and treat ourselves, how we relate to others, and how we communicate with others. In addition, it deals with how we offer and accept suggestions that help us change and grow. The undermining philosophies in transactional analysis are that:

- ◆ People can change
- ◆ All of us have a right to be in the world and be accepted

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❑ **Johari Window:** It refers to a communication model used to improve understanding among individuals. The word “Johari” is derived from the names of Joseph Luft and Harry Ingham, who developed this model in 1955. The following two ideas are behind the tool:

- ◆ One can build trust with others by disclosing information about oneself.
- ◆ An individual can learn about himself/herself with the help of feedback from others. This helps the individual come to terms with personal issues.

Thus, basically, the Johari window emphasises the role of self-disclosure and constructive feedback. This can help people in building better and more trusting relationships with one another, solve issues, and work more effectively as a team.

The Johari window is a four quadrant grid, as shown in Figure 10.1:

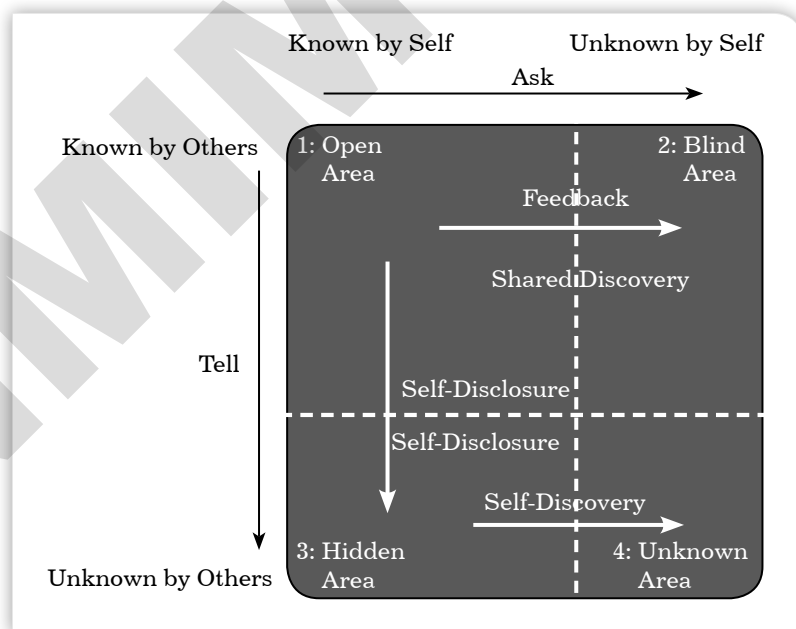


Figure 10.1: Johari Window

The four quadrants are explained as follows:

### 1. Quadrant 1: Open Area

Quadrant 1 represents the information that we know about ourselves and others know about us. Therefore, this quadrant includes behaviour, knowledge, skills, attitudes, and "public" history.

### 2. Quadrant 2: Blind Area

This quadrant includes information that we are not aware of ourselves but others know about us. This can involve simple issues that are unknown to us and complex issues (for example, feelings of inadequacy, incompetence, unworthiness, or rejection), which



are often difficult for individuals to face directly but can be seen by others.

### 3. Quadrant 3: Hidden Area

This quadrant represents information that we know about ourselves, but others do not know about us.

### 4. Quadrant 4: Unknown Area

This last quadrant represents information that is unknown by us and others.

The main goal of the Johari window is to expand the open area without disclosing information that is too personal in nature. The model considers Open Area to be the most important quadrant, because generally the more people know about each other, the more productive, cooperative, and effective they become while working together. The process of expanding the Open Area is called “self-disclosure”. It is a give-and-take process that takes place between an individual and the people that the individual is interacting with.

Resolution of inter-personal conflict is a very important issue in OB. An organisation needs to put considerable amount of time and resources to resolve inter-personal conflicts. This is because inter-personal conflict is the most common type of conflict in organisations.

Following are the six generic steps in resolving inter-personal conflicts, as shown in Figure 10.2:

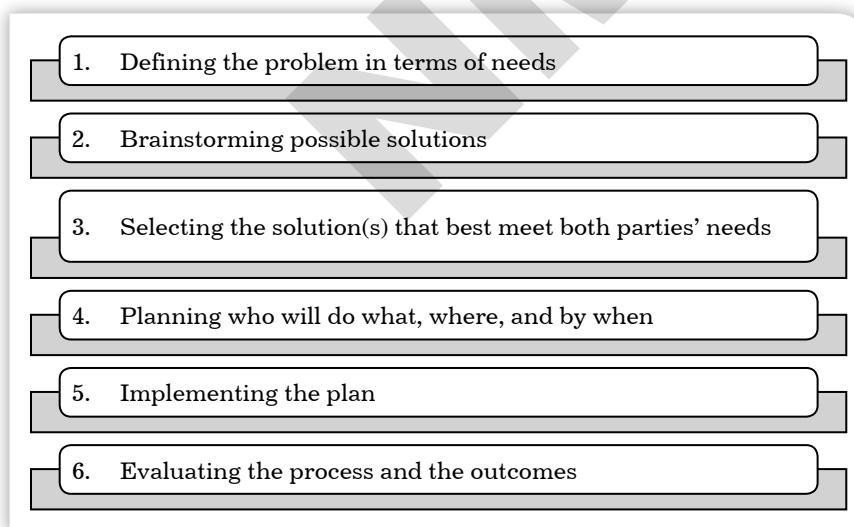


Figure 10.2: Generic Conflict Resolution Steps

## 10.5.2 INTER-GROUP CONFLICTS

Conflicts that occur between two or more groups are called inter-group conflicts. These are frequently seen within an organisation when two departments are in conflict with each other to acquire scarce resourc-

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es. For example, the marketing and the finance department may be in conflict owing to difference in man power. In addition, two separate departments can be in conflict regarding their contribution in the company. Intergroup conflict is minimised when different divisions work for common organisational goals. It may be helpful to an organisation by increasing healthy competition.

One of the most prominent reasons of inter-group conflict is the nature of the group. Some of the other reasons include work independence, goal variances, differences in perception, and increased demand for specialists. In addition, the individual members of a group also play a prominent role in initiating an inter-group conflict. When groups share some interests and their directions seem parallel, there may be a positive relationship within each group. However, when the goals and activities of groups differ, each group may view the other in a negative manner. While trying to prevent or resolve inter-group conflict, we should consider the history of relations between the groups in conflict. History repeats itself if left to its own devices.

There are a number of techniques to resolve inter-group conflicts. Some of these techniques are:

1. Avoidance where possible
2. Problem solving
3. Changing certain variables
4. Constituting a dispute resolution system

The conflict resolution method should be selected on the basis of why the conflict occurs and the seriousness of the conflict. A face-to-face meeting as in problem solving is a very effective way of resolving misunderstanding or language barriers.

### 10.5.3 INTRA-INDIVIDUAL CONFLICTS

This type of conflict is also known as intrapsychic conflict. It occurs within an individual when an individual argues with himself/herself about an issue. For example, an individual wants to buy a new pair of shoes but knows that he/she should not spend money on them. Thus, intra-individual conflict occurs when there is inconsistency among an individual's cognitive elements. This type of conflict can occur in thoughts, ideas, values, emotions, and predispositions.

Conflict at the intra-individual level involves:

- ❑ **Frustration:** It occurs when goal-directed behaviour is blocked. For example, when the career growth of an individual is blocked because of various reasons.
- ❑ **Goal-conflict:** It can arise out of approach-approach, approach-avoidance, and avoidance-avoidance situations. Approach-approach conflict occurs when an individual has to choose between two equally attractive alternatives. For example, a situation in which a manager needs to recruit one out of two equally

competent candidates. Approach-avoidance conflict occurs when an alternative has both positive and negative consequences. For example, a person wants to join an MNC in which the compensation is attractive but job security is less. An avoidance-avoidance situation occurs when a person has to choose between competing alternatives, both of which have negative consequences. For example, a choice between low compensation and low job security.

- ❑ **Role-conflict:** Role-conflict occurs because of clashes among expectations of various roles possessed by an individual. For example, this type of conflict occurs when an individual is asked to perform two or more incompatible roles.



#### SELF ASSESSMENT QUESTIONS

10. \_\_\_\_\_ conflict occurs when an alternative has both positive and negative consequences.



#### ACTIVITY

Make a group of your friends and discuss about inter-personal and inter-group conflicts.

## 10.6

### CONFLICT RESOLUTION AND MANAGEMENT

Conflict plays both functional and dysfunctional roles, depending upon the impact it has on the performance of employees. In case a conflict improves performance, it needs to be stimulated. However, if a conflict hampers performance, it needs to be controlled and resolved. A conflict has to be resolved especially when it reaches the optimal level. Figure 10.3 shows some of the conflict resolution techniques:

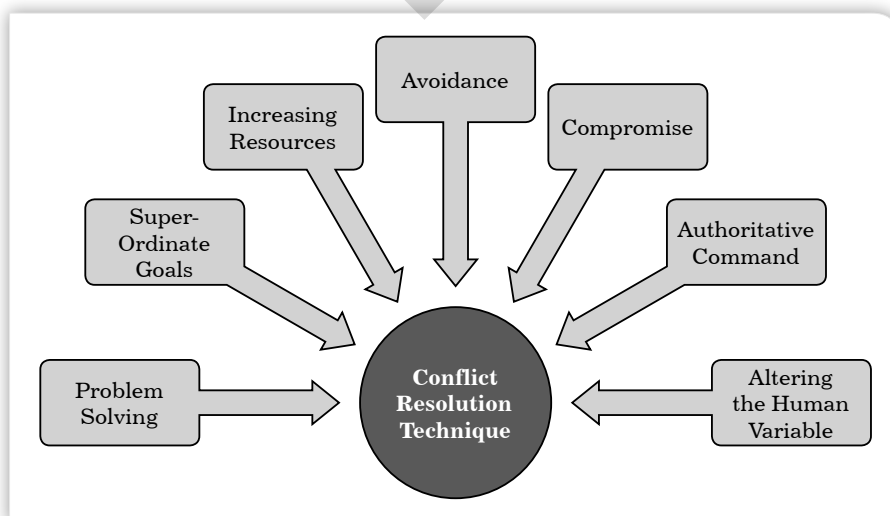


Figure 10.3: Techniques of Conflict Resolution

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The following points explain the techniques of conflict resolution:

- ❑ **Problem Solving:** This is a direct approach of resolving conflict in which the source of the conflict is removed. In this approach, the main cause of the conflict is identified and removed to resolve the conflict. For instance, a conflict may arise between the employees and the management regarding compensation. The management resolves the conflict by increasing the compensation.
- ❑ **Super-ordinate Goals:** When various parties work for the fulfilment of the same goals, there is less chance of conflict. Therefore, management should set super-ordinate goals to eliminate conflicts. For example, the super-ordinate goals in a project can be delivering a specific set of project deliverables within a given time. This may help in reducing conflict in a team regarding personal goals.
- ❑ **Increasing Resources:** At times, lack of resources can be a cause for conflict. In such cases, increasing the availability of resources can help in removing conflicts. For example, conflict may arise in a project because of allocation of fewer resources than required. In such cases, conflict can be avoided by deploying more resources.
- ❑ **Avoidance:** It is an indirect approach of resolving conflicts. In this approach, the cause of conflict is avoided. For example, two mutually incompatible individuals may be asked to work in separate groups to avoid any circumstance of face-off.
- ❑ **Compromise:** This refers to a technique in which both the conflicting parties are required to give up their personal motives and think collectively to resolve a conflict.
- ❑ **Authoritative Command:** Indicates that by the use of formal authority, managers can resolve the conflict. For example, a manager warns two conflicting team members that if they do not resolve their inter-personal problems, action will be taken against them.
- ❑ **Altering the Human Variable:** It involves various techniques, such as training to change the human behaviour or attitude to deal with conflict in a better manner. On the other hand, the individual involved in the conflict can be transferred to another place to help resolve the conflict. For example, a team member who does not approve of a manager is transferred to another manager's team.



## SELF ASSESSMENT QUESTIONS

11. \_\_\_\_\_ is a direct approach of resolving conflict in which the source of the conflict is removed.
12. Compromise refers to a technique in which both the conflicting parties are required to give up their personal motives and think collectively to resolve a conflict. (True/False)



## ACTIVITY

Make a group of students and discuss about various means of conflict resolution. Present your discussion points in a short note.

## 10.7

## ENCOURAGING FUNCTIONAL CONFLICT FOR ORGANISATIONAL EFFECTIVENESS

Earlier we discussed that functional conflicts are beneficial for an organisation. These types of conflicts can bring positive outcomes by improving the performance of employees. Therefore, an organisation needs to stimulate these types of conflicts to promote healthy competition and increased creativity. There are a number of techniques for stimulating the functional conflicts as depicted in Figure 10.4:

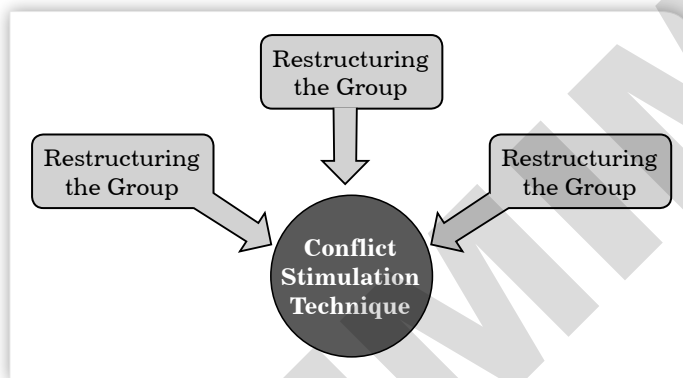


Figure 10.4: Techniques of Conflict Stimulation

The following points explain the conflict resolution techniques:

- ❑ **Bringing in Outsiders:** Means that a manager can stimulate conflict by including an employee whose working style, personality, and way of thinking is different from existing employees.
- ❑ **Restructuring the Group:** It refers to reshuffle between two or more groups to exchange their members. In such a case, all the concerned groups would have a combination of some old and some new members. The new members will bring the new, creative, and useful ideas along with them. Their ideas may be different from the ideas of older members, which may create conflict among the group.
- ❑ **Appointing the Devil's Advocate:** This refers to an act of appointing a manager, who can initiate arguments and oppose the already set-ideas to induce the conflict in the organisation. Such a person helps in bringing the attention of other members to certain conflicting points that can later be resolved.

## N O T E S



## SELF ASSESSMENT QUESTIONS

13. Organisation needs to stimulate functional conflicts to promote healthy competition and increased creativity. (True/False)
14. The manager, who can initiate arguments and oppose the already set-ideas to induce the conflict in the organisation is known as \_\_\_\_\_.



## ACTIVITY

Make a group of fellow students to discuss about various means of stimulating functional conflicts. Present your findings in a short note.

**10.8 SUMMARY**

- ☐ The success of a business organisation depends on team work. However, where there is a team, conflict is bound to arise.
- ☐ In simple words, conflict refers to the actual and perceived disagreement among needs, values, and interests of individuals and groups.
- ☐ Some of the major sources of conflicts in organisations are communication, personal variables, unrealistic expectations, change, goal, the difference in values, and behaviour.
- ☐ Some of the negative results of conflicts are performance degradation and low employee retention.
- ☐ Some of the positive consequences of conflict are change in organisational culture, competition, and creativity.
- ☐ Functional conflicts refer to constructive conflicts that support the goals of the organisations and improve its performance. Functional conflicts involve people genuinely interested in solving problems and listening to one another.
- ☐ Methods of stimulating functional conflicts are devil`s advocacy and dialectic method.
- ☐ A dysfunctional conflict consists of various disputes and disagreements that hinder the performance of the company. It involves people unwilling to work for a common goal and solve a particular problem.
- ☐ Individual-level conflict indicates that human behaviour is led by needs, which guide the activities of an individual.

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- ❑ Transactional analysis refers to a model of people and relationships that was developed by Dr. Eric Berne in the 1960s.
- ❑ The Johari window refers to a communication model used to improve understanding among individuals.
- ❑ Intra-personal conflict occurs within an individual.
- ❑ Intra-personal conflict involves frustration, goal-conflict, and role-conflict.
- ❑ Conflicts that occur between two or more groups are called inter-group conflicts.
- ❑ Some of the techniques of conflict resolution are problem solving, super-ordinate goals, increasing resources, avoidance, compromise, authoritative command, and altering human variable.



## KEY WORDS

- ❑ **Needs:** It refers to a motivating force that compels actions for satisfaction.
- ❑ **Cognitive:** It is the process by which the sensory input is transformed, reduced, elaborated, stored, recovered, and used.
- ❑ **Values:** It refers to the moral basis of the actions of individuals.
- ❑ **Employee Retention:** It refers to the rate of employees staying in the same organisation.
- ❑ **Dialectic:** It refers to a method of argument for resolving disagreement.
- ❑ **Dispute Resolution System:** It refers to an organisational framework that is developed to resolve inter-group and inter-personal conflicts.

## 10.9 DESCRIPTIVE QUESTIONS

1. What do you mean by conflicts?
2. What do you mean by functional conflicts?
3. What is a dysfunctional conflict?
4. What are the different types of conflict? Discuss.
5. Elaborate some of the techniques of conflict resolution.
6. What are the different methods of stimulating functional conflict for organisational effectiveness?

## N O T E S

**10.10 ANSWERS AND HINTS****ANSWERS FOR SELF ASSESSMENT QUESTIONS**

Topic	Q. No.	Answers
Understanding Conflicts	1.	Conflict
	2.	Traditional
	3.	True
	4.	True
Functional Conflicts	5.	Functional
	6.	Dialectic
	7.	True
Dysfunctional Conflicts	8.	True
	9.	Dysfunctional
Types of Conflicts	10.	Approach-avoidance
Conflict Resolution and Management	11.	Problem Solving
	12.	True
Encouraging Functional Conflict for Organisational Effectiveness	13.	True
	14.	Devil's Advocate

**HINTS FOR DESCRIPTIVE QUESTIONS**

1. Conflict refers to the actual and perceived disagreement among needs, values, and interests of individuals and groups. Refer to Section **10.2 Understanding Conflicts**.
2. Functional conflicts refer to constructive conflicts that support the goals of the organisations and improve its performance. Refer to Section **10.3 Functional Conflicts**.
3. A dysfunctional conflict consists of various disputes and disagreements that hinder the performance of the company. Refer to Section **10.4 Dysfunctional Conflicts**.
4. Different types of conflict are inter-personal conflict and intergroup conflicts. Refer to Section **10.5 Types of Conflicts**.
5. Some of the techniques of conflict resolution are problem solving, super-ordinate goals, increasing resources, avoidance, compromise, authoritative command, and altering human variable. Refer to Section **10.6 Conflict Resolution and Management**.



6. Methods of stimulating functional conflicts are devil`s advocacy, dialectic method, bringing in outsiders, and restructuring the group. Refer to Section 10.7 **Encouraging Functional Conflict for Organisational Effectiveness**.

**10.11****SUGGESTED READINGS & REFERENCES****SUGGESTED READINGS**

- ❑ Singh, H. (2010). Organisational Behaviour. 1st ed. New Delhi: V. K. (India) Enterprises

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**NMIMS**

# 11

## CHAPTER

### POWER AND POLITICS IN ORGANISATIONS

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## INTRODUCTORY CASELET

**POLITICAL CONFLICT  
BETWEEN JULIE ROEHM AND WALMART**

Walmart is a multinational retail corporation running discount department stores and warehouse stores. In early 2006, Julie Roehm was hired by Walmart in the newly created position of Senior Vice President of Marketing Communication. This was viewed by some analysts as Walmart's big move to improve its marketing department, owing to the fact that Roehm had earned a name for herself due to her edgy advertising tactics.

However, in late 2006, Roehm was dismissed from the organisation amidst rumours of her violating Walmart's ethics and gratuity policy. After this incident, Roehm filed a civil case against Walmart for unlawfully sacking her job, invading her compensation agreements, and for maligning her in the press. As a repercussion, Walmart accused her of violating the organisation's employment policies.

The conflict between Julie Roehm and Walmart increased to the extent of Roehm accusing Walmart's top management of violating its ethical code of conduct and exhibiting excessive power. This incident was considered as a learning lesson by various analysts, because it provided an insight to an organisation's culture, change, workplace politics, organisational communication, ethics, and managerial and employee misconduct.

**LEARNING OBJECTIVES**

After completing this chapter, you will be able to:

- Explain the concept of power and the difference between power and leadership
- Discuss the sources of power and the use of power tactics by individuals
- Discuss the existence of power in groups
- Discuss the existence of politics and factors contributing to politics within organisations
- Explain the role of politics in determining organisational culture
- Discuss the importance of personality development for encountering politics

## 11.1 INTRODUCTION

Janaki Sharma is the Chief Executive Officer (CEO) of Chand Industries Pvt. Ltd. One of Sharma's trusted Vice Presidents (VPs) of the organisation, Prakash Seth, has been maligning the name of the CEO by introducing unfavourable policies in her name to gain favour with the Board of Directors. Employees have lost faith in their CEO, and the attrition rate is high. On discovering Prakash Seth's actions, the CEO and the Board of Directors replace him with Madhav Singh. After his appointment, Singh studies the damage done by Seth and reverses the unfavourable policies. This also helps clear Sharma's name. The faith of employees is restored and the organisation is back on track again.

Organisations run by following certain formal and informal rules to coordinate the actions of individuals. However, organisations comprise people with different backgrounds, interests, and understanding. Then, how can organisations assure that people with such diversities comply with these rules?

The scenario shows that power and politics are among the most important concepts in the study of organisational behaviour. Both power and politics are dynamic concepts and are a function of the interaction between different elements in organisations. Power is an individual's ability to influence and control anything that is of value to others. In an organisational setting, it is the ability to influence the behaviour of other individuals in the organisation to make them accomplish tasks that they otherwise would not endeavour. Power in organisations may or may not be legitimate, which implies that power may not always correspond with an individual's organisational position. The power sanctioned by the organisation is often the source of power for most individuals.

Organisational politics is often referred to as power in action. Politics may be legitimate if contained within sanctioned organisational lim-

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its, whereas, if it exceeds sanctioned organisational limits, organisational politics becomes illegitimate in nature. Organisational politics is a function of culture, objectives, roles, and attitudes of the top management in organisations.

Power and politics play a significant role in organisations right from decision making to how employees interact with each other. Irrespective of the type and size of organisations, the impact of power is contingent upon the type of power employees use to influence others in the workplace: positive power or negative power. Politics has a direct effect on the delegation of power within organisations and determines whether the organisational culture encourages productivity.

This chapter starts by discussing the concept of power and how power differs from leadership. Further, it describes the sources of power and the identification of sources of power in organisations. Next, the chapter describes the power tactics in organisations and the role of power in groups. It explains the significance of politics in organisations, factors contributing to the existence of politics, and the role of politics in determining organisational culture. The chapter concludes by discussing the significance of personality development to encounter politics.

## 11.2 UNDERSTANDING POWER

*“Power is the probability that one actor within a social relationship will be in a position to carry out his own will despite resistance”.*

### Max Weber, a principal architect of modern sociology

Power is the potential ability to influence the behaviour of others. The term power may be applied to people, groups, divisions, organisations, and nations. For example, a particular department in an organisation may be considered powerful, implying that it has the ability to influence the behaviour of individuals in other departments in the organisation. Power within organisations affects decision making for resource allocation, goals and objectives setting, hiring of individuals, structural and employment decisions, etc.

Power has a social context and is relational in nature. An individual may exhibit power in relation to other people who are influenced by him/her. Similarly, a group may exhibit power in relation to other groups, and so on. Therefore, the idea of power symbolises interactions among individuals, where one individual influences and the other is influenced. Moreover, power is dynamic and changes as situations and individuals change. For example, a manager of a particular department in an organisation may influence the behaviour of his/her subordinate but only marginally influence individuals from other departments.

Leaders also influence and inspire other individuals. However, power and leadership differ from each other in more than one way. Let us discuss the difference between leadership and power in the next section.

### 11.2.1 DIFFERENCE BETWEEN LEADERSHIP AND POWER

*“If you want to test a man’s character, give him power”.*

#### Abraham Lincoln

John F. Kennedy, 35th U.S. President is well-known for his democratic leadership style. He made a proposal to The National Aeronautics and Space Administration (NASA) for sending a human on the moon. Amidst much resistance, Kennedy opted not to exhibit undue power but through his leadership style, managed to convince and motivate the staff to make it happen.

Leadership refers to influencing people with or without the advantage of a formal position or role, whereas power refers to getting people to do things owing to the formal platform or charter an individual holds in an organisation. For example, a person with the personality traits of a leader can influence a colleague’s action, whereas a manager can simply dictate the action. Evidently, power aids to the demonstration of leadership by an individual, whether or not leadership is required. On the contrary, leadership is destabilised when demonstration of power is used to exert leadership. In simple words, power grows from the position an individual has in a group, whereas leadership may or may not be corresponding to one’s position in the group. For example, Mahatma Gandhi inspired millions of individuals to fight for freedom, and he participated with them equally. People followed him because of his inspirational personality.

Leaders are people who can influence the behaviour of other individuals owing to certain personality or behavioural traits and not necessarily because of the position of the leader. Leaders help other individuals in the group to work in coordination with one another, establish their goals, and accomplish them for the success of the group.

Power enables an individual to make other individuals act even when they resist, while leaders influence individuals to accomplish common goals, at the same time, enabling them to accomplish these goals.

Considering Abraham Maslow’s theory of hierarchy of needs, (basic needs, safety needs, social needs, self-esteem needs, and self-actualisation needs), an individual who craves for power is fixed at the second level, or safety needs. On the contrary, an effective leader strives for self-actualisation without craving for power to earn his/her dignity. An effective leader is motivated to achieve the common objectives for the welfare of the whole group and not focus on his/her individual gains.

There is a thin line that differentiates leadership from power. Leadership is naturally endowed with power, and power has the potential to corrupt a leader’s actions and thoughts. Power provides a leader with control over organisational resources, which affords him/her the ability to influence other individuals by conferring or concealing these

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resources. After gaining power, several leaders are motivated to enhance their personal capacity for domination. Subsequently, leaders may tend to behave in unacceptable ways to protect their power without considering that their actions may harm the group's well-being.

### 11.2.2 SOURCES OF POWER

Sources of power are based on the interpersonal relationships between supervisors and subordinates in an organisation. One of the most distinguished studies on power and its sources was conducted by social psychologists, John French and Bertram Raven, in 1959. They identified five sources of power as shown in Figure 11.1:

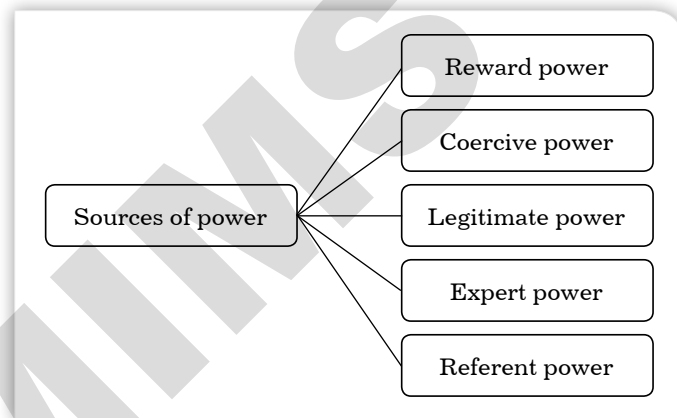


Figure 11.1: Sources of Power

Let us discuss the various sources of power further:

**Reward Power:** It is influencing behaviour by rewarding desirable behaviours. For example, praise, promotions, bonus, etc. are rewarded to employees in an organisation as a result of their performance, which motivates them to continue to exhibit that behaviour. Reward power results from an individual's ability to compensate other individuals for compliance with a particular or desirable behaviour.

**Coercive Power:** It is influencing behaviour by punishing undesirable behaviours. For example, subordinates may comply with a particular behaviour for fear of getting punished for not adhering to supervisory directives. Punishment may be in the form of reprimands, undesirable work assignments, strict work rules, pay-cuts, or suspension.

□ **Legitimate Power:** It is influencing behaviour owing to the individual's formal position in the organisation. Individuals respond to this influence to acknowledge the supervisor's legitimate right to commend certain behaviours. For example, in an organisation, a manager is authorised to make decisions related to a specific area of responsibility, such as production, quality control, marketing, accounting, or customer service. The area of responsibility han-



dled by a manager defines the extent to which the manager may exercise legitimate power to influence behaviour. Sometimes, subordinates may also exhibit legitimate power. For example, a safety inspector in an organisation has the legitimate power to halt the production process in the case of a safety violation, even if the plant manager objects.

- ❑ **Expert Power:** Expert power is an individual's ability to influence the behaviour of other individuals owing to his/her competencies, talents, or specialised knowledge and skills. To demonstrate proficiency in implementing, analysing, evaluating, and controlling the tasks of employees, managers acquire expert power. Expert power may however not be significant in the case of new employees and managers in an organisation. For example, in spite of possessing expert knowledge about accounting theory and practices, a new manager has to demonstrate his/her expertise over time to be recognised and accepted in the organisation. Only after recognition among seniors, a new manager will be able to exhibit expert power.
- ❑ **Referent Power:** Referent power is an individual's ability to influence the behaviour of other individuals as a consequence of being respected, admired, or liked by others. For example, an employee's desire to imitate an old, experienced or skilled manager may cause him/her to copy the same managerial style. Often, senior managers have some referent ability to influence the behaviour of younger managers in an organisation. Referent power is generally associated with people possessing admirable personality, characteristics, charisma, or reputation. Therefore, it is often linked with political leaders, movie stars, sports personalities, or other famous people.

### 11.2.3 IDENTIFYING THE SOURCES OF POWER IN ORGANISATIONS

Organisational power focuses on the power of managers over subordinates in an organisation. However, a significant aspect in organisational power is that characteristics of each situation affect or determine the power within the organisation. For example, the head of the Human Resource (HR) department of an organisation has more power when salaries and compensations of employees are to be decided, whereas he/she may lack the power to delegate work responsibilities to employees in case of a new project.

Situational characteristics refer to the structure of the organisation, the opportunity to influence others, access to influential people and critical resources, the kind of position an individual holds, etc. Structural and situational sources of power in organisations may result in unequal access to information, resources, and decision making within different departments in an organisation. For example, HR personnel have access to the

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personal details of all employees. The structural and situational sources of power in organisations are categorised as shown in Figure 11.2:

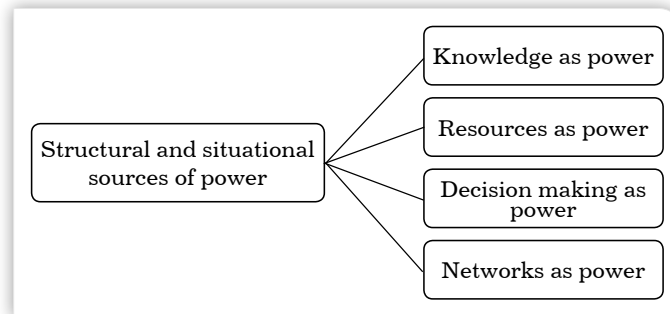


Figure 11.2: Structural and Situational Sources of Power

Let us discuss the various structural and situational sources of power in organisations:

- ❑ **Knowledge as Power:** This implies that individuals, groups, or departments in an organisation, which possess knowledge critical in the attainment of organisation's objectives, have certain power. Individuals, who can control information about existing operations, develop information regarding alternatives, or acquire knowledge about future events, possess massive power to influence the behaviour of other individuals in the organisation.
- ❑ **Resources as Power:** Organisations require various resources, including man, material, and money, to carry out their operations. The significance of particular resources for an organisation's success increases with respect to the difficulty in obtaining these resources. For example, if a manufacturing organisation needs a particular machine for production, which is unavailable with the supplier, the machine's significance as a resource in this organisation increases. Thus, the idea of resources as power implies that the individuals, groups, or departments in an organisation, which provide essential or scarce resources, possess power within the organisation. Resources that are the most crucial to an organisation depend on the situation, the organisation's objectives, the economic conditions, and the products or services being offered by the organisation. For example, software engineers can be the most crucial resources in a software company.
- ❑ **Decision Making as Power:** Decisions in organisations are made with the consent of several participating individuals and groups. The idea of decision making as a power in organisations implies that individuals, groups, or departments possess power to the extent that they can affect the decision-making process. For example, the market research department in an organisation can change the decision of the senior management to launch a particular product. Individuals, groups, and departments may influence the strategies,

policies, or objectives being developed, the various alternatives being considered, and the potential outcomes being discussed.

- ❑ **Networks as Power:** It is a common observation that managers in an organisation possess greater power if they have links with other influential individuals in the organisation. Traditionally, superior-subordinate vertical relationships are important aspects of power, but these linkages are not enough for exhibiting power in organisations. Horizontal linkages, with both internal as well as external networks, play an important role in the possession of power within organisations. For example, a project manager in an organisation is able to get funds sanctioned easily owing to his/her good relations with the head of the finance department of the organisation. The idea of networks as power implies that affiliations and coalitions, both inside and outside the organisation, act as sources of power within organisations.

#### 11.2.4 POWER TACTICS

Individuals use certain strategies to gain power and manipulate the bases of power for specific actions such as influencing the behaviour of other individuals, gaining a particular advantage, etc. These strategies are referred to as power tactics. Power tactics are used by individuals on their own (individual), within a group (intra-group) and between groups (inter-group).

Power tactics used by individuals can be categorised as shown in Figure 11.3:

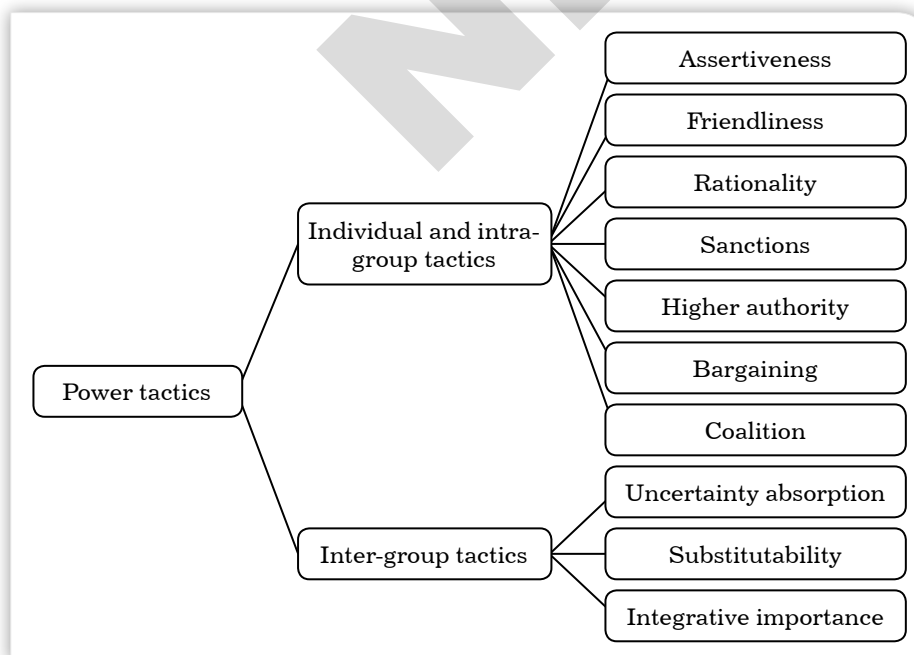


Figure 11.3: Types of Power Tactics

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Let us discuss these power tactics further:

- ❑ **Individual and Intra-group Tactics:** On the basis of how managers influence their subordinates, co-workers, and superiors, seven power tactics have been identified, which are as follows:
- ❑ **Assertiveness:** This implies setting a deadline for the others to comply with a request, commanding others to do what they were expected to do, and emphasising on the importance of complying with the request and repeatedly reminding others of their obligations. For example, a manager frequently goes to a subordinate's desk to check if a task is finished.
- ❑ **Friendliness:** This implies moulding a person in a way that he willingly accepts to fulfil the request. The individual tends to flatter other individuals prior to making a request, exaggerating on the importance of complying with the request and being friendly with others when requesting their cooperation. For example, an employee praises a colleague's speed in completing work and then requests him/her to help out with a task.
- ❑ **Rationality:** This implies using facts and figures in a logical manner such that the request being made is detailed and prepared well. The rationale for the request is presented to individuals, along with a list of duties and expectations from the individuals. This clearly highlights the importance of the request and the individuals' role in accomplishing a task. For example, a manager maintains a sheet regarding the project that clearly states each team member's role, date of delivery for each task, etc. Team members are assigned work according to the sheet.
- ❑ **Sanctions:** This implies making requests, along with a promise of rewards, on the completion of work. Managers may promise a promotion or increment to individuals on accomplishing a task or threaten to withhold promotion and rule out salary increments on non-completion of tasks.
- ❑ **Higher Authority:** This implies taking the support of individuals holding higher ranks in the organisational hierarchy while requesting subordinates to accomplish a task. Higher officials informally back managers in their projects or assignments to expand the importance of the task. For example, a delivery head addresses a whole team, along with the manager, emphasising the significance of the project.
- ❑ **Bargaining:** This implies exchanging favours and benefits through a process of negotiation. The individual seeking a favour may remind the other individual of the favours the former has bestowed on the latter in the past. This obliges the other individual to favour the individual in the completion of a task. For example, a manager lends a resource from his/her team to another because of having received such help in the past from the same team.

- ❑ **Coalition:** This implies getting help from other individuals in the organisation through alliances and coalitions with co-workers and subordinates. Coalitions are more prominent in the case of inter-dependent departments in organisations, where the support of one team is necessary to accomplish the objectives of the other team. For example, in a software company, a software development team has to coordinate with the testing team to accomplish deliveries.
- ❑ **Inter-group Tactics:** When one group in an organisation influences the other, the former exerts power on the latter. Based on this, three factors of power tactics have been identified, which are as follows:
- ❑ **Uncertainty Absorption:** There are specialised groups within organisations that perform a variety of functions such as industrial relationships, bargaining, vendor decisions, etc. At times, when complex situations arise in an organisation, the guidance and advice of specialised groups are sought by other departments. In such situations, specialised groups exert certain amount of power on the other departments and individuals. For example, in a manufacturing organisation, the production department is not cleared of a delivery unless the quality department approves of the final product. Here, the quality department exerts some power over the production department.
- ❑ **Substitutability:** When organisations have to deal with complex situations, if the guidance of the specialised group is substituted with the guidance and advice of an external agency or consultant, the power of the specialised group is reduced or eliminated. For example, in the manufacturing organisation example, if a group from the client organisation approves of the final product, the quality department loses power over the production department.
- ❑ **Integrative Importance:** When a department's services are required consistently by other departments in an organisation for smooth functioning, integrative importance comes into play. This implies that the department may exert power over other departments owing to its importance in the functioning of other departments. For example, the IT support team in an organisation is required to extend its support to other departments in the organisation.

### 11.2.5 POWER IN GROUPS

Lata is a manager heading a team of 10 people, among which Rakhi is appointed a temporary team leader. However, several team members find that Rakhi dominates them, tends to be rude, and continuously takes credit for work done by other team members when reporting to Lata. However, owing to her team leader's position, the other team members do not act against her. One day, Vivek, one of the team members, apprises Lata of the situation. After Lata is convinced, she calls for a team reshuffle, loans Rakhi to another team, and temporarily appoints Vivek the team leader. Vivek proves to be responsible and the team is happy to be led by him.

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Power is a fundamental need within groups to influence the behaviour of other individuals and make important group decisions. Unfortunately, sometimes members of a group express their need for power in inappropriate and socially unacceptable ways. For example, in the scenario, Rakhi's behaviour is not appropriate.

However, there are rational and devoted members in a group, who are promoted to positions with higher responsibility and authority. For example, in the scenario, Vivek turns out to be a devoted leader. Such individuals often see themselves as having greater responsibility towards the group and not as having greater power. They view themselves as having greater accountability towards the group members and the objectives of the group.

Power abusers, such as Rakhi, on the other hand, often consider themselves as superior to other group members in less influential positions. They enjoy the feeling of being in control of the destinies of the group and its members.

Another specific observation in a group is the use of personal power. Exercising personal power to an extent that it can have a negative impact on group effectiveness is unethical use of power. For example, in the scenario, Rakhi takes credit for someone else's work.

Having the knowledge of ethical use of power assists individuals in creating a culture that enhances the well-being of all members in a group. This helps in improving the motivation, morale, and performance of all the members within a group. Such groups, where power is used for the welfare of all group members, are more optimistic, confident, and dedicated towards the accomplishment of overall group objectives.



## SELF ASSESSMENT QUESTIONS

1. Leadership refers to getting people to do things owing to the formal platform or charter an individual holds in an organisation. (True/False)
2. Match the following:
 

1. Reward power	a. Influence behaviour by rewarding desirable behaviour
2. Coercive power	b. Influence behaviour due to formal position
3. Legitimate power	c. Influence behaviour by punishing undesirable behaviour
4. Referent power	d. Influence behaviour due to being respected or admired
3. \_\_\_\_\_ power is an individual's ability to influence the behaviour of other individuals, owing to his/her competencies, talents, or specialised knowledge and skills.

4. Which of these sources of power in organisations result in unequal access to information, resources, and decision making within different departments in an organisation?
  - a. Reward power
  - b. Coercive power
  - c. Structural and situational power
  - d. Legitimate power
5. Assertiveness is an inter-group power tactic. (True/False)
6. \_\_\_\_\_ often consider themselves as superior to other group members in less influential positions. (True/False)

**ACTIVITY**

Identify a person in your group who has leadership qualities. Prepare an assessment-list of his/her leadership qualities.

### 11.3 POLITICS WITHIN ORGANISATIONS

The mobilisation of power in an organisation gives birth to the process of politics. Organisational politics includes actions by individuals or departments in an organisation for acquiring, developing, and using power and other resources for obtaining desirable outcomes at times of uncertainty or disagreement.

Political behaviour includes attempts by individuals to influence the behaviours of other individuals as well as the course of events in the organisation to guard their self-interest, needs, and goals. For example, a manager tries to undermine the work of another manager's team to gain favour with his/her superiors. However, categorising behaviour as political implies a judgment that some individuals in the organisation gain something at the expense of other individuals. A clear understanding of political behaviour and its consequences is however needed to understand the benefits and limitations of politics in organisations.

The political system of an organisation represents how power is applied and distributed in the organisation. Comprehending the political system of an organisation is crucial for an individual to operate effectively and attain organisational objectives. A manager, exhibiting power, has a strong influence on the political structure of an organisation, which affects the decision making, conflict management, employee recognition, and support.

Power is crucial to the formulation of strategies in organisations. This is because decisions regarding whether to continue with the previous strategy or formulate a new one, are always political in nature. Such decisions may threaten the present distribution of organisational re-

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sources in terms of salaries, investments, recruitment, or venturing on new businesses. For example, a member of the senior management in an organisation may favour a certain vendor for supply of raw material, and accordingly advises the board of directors. If the board of directors agree, the organisation will have to buy specialised machinery. The expense for buying the machinery may result in lesser investments in the future than what has been planned.

On the other hand, negative organisational politics may prove destructive for an organisation. Negative politics has been identified as one of the major sources of stress within existing organisations. It includes the use of destabilising methods for promoting personal agendas, which undermine organisational objectives on a whole; distract other individuals; and compromise the interests, welfare, and goals of other employees. Negative political tactics involve filtering or distortion of information, non-cooperation, retaliations, dishonesty, sabotage, and coercions.

Figure 11.4 shows some common political tactics displayed by individuals in an organisation:

Common Political Tactics	
Taking counsel	The individual exercise great caution in seeking or giving advice.
Maneuverability	The individual maintains flexibility and never completely commits himself to any one position or program.
Communication	The individual never communicates everything she knows. Instead she withholds information and/or times its release carefully.
Compromising	The individual accepts compromise only as a short-term tactic while continuing to press ahead with his own agenda.
Confidence	Once the individual has made a decision, he must always give the impression of knowing what he is doing, even when he does not.
Always the boss	An atmosphere of social friendship limits the power of the manager, thus the manager always maintains a sense of distance and separation with his subordinates.

Figure 11.4: Common Political Tactics in Organisations

(Source: Buchanan, D., and Badham, R. Power, Politics, and Organizational Change. London: Sage 1999,193.)

Political behaviour can thus assist in meeting legitimate individual and organisational needs or bear negative outcomes. Under any event, managers and employees need to understand the concept and role of political behaviour within organisations, because it is an inevitable phenomenon. Politics in organisations cannot be avoided, but it needs to be managed. For a detailed understanding of politics in organisations, it is important to be aware of the factors that contribute to the existence of politics and the role of politics in determining organisational culture.

### 11.3.1 FACTORS CONTRIBUTING TO EXISTENCE OF POLITICS

Several research and studies have been conducted to identify the factors that contribute to the existence of politics within organisations.



These factors may broadly be classified as individual factors and organisational factors. Both individual and organisational factors may have a positive or negative impact on the organisation.

Figure 11.5 shows the factors that contribute to organisational politics:

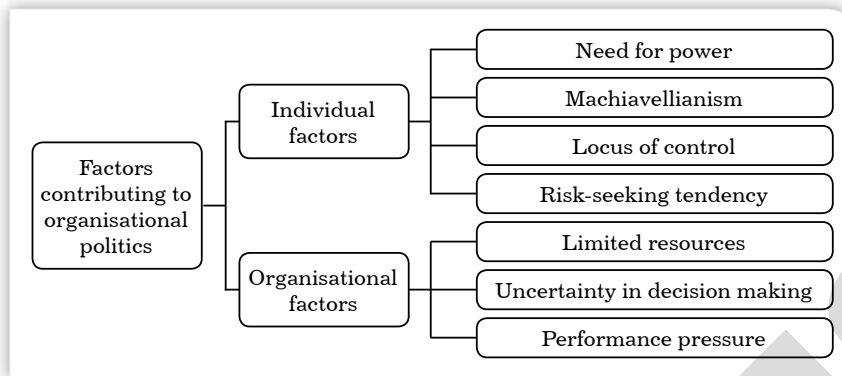


Figure 11.5: Factors Contributing to Organisational Politics

Let us discuss these factors further:

- ❑ **Individual Factors:** The individual factors that contribute to organisational politics are as follows:
  - ❑ **Need for Power:** The need for power is a basic motive that influences and controls other individuals and an individual's own environment. Consequently, individuals with greater need for power are more likely to engage in political behaviour within organisations. Successful managers often have greater desire for power. The desire to impact, control, and influence others is often related to effective managerial behaviour, equitable treatment, and higher morale of subordinates.

However, the need for power may not be useful for effective management. It can be classified into the following:

- ◆ **Personal Power:** Managers who stress on attaining personal power attempt to dominate other individuals and demand loyalty for themselves instead of the organisation.
- ◆ **Institutional Power:** Managers who stress on attaining institutional power exhibit a socially acceptable need for power. These managers create a favourable political culture for effective work and development of subordinates.
- ❑ **Machiavellianism:** Niccolo Machiavelli was a 16th century Italian philosopher, whose writings include a set of propositions to obtain and hold governmental power. His work is associated with the use of deceit and opportunism in interpersonal relations. Accordingly, Machiavellians are individuals who deploy unscrupulous means to influence other individuals for their own purposes. Machiavellianism is characterised by the following:

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- ◆ Use of guile and deceit in interpersonal relationships
- ◆ Cynical view of the nature of other people
- ◆ Lack of concern for conventional morality

Machiavellians tend to agree with the following notions:

- ◆ The best way to handle individuals is to communicate only what they expect to hear.
- ◆ Individuals who trust others completely seek trouble.
- ◆ Never tell others the actual intention behind a task, unless it is beneficial to do so.
- ◆ It is rewarding to flatter influential people.

Machiavellians are often able to influence other individuals and tend to initiate and manipulate social interactions in organisations. Consequently, Machiavellianism is associated with an inclination to engage in political behaviour.

- **Locus of Control:** Locus of control includes the extent to which individuals believe that they can control events that affect them. There are two types of locus of control:

- ◆ **Internal Locus of Control:** Individuals having an internal locus of control believe that events are a consequence of their own behaviour.
- ◆ **External Locus of Control:** Individuals having an external locus of control believe that other individuals, circumstances, or fate determines the occurrence of events that affect their lives.

Individuals with internal locus of control are more likely to influence other individuals in the organisation and assume that their efforts would bear results.

- **Risk-seeking Tendency:** Individuals differ in their readiness to bear risks or their risk-seeking tendencies and hence are classified as:
  - ◆ **Risk Avoiders:** Individuals who avoid taking risks
  - ◆ **Risk Seekers:** Individuals who like the idea of taking risk

Engaging in organisational politics is not free of risks and may have several negative consequences such as low performance ratings, demotions, lack of influence, etc. Therefore, risk seekers are more inclined towards politics in organisations, whereas risk avoiders tend to avoid engaging in political behaviour owing to the possible negative outcomes.

### 11.3.2 ROLE OF POLITICS IN DETERMINING ORGANISATIONAL CULTURE

Organisational culture refers to the values and behaviours that contribute to the distinctive social and psychological environment of an organisation. It is a system of shared meanings and beliefs, held by members of an organisation, which determines how they act towards

each other. A favourable organisational culture provides both the organisation and its employees with direction and stability.

The political environment of an organisation has a direct impact on its culture. Positive aspects of politics, such as strategy and decision making, conflict management, employee recognition and support, etc., may improve the organisational culture, but negative politics may ruin it. Negative politics, often referred to as workplace politics, is the use of power and social networking within the organisation to influence individuals to serve personal interests without considering its effect on other individuals and the organisation.

According to a study conducted by **Talent Scout** (Surviving Office Politics), “18% of an administrator's time (more than nine weeks out of every year) is spent resolving conflicts among employees”. Such conflicts are usually caused due to workplace politics leading to problems for employees to work together.

Organisational culture includes the way individuals behave with one another, which forms the basis for teamwork. To improve the way an organisation manages information and new developments, changes need to be introduced. However, introduction of a change of any kind always meets resistance. This tendency to resist change on the part of individuals contributes as the most significant factor to workplace politics.

Workplace politics has a direct impact on group cohesiveness. Politics gives rise to secrecy, egocentric behaviour, non-cooperation, and emotional instability, all of which affect employee teamwork. Unfavourable attitudes among employees affect the organisational culture and consequently the overall performance and success of the organisation.



#### SELF ASSESSMENT QUESTIONS

7. \_\_\_\_\_ includes attempts by individuals to influence the behaviours of other individuals as well as the course of events in the organisation to guard their self-interest, needs, and goals.
8. The need for power is a basic motive that influences and controls other individuals and an individual's own environment. (True/False)
9. Risk avoiders are individuals who like the idea of taking risks. (True/False)
10. Which quality defines the extent to which individuals believe that they can control events that affect them?
11. Use of guile and deceit in interpersonal relationships is a characteristic of which of these factors contributing to workplace politics? \_\_\_\_\_
12. A favourable organisational culture provides both the organisation and its employees with \_\_\_\_\_ and \_\_\_\_\_.

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## ACTIVITY

Peruse the websites of two organisations on the Internet and identify their nature of organisational culture. Compare the political environments between the two and discuss with your friends.

## 11.4 IMPORTANCE OF PERSONALITY DEVELOPMENT FOR ENCOUNTERING POLITICS

Personality can be defined as a dynamic and organised set of characteristics possessed by an individual that distinctively impacts his/her cognitions, motivations, and behaviours in different situations. Personality is an outcome of the basic personal values and personality traits of an individual, which also determines the political behaviour of the individual:

- ❑ **Personality Traits:** These refer to the characteristics or qualities that distinguish one individual from another. For example, being ambitious, persistent, courageous, etc. are personality traits of individuals.
- ❑ **Personal Values:** These refer to the broad goals that act as guiding principles for individuals such as honesty, dignity, etc. Basic values differ for each individual, which explains the reason for the different personality individuals possess.

Personal values and traits are innate, genetically influenced, and develop during childhood, whereas political attitudes develop in adulthood. Based on this fact, researchers and scholars concluded that personality traits and values affect the subsequent development of political attitudes of an individual.

On the contrary, political attitudes emerge only after an individual begins to involve in a political domain. Political attitude refers to the positive or negative evaluation of situations, individuals, objects, events, activities, and ideas relating to politics. Therefore, the political attitudes of different individuals in an organisation determine their political behaviour. Although personality traits and values build during childhood, an organised development of personality can bring about a change in an individual's political attitude. For example, an employee believes people to be honest at face value and is loyal to a certain senior manager. However, influenced by rumours in the organisation, he/she starts doubting the senior manager and eventually his/her loyalty weakens.

The five-factor model of personality, often referred to as the Big Five Model, supports that five basic dimensions trigger most of the significant variations in an individual's personality. Focussing on these

dimensions helps to reshape political attitude and thus the political behaviour of individuals in an organisation.

Let us discuss each of the five traits, often referred by the acronym OCEAN, further:

- ❑ **Openness:** This dimension defines an individual's array of interests and interest in novelty. Extremely open individuals are generally creative, inquisitive, and artistically sensitive. On the other hand, individuals who lack openness towards novelty tend to be conventional and find comfort in familiarity. Organisations need to focus on developing this personality trait to increase employee adaptability towards change. It is commonly observed in organisations that the introduction of change in the way of a new product, strategy, policy, organisational structure, etc. tend to give rise to workplace politics. Openness amongst employees may help in overcoming anxiety to change.
- ❑ **Conscientiousness:** This dimension defines the extent of an individual's reliability. An individual with high conscientiousness is usually responsible, organised, dependable, and persistent. On the other hand, individuals who score low on conscientiousness tend to get distracted easily, and are usually disorganised and unreliable. Organisations need to focus on developing conscientiousness to avoid individuals getting easily distracted, which gives rise to workplace politics.
- ❑ **Extroversion:** This dimension defines an individual's comfort level with interpersonal relationships. Extroverts tend to be sociable, self-confident, and friendly. On the other hand, introverts tend to be reserved, shy, and discreet. Organisations need to focus on this personality trait to minimise the difference between extroverts and introverts to promote amiable relationships among all individuals. A better relationship between individuals in an organisation reduces conflicts that give rise to workplace politics.
- ❑ **Agreeableness:** This dimension defines an individual's tendency to defer with other individuals. Highly agreeable individuals are usually cooperative, warm, and credulous. On the other hand, people who are less agreeable are cold, offensive, and opposed to others. Organisations need to focus on developing this personality trait to reduce ambiguity in opinions, thoughts, and attitudes towards other individuals, objects, and events to eventually reduce workplace politics.
- ❑ **Neuroticism:** Also referred to as emotional stability of an individual, this dimension defines an individual's ability to withstand stress. Individuals with high emotional stability tend to be calm, self-confident, and secure. On the other hand, individuals with low emotional stability tend to be nervous, anxious, depressed, and insecure. Organisations need to focus on developing this personality trait to minimise the building up of stress and anxiety amongst its

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employees, which may lead to insecurity and subsequent workplace politics.

Figure 11.6 summarises the five traits and their description as per the Big Five Model of personality:

Openness	Conscientiousness	Extraversion	Agreeableness	Neuroticism
<ul style="list-style-type: none"> <li>Curious, original, intellectual, creative, and open to new ideas.</li> </ul>	<ul style="list-style-type: none"> <li>Organised, systematic, punctual, achievement oriented, and dependable.</li> </ul>	<ul style="list-style-type: none"> <li>Outgoing, talkative, sociable, and enjoys being in social situations.</li> </ul>	<ul style="list-style-type: none"> <li>Affable, tolerant, sensitive, trusting, kind, and warm.</li> </ul>	<ul style="list-style-type: none"> <li>Anxious, irritable, temperamental, and moody.</li> </ul>

Figure 11.6: Big Five Model of Personality

(Source: <http://catalog.flatworldknowledge.com/>)



#### SELF ASSESSMENT QUESTIONS

13. Match the following:

- |                  |  |
|------------------|--|
| 1. Openness      | a. Affable, tolerant, and sensitive                  |
| 2. Agreeableness | b. Creative, inquisitive, and artistically sensitive |
| 3. Neuroticism   | c. Irritable and temperamental                       |
| 4. Extroversion  | d. Outgoing, talkative, and sociable                 |

14. \_\_\_\_\_ defines the extent of an individual's reliability. An individual with high conscientiousness is usually responsible, organised, dependable, and persistent.



#### ACTIVITY

Through the Internet, list the major developments in the evolution of the Big Five Model of personality.

### 11.5 SUMMARY

- ❑ Power is the potential ability to influence the behaviour of others. The term power may be applied to people, groups, divisions, organisations, and nations.
- ❑ Power within organisations affects decision making for resource allocation, goals and objectives setting, hiring of individuals, structural and employment decisions, etc.

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- ❑ Leadership refers to influencing people with or without the advantage of a formal position or role, whereas power refers to getting people to do things owing to the formal platform or charter an individual holds in an organisation.
- ❑ The various sources of power are reward power, coercive power, legitimate power, expert power, and referent power.
- ❑ The various sources of power in an organisational setting can be grouped as structural and situational sources of power, which includes knowledge as power, resources as power, decision making as power, and networks as power.
- ❑ Individuals use certain strategies to gain power and manipulate the bases of power for specific actions, such as influencing the behaviour of other individuals, gaining a particular advantage, etc., referred to as power tactics.
- ❑ Power tactics used by individuals can be categorised into individual and intra-group tactics and inter-group tactics.
- ❑ Individual and intra-group tactics include assertiveness, friendliness, rationality, sanctions, higher authority, bargaining, and coalition.
- ❑ Inter-group tactics include uncertainty absorption, substitutability, and integrative importance.
- ❑ Organisational politics includes actions by individuals or departments in an organisation for acquiring, developing, and using power and other resources for obtaining desirable outcomes at times of uncertainty or disagreement.
- ❑ Factors that contribute to organisational politics can be categorised into individual factors and organisational factors. Individual factors include need for power, Machiavellianism, locus of control, and risk-seeking tendency. Organisational factors include limited resources, uncertainty in decision making, and performance pressure.
- ❑ Organisational culture refers to the values and behaviours that contribute to the distinctive social and psychological environment of an organisation. The political environment of an organisation has a direct impact on its culture.
- ❑ Political attitude refers to the positive or negative evaluation of situations, individuals, objects, events, activities, and ideas relating to politics. Thus, the political attitudes of different individuals in an organisation determine their political behaviour.
- ❑ Focussing on the Big Five Model of Personality helps to reshape political attitude and thus the political behaviour of individuals in an organisation.

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## KEY WORDS

- ❑ **Big Five Model:** It defines five factors (openness, conscientiousness, extroversion, agreeableness, and neuroticism), which define human personality and account for individual differences.
- ❑ **Locus of Control:** It is the extent to which individuals believe that they have power over the events occurring in their lives.
- ❑ **Self-actualisation:** It is the achievement of an individual's full potential through creativity, independence, spontaneity, and an understanding of the real world.
- ❑ **Maslow's Theory of Hierarchy of Needs:** It is a human motivational theory, which states that people aim to meet basic needs, followed by safety needs, social needs, self-esteem needs, and self-actualisation needs, in a pyramidal form.
- ❑ **Machiavellianism:** It is a concept proposed in the political doctrine of Machiavelli according to which, politics is amoral and any means (however unscrupulous) is justifiable in achieving political power.

## 11.6 DESCRIPTIVE QUESTIONS

1. Explain the concept of power and how power differs from leadership.
2. Discuss the sources of power in organisations.
3. Explain the concept of power tactics that individuals use in organisations.
4. Discuss the presence of politics within organisations and factors contributing to it.
5. Explain the role of politics in determining organisational culture.
6. Discuss how personality development can help in dealing with workplace politics.

## 11.7 ANSWERS AND HINTS

### ANSWERS FOR SELF ASSESSMENT QUESTIONS

Topic	Q. No.	Answers
Understanding Power	1	False
	2	1(a), 2(c), 3(b), 4(d)
	3	Expert
	4	c.Structural and situational power



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Topic	Q. No.	Answers
	5	False
	6	Power abusers
Politics Within Organisations	7	Political behaviour
	8	True
	9	False
	10	Locus of control
	11	Machiavellianism
	12	Direction and stability
Importance of Personality Development for Encountering Politics	13	1(b), 2(a), 3(c), 4(d)
	14	Conscientiousness

## HINTS FOR DESCRIPTIVE QUESTIONS

1. Power is the potential ability to influence the behaviour of others. The term power may be applied to people, groups, divisions, organisations, and nations. Leadership refers to influencing people with or without the advantage of a formal position or role, whereas power refers to getting people to do things owing to the formal platform or charter an individual holds in an organisation. Refer to section 11.4 for details.
2. The various sources of power in an organisational setting can be grouped as structural and situational sources of power, which include knowledge as power, resources as power, decision making as power, and networks as power. Refer to section 11.4 for details.
3. Power tactics used by individuals can be categorised into individual and intra-group tactics and inter-group tactics. Refer to section 11.4 for details.
4. Organisational politics includes actions by individuals or departments in an organisation to obtain desirable outcomes at times of uncertainty or disagreement. Factors contributing to organisational politics can be individual factors (Machiavellianism, locus of control, and risk-seeking tendency) and Organisational factors (limited resources, uncertainty in decision making, and performance pressure). Refer to section 11.5 for details.
5. Organisational culture refers to the values and behaviours that contribute to the distinctive social and psychological environment

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of an organisation. The political environment of an organisation has a direct impact on its culture. Refer to **section 11.5 for details**.

6. Focussing on the Big Five Model of Personality helps to reshape political attitude and thus the political behaviour of individuals in an organisation. Refer to **section 11.6 for details**.

## 11.8 SUGGESTED READINGS & REFERENCES

### SUGGESTED READINGS

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# 12

## CHAPTER

### INTERNATIONAL ORGANISATIONAL BEHAVIOUR

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## INTRODUCTORY CASELET

**HENRY FORD HEALTH SYSTEM'S EXECUTIVE DIVERSITY RECRUITMENT STRATEGY**

The Henry Ford Health System (HFHS) is a five-hospital system in Detroit, USA, with around 30,000 employees. It is one of the best case studies for cross-cultural diversity initiatives. Owing to its diversity values and efforts, it has been consistently ranked among the top 12 hospitals and health systems by Diversity Inc. To create an inclusive culture, the HFHS continually works to improve its talent pipeline, talent development practices, supplier diversity and other such things that are essential for maintaining cultural diversity.



Source: [www.henryford.com](http://www.henryford.com)

Some great achievements of the HFHS on this front are:

- ❑ The HFHS wanted to improve cross-cultural communication and raise awareness about disparities. It achieved this by launching a health care equity campaign and by integrating the required changes into the system.
- ❑ It has an employee resource group for female, Hispanic/Latino, Middle Eastern, African-American, and other groupings.
- ❑ It created experts in health care equity for working towards eliminating health care disparities and for bringing the required organisational changes.
- ❑ It has more than 300 minority suppliers in its vendor database.

In accordance with its corporate vision and values, the HFHS decided to focus on its recruitment strategy for improving diversity in its workforce. It decided to pursue a strategy of setting goals, identifying metrics and providing leadership commitment to the objective of improving diversity. This required a review of the applicant pool for all executive positions. To conduct this review, an

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executive diversity recruitment committee was created. The committee was also given the responsibility for approving the hiring offers before they were made to the job aspirants and was made responsible for achieving targets set each year by the board of trustees. Since the committee had to approve every senior-level recruitment, the emphasis on diversity became a part of the recruitment, interviewing and hiring process. To ensure that the diversity-related goals are achieved and that there is accountability in the system with regard to these goals, the board itself got involved by monitoring the metrics. The diversity-related goals were tied to the senior leadership bonus programme which accounts for 10% of their pay.

If the applicant pool does not meet availability, recruiters are notified that more work is required. Extra effort is put to increase the applicant pool. When the applicant pool does not meet the criteria, recruiters are required to contact outreach organisations like NAACP or the Disabled American Veterans. It also helps recruiters that the HFHS, owing to its diversity vision, is connected to more than 500 minority organisations that routinely receive its job postings. Several other similar initiatives were taken to ensure that all obstacles were successfully overcome. By 2016, the HFHS exceeded its diversity goals for senior level hires as 16% of the hires were members of a minority group and nearly 50% per cent of them being females.

The success was possible owing to the long-standing commitment of the board and its organisational culture where the value of diversity is found deeply embedded throughout the system.

For the HFHS, an opportunity to show its commitment to diversity came a few years ago when its clinic in southwest Detroit, home to many Hispanics and Latinos, was identified as a poor performer on the diversity front and was about to be closed as per organisational policies. But the HFHS, in tune with its goals and vision of diversity, decided that it would not shut down the clinic. Rather, it would turn around the clinic by putting to practice its diversity values. Following a different approach to hiring, it hired a team of Hispanic physicians and medical assistants for the clinic, prompting neighbourhood residents to start seeking care there. Through consistent efforts, the HFHS turned around the clinic which now stands as a perfect example of how diversity can improve organisational outcomes.

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## LEARNING OBJECTIVES

After completing this chapter, you will be able to:

- Explain the importance of culture as companies evolve into global corporations
- Distinguish between different national cultures in terms of how and why they vary, and the various dimensions in which they vary
- Discern and appreciate the relevance of national culture to organisational culture
- Describe Hofstede's research on multicultural variations
- List and explain the six cultural dimensions identified by Hofstede
- Examine the universal applicability of Organisational Behaviour (OB) concepts and theories in different cultures
- Analyse and interpret the applicability of important OB concepts, viz. motivation, leadership, interpersonal behaviour, communication and multicultural team in the context of International HRM
- Discuss the role of technology in cultural changes

## 12.1 INTRODUCTION

The phenomenon of globalisation has led to the concept of a global economy where products, services, people, technologies, and financial capital can move freely across national borders. In a global economy, national borders lose relevance due to the globalisation of markets and production. Globalization integrates national economies and leads to an interdependent world economy. In this context, the emergence of global corporations and companies operating beyond their national borders can provide a significant challenge in human resource management. The principles and theories of human resource management have to be studied from the perspective of globalisation and its impact on management principles. This has given rise to the subject of international human resource management (IHRM) to cater to these challenges.

As is the case with traditional HRM, the underlying science and principles of international HRM, as it deals with the individual, group and managerial behaviour in the global context for devising organisational strategies and HR policies, arise from the field of organisational behaviour. However, in the IHRM, the principles and theories of organisational behaviour need to be looked at from an international perspective.

We can talk about three dimensions in which the IHRM differs from traditional HRM owing to globalisation and international operations of companies. The first dimension is the cross-cultural implications due to the involvement of multiple nations and their culture; the second dimension is the need to devise HR policies that take into account global challenges; and the third dimension is international industrial relations. Among these dimensions, the dimension that is the most important from the perspective of the principles of organisational behaviour is the dimension of culture. It is the culture that predominantly impacts the traditional HRM theories when we take a global approach for managing human resources for global corporations. Culture is one of the core subjects of study in the field of OB.

In this chapter, we will study cultural implications of globalisation for the field of organisational behaviour and the various principles of organisational behaviour like motivation, interpersonal behaviour, leadership, communication etc., from an international perspective.

## 12.2 TRENDS IN INTERNATIONAL BUSINESS

As globalisation makes it easy for companies to expand their markets across countries, leading companies in developed and emerging markets try to grow their businesses across national boundaries and create global multinational corporations (MNCs). Generally, MNCs evolve over three phases. In the first phase, companies have a multi-domestic strategy when they initially try to expand beyond their domestic market by having operations in terms of production and/or marketing in foreign markets. As they succeed in this phase, they emerge as a multinational corporation with operations in several countries, each country contributing significantly to the revenue and profit of the MNC. In the final phase, companies become truly global where their primary market of focus is the world economy itself. As companies evolve through these phases and establish themselves as truly global MNCs, they need to decide on some important strategic directions. For example, as companies expand across borders, should they develop separate products for each market? Should they produce across all countries the same standard product with which they achieved success in the domestic market? Should they give freedom to managers to devise their own strategies in each country?

Researchers have identified that companies tend to adopt one of the three production strategies—multi-domestic, global and transnational—while operating as MNCs. Those following the multi-domestic strategy produce such products that are tailor-made to the needs of each country. While following the global strategy, companies produce and market standard products across all parts of the world. When they adopt the transnational strategy, they try to achieve both local responsiveness and global efficiency by tailoring standard products to meet the needs of different countries. The differences between the three production strategies are given in Table 12.1:

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**TABLE 12.1: DIFFERENCES BETWEEN MULTI-DOMESTIC, GLOBAL AND TRANSNATIONAL PRODUCTION STRATEGIES**

Production Strategy	Global Revenues	Cultural sensitivity	Cultural perspective
Multi-domestic	Marginal	Somewhat important	Ethnocentric
Multinational	Important	Important	Polycentric
Transnational or Global	Dominant	Critically important	Geocentric

In terms of cultural perspective, as mentioned in Table 12.1, companies are also required to expand their cultural mind-set when evolve into global corporations. There are three terms which describe different types of cultural mindsets or predispositions, viz. ethnocentric, polycentric and geocentric.

- ❑ **Ethnocentric:** The belief that one's culture is superior to others. This attitude may prevail in the companies that concentrate all authority and power in the hands of their executives in headquarters in the home country. Foreign subsidiaries may not have much autonomy and their key positions are managed by executives from the company headquarters. This culture may prevail in the multi-domestic type of companies.
- ❑ **Polycentric:** As the companies evolve into global corporations, their cultural sensitivity increases. While making important strategic decisions, they take into account cultural factors. The polycentric predisposition represents a philosophy of management that consciously recognises the culture of the host country. The company following this philosophy makes such strategic decisions that are tailored to suit the culture of the host country.
- ❑ **Geocentric:** As companies become transnational, their market becomes global and they are required to formulate global strategies where cultural differences become critically important. The geocentric philosophy of management involves an integration of global systems for decision making.

The cultural mindset or predisposition can impact every aspect of the strategies and operations of companies. Cultural factors play a very significant role in the way a global corporation is structured internationally and type and nature of products it manufactures and sells. To understand, how cultural sensitivity can play a major role in the operation of a global corporation, let's take the example of McDonald's. It has around 32,000 restaurants in 122 countries with the highest number in the USA. However, its restaurants in Europe contribute more revenues than its USA restaurants. The tremendous success of McDonald's in its international markets is attributed to the way it has adapted itself to the cultural differences in the various foreign loca-



tions of its restaurants. McDonald's does not offer the same menu in all countries where it operates. In each country, its menu is different tailored to the needs of local customers. While formulating country-specific menus, McDonald's gives great importance to the distinct cultural attributes of different countries. Table 12.2 illustrates how culture has played a major role in McDonald's menu offering in its international operations.

**TABLE 12.2: ROLE OF CULTURE IN DETERMINING INTERNATIONAL OPERATIONS OF MCDONALD'S**

Country	Cultural aspect	McDonald's response
Europe	Health consciousness	Menu features salads, fruits, carrots, etc
Israel	Kosher law	All meats served are 100% kosher. No dairy product is served. Restaurants are closed on Saturdays and on religious holidays.
Brazil	Business meals	Promotes afternoon meal at midday.
Egypt	Cleanliness	An open-door policy that invites customers to visit the kitchen. Employees should wash hands with disinfectant soap every 30 minutes.
India	Vegetarian	70% of the menu caters to domestic taste with the introduction of products like veg meals, viz. McPuff and McVeggie

### 12.2.1 CULTURAL DIFFERENCES AND SIMILARITIES

Culture can be defined as the acquired knowledge consisting of values, attitudes, and behaviours that people use to interpret experience and generate social behaviour. Some important characteristics of culture are: it is learned, shared, trans-generational, symbolic, patterned and adaptive (Luthans, 2018). It is the culture of an organisation that determines important choices like centralisation vs. decentralisation, individual vs. group emphasis, informal vs. formal structure, high vs. low organisational loyalty, co-operation vs. competition, etc.

As companies evolve into global corporations, it is necessary for their executives to understand the primary ways in which cultures around the world differ. As companies within a country differ in terms of their organisational culture, nations too differ culturally. National cultures may differ in terms of values, beliefs, attitudes, behaviours, art, law, morals, customs, and, in the way of life, adopted by individuals and communities in their respective societies. Culture includes patterns of learned behaviour which are handed down from one generation to the next through the means of language and symbols. Cultural beliefs and values are shared by almost all members of a given social group and these are expected to shape the behaviour and perception of the individuals of that group.

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Though the basic and eternal values like truth, honesty, compassion, etc., may be common and universal across all societies and their cultures, there could be differences in other values, norms and beliefs that define unique cultural orientations of societies. Researchers say cultural diversity arises on the basis of the answers arrived at by the society over the years to tackle its basic and common social problems. First, there are the basic human problems like how we decide to clothe, feed, and house the people in the society, how we decide to distribute justice, education, health, etc., across the members of the society. Each society arrives at its own answers to these questions in the process of its evolution with the passage to time.

There are problems to solve them there could be several alternatives. Each society may decide to opt for a particular alternative in accordance with the environmental forces over a period of time. In this way, the society decides its own values, preferences, customs, and lifestyle which are handed down from one generation to the next.

Let us take some dimensions of culture and see how nations can vary on them and how management philosophies could also change in accordance with them. Consider the nature of people. Countries like the USA have a cultural orientation that asserts that people are a mix of good and evil, and change is possible. Such a cultural orientation would translate into a management philosophy that believes in selection, training, and development. On the other hand, if the cultural orientation asserts that all people are intrinsically good, the HR philosophy would endeavour to treat people equally and give greater importance to training and development than selection and fitment. Another major cultural aspect is the relationship of an individual to other people. In highly individualistic societies like that of the USA, companies would promote achievement orientation and individual decision-making. On the other hand, collectivistic cultures, like Japan, China, and India, would give more importance to team achievements and group decisions. There are several other important cultural dimensions on which people, societies, and nations vary from each other. Table 12.3 gives six important basic cultural variations.

**TABLE 12.3: SIX IMPORTANT BASIC CULTURAL VARIATIONS OF PEOPLE AND SOCIETES**

Cultural dimension / Orientation	Three important variations
1. Nature of people	Good, Mixture of good and evil, Evil
2. Relationship with nature	Dominant, Harmony, Subjugation
3. Relationship with other people	Hierarchical, Collectivistic, Individualistic
4. Modality of human activity	Doing, Becoming, Being
5. Temporal focus of human activity	Future, Present, Past
6. Conception of space	Private, Mixed, Public

Cultural differences across countries and societies might be of more interest to anthropologists than management theorists. Why should national cultures matter for organisations that have perfected their own culture over the years in accordance with their management philosophies? In reality, national cultures can have a major impact on organisational cultures and it is necessary to study them in detail.

For example, consider the following questions. All these questions require an in-depth study of the cultures of different societies and nations, and the impact they can make on management philosophies and strategies:

- ❑ Can we formulate leadership theories, practices and behaviours that can be universally applied to all cultures? Should these basic tenets be changed to suit different cultures?
- ❑ Is there a different set of leadership values and practices for each different culture?
- ❑ Is it possible or advisable to have a uniform organisational culture across the subsidiaries of a global corporation?
- ❑ For global corporations spread across countries, how much will be the impact of national culture on their organisational culture?
- ❑ If a parent organisation considers its culture as its competitive strength, why should it not use the same strength across all its subsidiaries in several countries?

We will study some important research work on above questions in section '12.3 Hofstede Cultural Dimensions'.

While formulating strategies for international forays and creating the organisational culture, researchers suggest that companies keep in mind the following principles:

- ❑ Culture of every organisation will invariably reflect some assumptions and values of its national home culture.
- ❑ When making forays abroad, organisations should remember that their own culture, howsoever they may be successful in their home country, need not necessarily be better or worse than the cultures prevailing in the organisations of the other countries.
- ❑ Organisations should explicitly acknowledge cultural differences between societies and countries in which they operate and take active steps towards utilising them in their management strategies.
- ❑ Foreign subsidiaries of a global organisation may have their own culture for managing the people following a culture that is different from that of the host country. However, they must not consider their culture intrinsically better or worse than the culture of the host country. The idea should be to build a more effective culture that takes into account the host country's culture.

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- ❑ Promoting cross-cultural learning and finding out creative and effective ways of managing people through this learning should be encouraged.

### 12.2.2 BEHAVIOUR ACROSS COUNTRIES

Culture in terms of a living style and customs varies across the countries in the world. But do these cultural differences also impact the organisational behaviour? How much do social cultures affect the work behaviour in organisations? Is it not possible that organisations have their own culture that is distinct from that of the society in accordance with their leadership style and corporate goals? These questions have led researchers to study the relationship between national and organisational cultures. For long, the pioneers of management science in the United States, where many theories of management and organisational behaviour originated, assumed that their research findings on successful leadership style and work behaviour are applicable across the world. Only when the globalisation led companies to go beyond their national boundaries, did they realise that even organisational cultures like national cultures vary across countries around the world.

Andre Laurent, a professor at INSEAD, conducted a study with regard to work culture behaviours. He surveyed managers from nine West European countries, United States, and three Asian countries. He took some 60 common work situations and asked the managers surveyed to respond with their approaches. The result showed a distinctly different pattern for managers in each of these countries. For many questions related to work behaviour like task orientation, the role of managers, etc., the answers were totally different between the countries that are individual-oriented like USA and the countries that are more relationship-oriented like Japan and Latin American countries.

Consider the example of Swedish vs Italians with respect to task relationship. For the statement “In order to have efficient work relationships it is often necessary to bypass the hierarchical line”, most Swedish managers provided an affirmative answer. They did not see any problem in going directly to the person who is most likely to have the expertise. This was in contrast with the work philosophy of Italians who believed in the relationship oriented culture. They considered bypassing the hierarchy an act of in-subordination reflective of a poorly designed organisation. Similarly, Laurent found that there is little agreement across cultures on the nature of the managerial role. For the statement “It is important for managers to have at hand precise answers to most questions their subordinates may raise about their work”, the answers were completely divergent between the US and French managers. While the US managers believed that the role of a manager is problem-solving, the French managers believed that the role of managers is to act like an expert. While a US manager is ex-

pected to facilitate problem-solving by helping the subordinates, the French manager is required to provide readymade expert answers.

Apart from the impact of national cultures on organisational culture in terms of organisational behaviour and management philosophies, there is another important dimension in which cultural variations can have a major impact. This pertains to business communication. This is especially true for business people who move across cultures and for cross-cultural business deals. The term culture shock is used to indicate the phenomenon experienced by business persons when they move to other countries on foreign assignments. The culture prevailing in the new country might require too many adjustments in a relatively short period of time that challenges the business people frames of reference to such an extent that their sense of self may come into question. The culture shock may also cause a psychological disorientation resulting from a breakdown in an expatriate's selective perception and effective interpretation systems. This is especially so when even small things like nature of handshake denote different things to different people.



#### SELF ASSESSMENT QUESTIONS

1. The cultural perspective that gives predominant importance to culture of the parent organisation is termed
  - a. Ethnocentrism
  - b. Polycentricism
  - c. Geocentrism
  - d. None of the above
2. Global MNCs like McDonald's were successful because they were able to replicate their time-tested home country culture across their subsidiaries in different countries. (True/False)
3. Which of the following statements is correct with regard to cultural differences?
  - a. Companies should focus on the best culture applicable for all their businesses in different countries as globalisation can, in future, lead to global cultural convergence resulting in single universal corporate culture applicable across several countries.
  - b. Companies should be sensitive to the culture of the country they are operating in, explicitly recognising the differences and valuing them, and incorporating them into their corporate culture.
  - c. Organisational culture and national culture are different and independent of each other. Companies should focus on their organisational culture which is best suited for success when making forays into different countries.
  - d. All of the above.

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4. Which of the following statements best describes a cultural difference that is relevant for global MNCs operating in several national cultures?
  - a. Simple things like handshake and greetings in different cultures can make or mar the success of business communication.
  - b. Some countries have societies that value individualism while others value collectivism.
  - c. In some countries, the role of the manager is seen as one of expert while in others, a manager is only expected to facilitate problem-solving.
  - d. All of the above



## ACTIVITY

An OB researcher claims that technology is leading to a global convergence of culture and hence organisations should focus on enforcing the best organisational culture that can be applied across different subsidiaries. He says though cultural values could be different in different countries, this does not imply that organisational culture should also reflect them. For example, companies in the USA have been successful because they follow values like individualism and achievement orientation, which they should not alter when operating in other national cultures. Do you agree? Prepare a presentation based on your findings.

### 12.3 HOFSTEDE CULTURAL DIMENSIONS

Geert Hofstede did a pioneering work on cultural value differences across countries in the 1970s. He did a survey on work-related values with the IBM and its subsidiaries in 40 countries. Around 116,000 IBM employees participated in the survey. Considering that IBM has a culture with strong organisational values, will the values of employees remain same across countries or will they be different? What kind of impact national cultures would have on the culture of IBM across different subsidiaries? If cultural values are different, on what dimensions will they differ? Hofstede's survey gave some breakthrough results. Even though all the employees worked within the same multinational corporation, the survey found highly significant differences in their behaviour and attitudes depending on the country in which the subsidiary was located. He could summarise the differences in terms of five value dimensions of national cultures. The fifth dimension was added after a follow-up study. These five value dimensions are:

- ❑ **Power distance:** This dimension pertains to the distribution of power in institutions and organisations. If the power distribution is unequal, it means power distance is high. On the other hand,

if the society values equality and opportunity resulting in lesser degree of power inequality, then it means a lower power distance.

- ❑ **Individualism versus collectivism:** Individualism refers to a culture where people prefer to act as individuals. This is in contrast to the cultures where being a member of a group is more valued. National cultures that value such group behaviour are characterised by tight social frameworks. In collectivistic cultures, people expect to protect and look after each other as members of a unified group.
- ❑ **Masculinity versus femininity:** Masculinity is associated with the values like achievement, power and control. Cultures that promote such values are termed masculine. Femininity refers to a cultural orientation that values preferences for life quality, modesty, and interpersonal relationships.
- ❑ **Uncertainty avoidance:** This dimension represents the extent to which the members of a culture feel threatened by uncertain, unambiguous and/or unstructured situations and try to avoid them. A strong uncertainty rating of a national culture indicates that this national culture is characterised by strict beliefs and behavioural codes and does not tolerate people and ideas that deviate from these.
- ❑ **Long-term versus short-term orientation:** In long-term orientation, people value thrift, persistence, and tradition. In contrast, in the case of short-term orientation, people value the here and now and accept change more readily.

Based on the above dimensions, Hofstede ranked different countries. Many Asian countries were found to have a strong collectivist culture that fosters a team-based approach to work. Unlike the employees in countries like the USA, their counterparts in the Asian countries are likely to consider the success of their team more important than personal success in their jobs. The countries with ratings at either end of the scale in each of the dimensions are shown in Table 12.4:

**TABLE 12.4: COUNTRIES WITH RATINGS BASED ON HOFSTEDE CULTURAL DIMENSION**

Cultural Dimension	Lower Rating	Higher Rating
Power distance	Austria, Israel, New Zealand	Malaysia, the Philippines, Mexico
Individualism vs. Collectivism	United States, Great Britain, Australia	Guatemala, Venezuela, Panama, Indonesia
Masculinity vs. Femininity	Japan, Austria, Italy	Sweden, Denmark, Norway
Uncertainty avoidance	Singapore, Sweden, Great Britain	Greece, Japan, Portugal
Long-term vs. Short-term orientation	Hong Kong, Japan, South Korea	Pakistan, the Philippines, Spain

## N O T E S

**12.3.1 GLOBE STUDY**

Similar to Hofstede's research, another research project was launched in 1991 called Global Leadership and Organisational Behaviour Effectiveness (GLOBE). GLOBE was a transnational project with a research team consisting of 170 researchers from around 60 countries. The project recognises that there exist some complex relationships between culture, leadership behaviour, organisational effectiveness, social co-habitation and the economic success of societies in different nations. The objective of the project was to study these relationships.

The study expanded the Hofstede five cultural dimensions into eight dimensions, viz. institutional collectivism, in-group collectivism, uncertainty avoidance, power distance, gender egalitarianism, assertiveness, performance orientation and humane orientation. Similar to Hofstede's study, GLOBE researchers identified a cluster of regions with affinity to specific cultural dimensions. The study also identified both the values and practices in terms of not only identifying "how people think things should be (values)" but also "how things actually are (practices)" in terms of various cultural dimensions.

GLOBE researchers started with the premise that different cultures have different distinguishing attributes. Their objective was to identify these attributes so that these can be used to predict the most suitable, effective and acceptable organisational and leadership practices within a culture. Based on the study results, the researchers were able to reach a firm conclusion that the societal culture has a direct impact on the organisational culture. Note that this was also one of the conclusions reached by Hofstede's project. As per GLOBE study, leadership acceptance is a function of interaction between culturally endorsed implicit leadership theories (CLTs) and leadership attributes and behaviours. Some leadership attributes may be incongruent with CLTs while few others may not be so. Those leadership attributes that are in consonance with CLTs will be more accepted than others. The project identified six global CLT leadership dimensions, viz. charismatic/value-based leadership, team-oriented leadership, participative leadership, human-oriented leadership, autonomous leadership and self-protective leadership.

**SELF ASSESSMENT QUESTIONS**

5. In Hofstede's classification and definition of cultural dimensions, lower power distance means the societies stress equality and opportunity. (True/False)
6. Hofstede's study found that national cultures have no relevance to the IBM's organisational culture in different subsidiaries owing to its strong parent cultural values. (True/False)



7. The cultural dimension of \_\_\_\_\_ refers to a cultural orientation that values preferences for life quality, modesty and interpersonal relationships in Hofstede's six cultural dimensions.



#### ACTIVITY

Hofstede ranked different countries based on the six dimensions he identified through research. His research also allowed countries to be analysed from the perspective of different dimensions like power distance vs individualism. Study the research conclusions and prepare a report on “power distance vs individualism and uncertainty avoidance” and the associated country clusters.

## 12.4 CULTURAL ADJUSTMENT

We have studied in the previous sections how different cultures can impact organisational culture and the implication of this impact for global corporations. Regarding the three dimensions on which traditional HRM differs from IHRM, a study of cross-cultural variations and their implications alone is not sufficient. The second dimension on which IHRM differs is HR policies applicable to the international settings of a global corporation. Given that HR policies are driven by management principles and concepts from the field of organisational behaviour, we now have to look whether the standard theories of organisational behaviour can be equally applied in different work cultures across the world.

In this respect, it is important and interesting to note that organisational behaviour concepts are very closely related to organisational culture. Since we have concluded from previous sections that national and organisational culture can vary with significant implications for organisational strategies, and since culture has a major bearing on OB concepts, it is possible that the applicability of OB concepts across different cultures can also vary. In this section, we shall study whether and what kind of adjustments to OB concepts will be required when they are applied in different cultural settings. We will take each important OB concept and review its applicability.

### 12.4.1 MOTIVATION ACROSS CULTURES

Motivation is an important OB concept from the perspective of performance of human resources. Since motivation is a psychological process common to all human beings and since organisations all over the world have similar goals, we may assume that the process of motivation could also be universal. This means a motivation theory that is found valid in the USA should also be valid for companies in other countries. However, this assumption may not necessarily be valid as

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you would have gathered from the implications of national cultures on organisations discussed in previous sections. While motivation is a common process, the underlying needs and goals need not necessarily be same across different cultures. A review of different motivation theories and their applicability across different cultures is discussed below.

- ❑ **Maslow's Hierarchy of Needs Theory:** This theory postulates that employees have five basic needs that constitute a need hierarchy. In this hierarchy, lower-level needs must be satisfied before the fulfilment of higher-level needs. If an employee's lower-level needs are satisfied, these will cease to act as a motivator for him/her. These insights can be used in designing HR policies pertaining to motivation. Maslow's theory has been empirically proved well in countries like the USA. Will the HR policies of a company in the USA be equally applicable for its subsidiary in Japan? Do the workers in Japan have the same hierarchy of needs which drive their motivational process? Researchers have conducted several studies to find out the universal applicability of Maslow's theory. Some important studies had shown that the needs and their hierarchy are same across different cultures proving the validity of the theory across different cultures. However, other studies had shown that the need-satisfaction profile could be different in different regions depending on the culture. For example, some researchers have pointed out that in countries with collectivistic cultures like Japan, social needs may acquire more importance than the lower-level need of safety. This implies that MNCs should tailor their HR policies taking into account the differences in the relevant aspects of national cultures.

A research by Hofstede showed that the hierarchy of needs is very much valid across countries. His research concludes that even though there might be cultural differences, the needs relevant to different job categories and levels offset the differences in culture. In other words, as predicted by Maslow, senior executives across companies of different cultures would value needs like self-actualisation and esteem higher than the lower-level needs which tend to motivate more employees at lower job categories.

- ❑ **Herzberg Theory:** According to this theory, the absence of what is defined as hygiene factors would create dissatisfaction while their presence need not give rise to job satisfaction. On the other hand, the presence of motivational factors can lead to satisfaction. International findings on Herzberg's theory largely support the theory across different cultures.
- ❑ **Achievement Motivation Theory:** This theory suggests that individuals can have a need to get ahead, to attain success and to reach goals. International studies have provided a mixed result with regard to this theory. For example, a study conducted in Central European countries did not find a high need for achievement.

Hofstede's research analyses indicate that the countries that have weak uncertainty index and high masculine rating tend to have high achievement-oriented cultures where this theory is highly relevant.

There are also another set of theories termed process theories of motivation (as against content theories discussed above). Researchers have either found mixed results or did not find much support for the universal applicability of these theories across different cultures.

Based on the above discussion, we can conclude that while major theories of motivation have universal appeal across any culture, managers would still do well to tailor their motivational policies according to cultural variances.

#### 12.4.2 INTERPERSONAL BEHAVIOUR ACROSS CULTURES

Globalisation has made diversity a necessary cultural aspect in many organisations. The need and presence of teams with people from different cultures have made management of multicultural teams an important aspect of international human resource management. Researchers say that organisations should not view teams with professionals from diverse cultures as a problem but should recognise their inherent potential for higher performance. Organisations should develop a culture that values cultural differences among professionals and they should design appropriate organisational structure and systems to facilitate the same. Cultural differences should be taken cognizance of and suitable strategies should be devised for bridging cultural gaps and maximising the value underlying such differences.

Cross-cultural interactions can take place at the individual level, at the organisational level and during interactions external to the organisation. These interactions can be classified into six areas, each level resulting in two areas listed respectively as expatriate, multicultural team, cross-country movements, global human resource system, relationships with external stakeholders and multilateral systems.

Expatriate refers to individual managers going to another country to manage a business unit. Multicultural teams refer to cross-functional teams formed to manage units across countries or for multicultural projects. Interpersonal behaviour at this level should take into account cultural differences, and organisational culture should drive executives to understand and build on these differences. At the organisational level involving cross-country professional movements and global human resource systems, organisational systems and policies should guide interpersonal interactions in terms of resolving and managing cultural difference for maximum performance. At the third level of interpersonal behaviour external to the organisation, the importance of cultural sensitivity will be much more pronounced as executives interact with people from different cultures external to the

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organisation in terms of customers, suppliers, government organisations, etc. A strong understanding and appreciation of different cultures and the impact they can make on business communications and corporate strategies should guide such interactions.

### 12.4.3 LEADERSHIP ACROSS CULTURES

An important theory with regard to leadership is McGregor's Theory X and Y. These two leadership styles are based on different underlying beliefs about subordinates. Theory X is fading out as more leadership success has been found with Theory Y. However, depending on the underlying cultural beliefs, different leadership styles could be prevalent in different countries. Research has shown that even in countries like China and Russia, the assumptions of Theory Y seem to drive the leadership style.

Another important theory on leadership which is used for studying leadership behaviour is based on observed leadership styles, viz. authoritarian, paternalistic and participative. These leadership styles are found to be highly culture-dependent. In other words, you may not find the same ratio of these leadership styles being practised in two different countries like the USA and Japan. Cultural values seem to largely influence the predominant leadership styles in different countries. For example, in the erstwhile Communist countries, the authoritarian leadership style seems to be more prevalent. The paternalistic leadership style is found to be prevalent in countries like Latin America, China, Pakistan, Malaysia, India, Turkey, Mexico and the United States. This is in accordance with the cultural values of these countries. These countries highly respect hierarchical relations and strong family and personal relationships. Participative leadership is very popular in countries like the United States, Great Britain, and other Anglo countries. Leading companies in the USA like General Electric are known to prefer a participative leadership style. They encourage employees to use participative style that has a strong focus on meeting commitments while also sharing the values of the firm.

In tune with the culture of Japan, the paternalistic approach of leadership is found to be highly prevalent in that country. Research has shown that while European managers seem to have less belief in the capabilities and initiatives of their subordinates, Japanese managers put greater faith in the leadership and initiative capabilities of their subordinates. However, Japanese managers are found to be more ethnocentric than the US managers. They do not view themselves as international managers when they are operating overseas and prefer to stick to the Japanese way of doing things irrespective of the culture of the host country. In contrast, research has shown that China, though a collectivistic country like Japan, seems to be moving towards the leadership styles which are similar to those of western managers.

Similar variations in preferred leadership style in accordance with national cultures are seen in the countries of Middle East (authoritarian) and Latin America (combination of authoritarian and participative styles).

The GLOBE project discussed in the previous section had explored the relationship between leadership styles and cultural variations. Based on the analysis, six culturally endorsed implicit leadership styles have been found, which are charismatic/value-based, team-oriented, participative, human-oriented, autonomous and self protective leadership styles. The mapping of cultural values, countries and leadership styles is shown in Table 12.5:

**TABLE 12.5: MAPPING OF CULTURAL VALUES, COUNTRIES AND LEADERSHIP STYLES**

Cultural Dimension	Countries	Leadership Style
Institutional collectivism	Sweden, Nordic and Scandinavian countries	Participative and self-protective
In-group collectivism	The Philippines, East Asian countries	Charismatic/value-based leadership, team oriented leadership
Gender egalitarianism	Hungary, Russia, and Poland	Participative and charismatic
Performance orientation	Switzerland, Singapore, Hong Kong	Participative, charismatic
Future orientation	Singapore	Self-protective, human-oriented
Societal uncertainty avoidance	Germany, Denmark, China	Team-oriented, Humane-oriented and self-protective
Societal humane orientation values	Zambia, the Philippines, Ireland	Participative
Societal assertive values	The United States, Germany, and Austria	Humane-oriented
Social power distance values	Morocco, Nigeria, and Argentina	Self-protective, human-oriented

#### 12.4.4 COMMUNICATING ACROSS CULTURES

Communication is often the most focused and known areas of OB when it comes to the international dimension of OB. Researchers have identified different communication styles that are prevalent in different cultures. Context plays a major role in distinguishing differences between different cultures. The term context refers to information that surrounds a communication that conveys the message. For example, in high-context societies like Japan and Arab countries, messages are found to be often coded and implicit. In these societies, communication is done with an implicit understanding that it is the receiver's job

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to interpret the message by filtering through what is being conveyed. This is in sharp contrast to low-context societies like USA and Canada where explicit communication of messages is preferred. In practical terms, this means when marketing and promotional messages are designed in countries like Japan; it is ensured that they should convey a sense of community in order to make the desirable impact successfully. Table 12.6 gives various communication verbal styles and the cultures in which the particular communication styles are found:

**TABLE 12.6: COMMUNICATION VERBAL STYLES AND CULTURES**

Verbal style	Major variation	Interaction focus and content	Cultures in which characteristic is found
Indirect vs Direct	Indirect	Implicit messages	Collective, high-context
	Direct	Explicit messages	Individualistic, low-context
Succinct vs Elaborate	Elaborate	High quantity of talk	Moderate uncertainty avoidance, high-context
	Exacting	Moderate amount of talk	Low uncertainty avoidance, low-context
	Succinct	Low amount of talk	High uncertainty avoidance, high-context
Contextual vs Personal	Contextual	Focus on the speaker and role	High power distance, collective, high-context
	Personal	Focus on the speaker and personal relationships	Low power distance, individualistic, low-context
Affective vs Instrumental	Affective	Process-oriented and receiver-focused language	Collective, high-context
	Instrumental	Goal-oriented and sender-focused language	Individualist, low-context

The above classification is an important finding as it can help understand and facilitate communication between managers of different cultures. For example, consider two countries Australia and Saudi Arabia. These two countries follow entirely different sets of verbal styles making communication between managers of these two cultures difficult. So is the case of the managers from the USA and Japan. This is explained in Table 12.7 – the verbal styles do not match in any context for the pairs of countries listed in this table, making communication difficult.

**TABLE 12.7: COMMUNICATION BETWEEN MANAGERS OF DIFFERENT CULTURES**

Country	Indirect vs Direct	Elaborate vs Succinct	Contextual vs Personal	Affective vs Instrumental
Australia, Canada, Denmark, Sweden, US	Direct	Exacting	Personal	Instrumental
Saudi Arabia, Egypt	Indirect	Elaborate	Contextual	Affective
Japan, Korea,	Indirect	Succinct	Contextual	Affective

Researchers talk about “cultural distance” that separates interactions of business people from different countries instead of geographical distance. Though English may be the most or frequently used language of international communication, MNCs prefer executives to be fluent with more than one language. There are several cultural barriers that may prevent perfect business communication. Table 12.8 shows some examples of cultural variations with respect to language and communication.

**TABLE 12.8: EXAMPLES OF CULTURAL VARIATIONS WITH RESPECT TO LANGUAGE AND COMMUNICATION**

Cultural component	Variations
Language	<ul style="list-style-type: none"> <li>❑ Different and opposing cultural messages are carried by different languages with regard to values and attitudes.</li> <li>❑ Some languages like those of the Indo-European group require communicators to specify the tense (past, present or future). This may not be the case with other languages.</li> <li>❑ Direct style of communication is the tradition with some cultures. They prefer explicit verbal communication. In contrast, some cultures prefer indirect style of communication.</li> <li>❑ Some cultures encourage person-centered communication that frequently use “I” references. But other cultures may prefer role-centered communication that does not focus on the person communicating.</li> <li>❑ Words, when translated, may have positive or negative connotations in different languages owing to differences in the meaning implied.</li> <li>❑ Languages differ in the method of addressing people</li> </ul>

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Cultural component	Variations
Non-Verbal Communication	<ul style="list-style-type: none"> <li>❑ Gestures, facial expressions, and postures may carry different meanings in different cultures.</li> <li>❑ Some cultures like those of China, Indonesia, and India may proscribe touching another person while communicating. But in Arab countries or in some European countries, touch may be allowed with less inhibition.</li> <li>❑ Numerous conventions govern handshakes. Russians prefer firm handshakes while the French prefer gentle ones. Chinese prefer a handshake accompanied by a slight bow.</li> <li>❑ Bowing, smiles, head nodding, facial expressions, etc. all can have different meanings in different cultures. Some cultures prefer gestures to accompany verbal communication (e.g. Italian, British, etc.) while it may not matter much with others.</li> </ul>
Proxemics	<ul style="list-style-type: none"> <li>❑ The way people use space as part of interpersonal communication differs.</li> <li>❑ There are different ways in which people relate to one another spatially depending on the culture they belong to.</li> <li>❑ For example, Arabs and Europeans differ on distance – Arabs stand very close when conversing.</li> </ul>

Apart from the language used, related interpretations and non-verbal communications involved including gestures and customs, there are also perceptual barriers that may prevent effective communication. Companies have learned that failure to understand home-country perceptions can result in carefully designed marketing and advertising programmes going awry. When brewing company Coors launched its product with the slogan, “Turn it Loose”, it dismayed the Spanish who thought it would cause intestinal problems. There are numerous incidences of advertising blunders made by MNCs due to their inability to understand perception-based barriers related to culture.

#### 12.4.5 ENVIRONMENT ACROSS CULTURES

While managing international operations, it is important to understand and respond to different environments prevailing in different cultures. Organisations should take into consideration economic, political and legal environments apart from the ethical environment across cultures. Some important factors to be considered in relation to these environments are given below.

- ❑ **Economic environment:** Globalisation has led to economic integration both at the national and organisational levels. Several economic and trade partnerships between countries through trade



agreements like NAFTA, CAFTA, and TPP can pose significant challenges as well as provide opportunities to global MNCs. Similarly, economic growth rates, shifting demographics and changing market environment across different nations and cultures can also present a significant challenge to the managements of global organisations. For example, depending on economic systems prevailing in countries, viz. market, and command or mixed, the business environment and culture could vary which can have major implications for organisational design and management approach adopted in different cultures.

- ❑ **Political environment:** Political systems of countries are driven by their respective national cultures. Social and cultural values like individualism and collectivism can have direct implications for political systems in different countries. Political ideologies followed in different countries like democracy, totalitarianism and socialism can have significance for organisational culture and business strategies.
- ❑ **Ethical environment:** Global corporations have ethical obligations and responsibility in the countries they operate. Ethical concerns like environmental pollution, human rights, cheap labour, worker conditions, etc., can make or mar major opportunities for global corporations. Ethical differences and dilemmas can arise from conflicts between ethical standards of different cultures and the corporate code on business ethics. MNCs generally devise and adhere to a code of ethical conduct while doing business around the world. However, they may also be required to make some adjustments to respond to local norms and values. Such cultural adjustments should be carefully evaluated and adopted to ensure that they do not deviate from the accepted code of corporate ethics. Similarly, it has become necessary for global corporations to explicitly demonstrate their commitment to corporate social responsibility and sustainability goals. These may again need to be carefully developed and implemented in accordance with local cultural values.

#### 12.4.6 MULTICULTURAL TEAMS

Globalisation has made diverse and multicultural workforce a reality. While global and multinational firms always have to deal with multicultural teams, this is increasingly becoming a feature even in domestic firms. While the general perception is that multicultural teams are difficult to manage, researchers have found that a properly managed multicultural team can be made much more productive than a homogeneous team. Owing to their very nature of diversity, multicultural teams have a higher potential for achieving their goals effectively. However, if not managed properly, such teams can lead to problems and loss of productivity. Table 12.9 shows the advantages and disadvantages of multicultural teams.

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**TABLE 12.9: ADVANTAGES AND DISADVANTAGES OF MULTICULTURAL TEAMS**

Advantages	Disadvantages
<input type="checkbox"/> Enhanced creativity	<input type="checkbox"/> Stereotyping
<input type="checkbox"/> Different and varied perspectives	<input type="checkbox"/> Ambiguity
<input type="checkbox"/> Better ideas	<input type="checkbox"/> Lack of cohesion
<input type="checkbox"/> Less groupthink	<input type="checkbox"/> Mistrust
<input type="checkbox"/> Higher focus	<input type="checkbox"/> Interpersonal problems
<input type="checkbox"/> Better problem definitions	<input type="checkbox"/> Miscommunication
<input type="checkbox"/> Greater alternatives	<input type="checkbox"/> Perception-related problems
<input type="checkbox"/> Better solutions	<input type="checkbox"/> Higher level of stress

Members of a multicultural team may find functioning in such a team challenging due to cultural differences which may make understanding of issues and their resolution problematic. Problems like miscommunication, misperception, and misinterpretation resulting out of cultural diversity may prevent the team from optimal functioning. Diversity may also increase ambiguity and complexity in team processes.

Multicultural teams can be effective when the nature of the team task is innovative that requires creative solutions and wider perspectives. Such teams can make major contributions to the given goal when the cultural differences of individual members are recognised, valued and respected. In contrast, multicultural teams can become ineffective when the nature of task involved is routine, members are selected based on ethnicity, ethnocentrism and cultural dominance drive team processes, and cultural differences are not valued.

The team processes should explicitly recognise cultural diversity and incorporate appropriate techniques to manage diversity. During the team formation process, efforts should be made towards building trust among members and improving team cohesion. At this stage, cultural similarities should be emphasised and conscious efforts to understand cultural differences should be made. As the team moves towards the problem-solving phase, cultural differences should be used as strength to generate more ideas and perspectives. Cultural differences among members should be valued, respected and leveraged. In the final phase, conscious efforts towards consensus building should be initiated keeping in mind the additional difficulty that may arise due to the diverse nature of the team. As mentioned before, the potential for higher performance can be increased by following the best practices viz. task-based team selection, recognising and valuing differences, creating mutual respect, facilitating greater feedback mechanism and efficient communication, establishing a group vision, ensuring team cohesion, avoiding cultural dominance, and encouraging wider group participation.



## SELF ASSESSMENT QUESTIONS

8. Research shows that content theories of motivation like Maslow's hierarchy of needs theory can generally be considered universally applicable across different cultures. (True/False)
9. When dealing with interpersonal behaviours in a multicultural setting, it is advisable to promote a unique organisational culture based on similarities. (True/False)
10. With respect to OB theories on leadership, which of the following statements is correct?
  - a. Cultural values largely influence the predominant leadership styles in different national cultures.
  - b. In western countries like the USA, authoritarian leadership is highly preferred in tune with the value of individualism.
  - c. National culture could be different from leadership styles followed in different national cultures.
  - d. None of the above.
11. The reason for difficulties in communication between professionals from countries like the USA and Japan can be attributed to the following:
  - a. Verbal styles do not match in any context between the US and Japan.
  - b. Verbal styles do not matter in business communication.
  - c. Different countries follow different verbal styles and interaction focus.
  - d. Both (a) and (c)
12. Which of the following statements is true with regard to multicultural teams?
  - a. Multicultural teams are difficult to manage due to cultural diversity.
  - b. Multicultural teams can lead to productivity loss if not properly managed.
  - c. Multicultural teams have potential to provide superior performance compared to homogeneous teams.
  - d. All of the above.
13. While managing multicultural teams, the best way to tackle cultural differences is to
  - a. Emphasise the similarities between cultures and ignore the differences

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- b. Recognise the differences and value them
- c. Leverage the differences and ignore the similarities
- d. None of the above



## ACTIVITY

Perceptual barriers can lead to major problems in business communications when dealing with multiple cultures. Research and provide three examples of incidences where global MNCs have failed to take cognizance of cultural barriers in their marketing strategies.

## 12.5

**TECHNOLOGY AND INTERNATIONAL BUSINESS**

The technological environment has been changing rapidly during the last few decades. This is facilitating developing countries to leapfrog into the 21<sup>st</sup> century. New innovations and products are creating new markets that are global in nature.

Researchers point out that technological development can become key determinants of cultural changes. While leading to a convergence of global culture, this development provides means for promotion and diffusion of culture. As different cultures adopt new technologies, the result could either be one of cultural convergence or divergence. Sometimes adoption of new technologies lead to cultural convergence but it is also possible for cultures to use technology to maintain or even further accentuate cultural differences.

Companies, who can leverage their understanding of different countries and their cultures and have an idea how technology is shaping their future, can acquire a long-term competitive advantage.



## SELF ASSESSMENT QUESTIONS

14. Technology can be a great driver for global convergence of national cultures. (True/False)



## ACTIVITY

Some OB researchers believe that technology is enabling the global convergence of cultures, and a detailed study of individual cultures and related strategies will not be of much use in future. Do you agree? Present your viewpoints in a report with regard to why or why not do you consider that multicultural differences will continue or cease to matter.

## 12.6 SUMMARY

- ❑ Companies with global operations need to go beyond traditional HRM concepts in order to effectively manage their global operations. International HRM has additional three dimensions, viz. cross-cultural dimension, international HRM policies and international industrial relations.
- ❑ Since IHRM is largely differentiated by cross-cultural aspects, the field of organisational behaviour in its international perspective becomes crucial.
- ❑ The trend of globalisation has made domestic companies to evolve from multi-domestic to multinational to transnational or global firms as their focus expands beyond domestic markets. This evolution is closely related to the importance and sensitivity they attach to cultural differences
- ❑ Cultural perspectives evolve from ethnocentrism to polycentrism to geocentrism as companies transform into global corporations.
- ❑ Culture plays an important role in organisational strategies. As companies move beyond their countries, they need to understand cultural variations across countries starting from basic social values to leadership styles.
- ❑ National cultures can vary in every basic aspect of cultural dimensions and these differences could be of great importance to corporate strategies of MNCs.
- ❑ One of the major and path-breaking researches on multicultural variations was carried out by Hofstede who could identify six cultural dimensions based on which different cultures can be differentiated.
- ❑ Hofstede's research showed that national cultures can have a major impact on organisational cultures even for companies like IBM who are founded on strong and unique foundational values. Another study was done by GLOBE researchers who expanded Hofstede's research conclusions.
- ❑ It is important for HR managers to understand the significance of national cultures when implementing HR policies. These HR policies should take into account the international aspects of OB. OB theories and concepts should be evaluated from an international perspective for their universal applicability.
- ❑ Content theories of motivation like Maslow's theory have been found to have universal applicability though the need profile could vary between countries. Process theories of motivation were found to attract mixed results or no support.

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- ❑ Leadership styles are found to be different in different countries. Leadership styles dominant in a country can be predicted based on the cultural values espoused by it. GLOBE researchers could classify leadership styles applicable for different cultural dimensions adopted by different countries.
- ❑ Communication is the most visible differentiator in terms of the impact of cross-cultural variations on OB concepts. Communication barriers increase in international transactions due to cultural variations starting from the use of language, verbal style, non-verbal communication, and perception-based on cultural values, etc.
- ❑ Multicultural teams have become a normal feature with global corporations. These teams are difficult to manage but offer higher potential for superior performance if properly managed.
- ❑ Technological developments can lead to global convergence of cultures. Technology can be used to reinforce cultural values leading to divergence of cultures or to promote convergence towards a global culture. Organisations should take cognizance of such implications of technology in their international strategies.



## KEY WORDS

- ❑ **Collectivism:** A social orientation or cultural value where the emphasis is on the good of the group, community or society rather than the good of the individual.
- ❑ **Content theories:** The type of motivation theories that are based on what actuates, energises or initiates the worker behaviour.
- ❑ **Expatriate:** An employee who is working and temporarily residing in a foreign country.
- ❑ **Host country:** The country where an MNC is operating and has established a foreign subsidiary.
- ❑ **Individualism:** The extent to which the individual initiative and caring for oneself is preferred by society.
- ❑ **Low-context communication:** A type of communication style where players tend to communicate more to the point and verbalise all important information.
- ❑ **Paternalistic:** The manner of managing or governing individuals, groups, or businesses that characterises a fatherly and sometimes intrusive attitude that may restrict the freedom and responsibilities of the dependents or subordinates in their supposed larger interest.
- ❑ **Power distance:** The degree of expectation of members of a society with regard to equal distribution of power within the society's institutions and organisations.

- ❑ **Values:** Principles and standards of behaviour that are based on the judgement of what is important in one's life and that shapes one's priorities in life.

## 12.7 DESCRIPTIVE QUESTIONS

1. As the companies expand globally, what kind of challenges they face with regard to organisational culture? Explain how companies tend to evolve and give an example of an MNC with operations across different nations.
2. What are the cultural dimensions identified by Hofstede that separate different cultures? Explain with examples. What are the conclusions reached by Hofstede's study?
3. Discuss the applicability of motivation theories in different national cultures.
4. Explain the relevance and applicability of different leadership styles across different cultures.
5. Discuss the problems associated with communication in a multicultural setting. Give examples of cultural variations in language and non-verbal communication. Write a note on different verbal styles applicable in different countries.
6. What are the important points to consider when managing multicultural teams?

## 12.8 ANSWERS AND HINTS

### ANSWERS FOR SELF ASSESSMENT QUESTIONS

Topic	Q. No.	Answers
Trends in International Business	1.	a. Ethnocentrism
	2.	False
	3.	b. Companies should be sensitive to the culture of the country they are operating in, explicitly recognising the differences and valuing them, and incorporating them into their corporate culture.
	4.	d. All of the above
Hofstede Cultural Dimensions	5.	True
	6.	False
Cultural Adjustment	7.	Femininity
	8.	True

## N O T E S

Topic	Q. No.	Answers
	9.	False
	10.	a. Cultural values largely influence the predominant leadership styles in different national cultures.
	11.	d. Both (a) and (c)
	12.	d. All of the above.
	13.	b. Recognise the differences and value them
Technology and Interpersonal Business	14.	True

**HINTS FOR DESCRIPTIVE QUESTIONS**

1. Companies have to evolve in terms of their cultural sensitivity as global revenues become increasingly dominant. They should take into account cultural similarities and differences, and cultural behaviours prevalent in the countries where they operate. Refer to Section **12.2 Trends in International Business**.
2. Power distance, individualism versus collectivism, masculinity versus femininity, uncertainty avoidance and long-term versus short-term orientation are five cultural dimensions, identified by Hofstede. These dimensions can be used to differentiate cultures of different nations. Refer to Section **12.3 Hofstede's Cultural Dimensions**.
3. Content theories of motivation are found to have universal applicability while this is not the case with process theories as per some research studies. Refer to Section **12.4 Cultural Adjustment**.
4. Different leadership styles are found to be prevalent in different nations in accordance with their cultural values. Refer to Section **12.4 Cultural Adjustment**.
5. Communication barriers become more pronounced in a multicultural setting. Examples are verbal styles, nonverbal communication, barriers to perception due to cultural differences, etc. Refer to Section **12.4 Cultural Adjustment**.
6. Multicultural teams, though difficult to manage, have the potential for providing superior performance. Refer to Section **12.4 Cultural Adjustment**.

**12.9 SUGGESTED READINGS & REFERENCES****SUGGESTED READINGS**

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**NMIMS**

# 13

## C H A P T E R

### CASE STUDIES

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## CASE STUDY 1

**THE ORGANISATION-EMPLOYEE RELATIONS AT WEGMANS**

*This Case Study discusses about the organisation-employee relations at Wegmans Food Markets, Inc. It is with respect to Chapter 1 of the book.*

Wegmans Food Markets, Inc. is a family-owned American regional supermarket chain, with headquarters in Gates, New York. Daniel Wegman, its present Chief Executive Officer (CEO), is the grandson of the organisation's cofounder. Daniel's daughter, Colleen Wegman, is the president of the company.

By the 1970s, Wegmans had established 40,000 square feet of stores to introduce the "mall in a store" concept. These stores dealt in gift cards, floral products, and pharmaceutical departments, which remained open for 24 hours. Apart from this, Wegmans became the third chain in the US to use electronic cash registers by installing an optical scanner system in 1972. In 1974, Wegmans acquired Bilt-Rite Chase-Pitkin, Inc., a retail operation that dealt in hardware, millwork, garden and landscape materials, and building supplies. Wegmans expanded this chain by building Chase-Pitkin stores adjacent to the existing Wegmans stores.

However, the organisation faced a number of challenges as well. The organisation faced opposition for its use of electronic scanner pricing that violated the state's item pricing laws. Wegmans argued that item pricing increased consumer costs, because of the expense of pricing each item and continued to stand by its electronic scanner pricing, because it was more accurate than using price stickers. The organisation won the Attorney General's lawsuit, and the item pricing law eventually expired in 1991.

Wegmans also faced protests against its campaign for use of plastic bags instead of paper bags. Wegmans argued that paper bags did not disintegrate in the dumps faster than plastic, and production of plastic was energy and resource efficient. The organisation eventually allowed customers to decide the baggage they preferred. Wegmans established several dumps for customers to deposit plastic bags for recycling and began using paper bags made from recycled paper.

## CASE STUDY 1

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Wegmans received the Food Network's award for being America's top supermarket, in 2007. Wegmans has been consistently ranked among the top 10 companies in the Fortune magazine's list of '100 best Companies to Work For'.

The magazine's ranking came as a surprise to others in the grocery industry, because Wegmans is categorised by low profit margins, under paying and tiresome jobs, and arduous customer interactions. In spite of cumbersome and extensive customer interactions, modest salaries, etc., Wegmans has a low-employee turnover rate. It has a turnover rate of only 8% for their 35,000 employees (compared to the industry average, which is closer to 50%). Wegmans' employees practice job sharing and a compact work-week. Wegmans offers telecommuting to some of its employees. Wegmans has formed a work culture that values employees and their contributions. The organisation's motto, "Employees first, Customers second", supports the belief that when employees are cared for, they express concern towards the customers they serve.

On being ranked the third best organisation in the US to work for in 2008, Wegmans' CEO Daniel Wegman quoted, "Every one of our employees and customers should stand up and take a bow, because together they make Wegmans a special place".

Wegmans has constantly introduced new ideas in the fairly traditional food industry. For example, in 1996, Wegmans launched a website with details on health and recipes, along with other helpful information. Customers often refer to it as Wegmans "Food Theatre". With the organic food industry earning a business of about \$17 billion, Wegmans started its own 50-acre organic research farm. Wegmans organic farm aims to develop best practices in health and efficiency, share them with hundreds of farmers supplying fresh fruits and vegetables to Wegmans. Wegmans has demonstrated that being socially and environmentally responsible helps in increasing employee trust, and subsequent growth, making it a win-win story for the organisation, stakeholders, and the communities where stores are located.

## N O T E S

## CASE STUDY 1



## QUESTIONS

1. What are the various reasons for Wegmans' low employee turnover and its being ranked as one of the best organisations to work for, by Fortune magazine?

(**Hint:** The reasons are: Wegmans' job sharing, compact work-week, telecommuting facilities for employees, favourable work culture and the organisation's motto, "Employees first, Customers second".)

2. What were the various opportunities and challenges faced by Wegmans Food Markets, Inc.?

(**Hint:** The initiative of the "mall in a store" concept, acquisition of Bilt-Rite Chase-Pitkin Inc., use of electronic cash registers presented Wegmans with opportunities. The challenges faced were protests against its electronic scanner pricing and use of plastic bags.)

3. Do you think valuing employees leads to organisational growth and success?

(**Hint:** Wegmans has demonstrated that being socially and environmentally responsible helps in increasing employee trust, and subsequent growth, making it a win-win story for the organisation, stakeholders, and the communities where stores are located.)

## CASE STUDY 2

## N O T E S

### BEHAVIOUR OF A CMD

*This Case Study talks about the individual behaviour and ethical values followed at Nagesh Iron and Steel Company Ltd. It is with respect to Chapter 2 of the book.*

Nagesh Samuel was a 42 year old qualified engineer from the US. His core values were Indian, but he preferred the working style of the US, governing people and keeping a tight hold on them. He believed in his own opinions and took quick decisions based on them only.

Nagesh Samuel established Nagesh Iron and Steel Company Ltd. in 1980 with its headquarters in Delhi. He became the Chairman and Managing Director (CMD) of the organisation. The organisation had four plants, which were situated in a 400-acre area at Bilaspur, Madhya Pradesh. Its total workforce was 3000, comprising 1200 workers on the company's pay roll, while the rest of them were affiliated to the Indian National Trade Union Congress (INTUC).

The literacy rate was low among most workers. As a result, local anti-social elements often influenced the activities of the union.

Nagesh Samuel used to operate his Bilaspur factory from his Delhi head office with the support of a President, a Vice President (VP) for Commercial and Administration, and three more VPs in finance, marketing, and technical fields, respectively. At Bilaspur, various General Managers (GMs) were appointed for the respective plants and divisions. Nagesh Samuel occasionally visited his factory at Bilaspur.

The CMD did not have a defined procedure for recruitment of senior officials. This led to nepotism, so that senior positions at the organisation were offered to relatives of the CMD. The relationship between the management of the organisation and its union were bitter since its incorporation.

Though the market where Nagesh Iron and Steel Company Ltd. ventured was domestic, it faced competition from Jindal, Nova, and Special Steels. Thus, the CMD was involved in the daily activities of the organisation with the President reporting directly to him. The per-day working capital of the organisation was 30 lakhs. Thus, the CMD wanted that production should continue at any cost. The union members took undue advantage of this approach of the CMD and often threatened to go on strike. They also became aggressive while interacting with the management.

## N O T E S

## CASE STUDY 2

In addition, the union started making some minor demands from the management in the form of a fresh charter of demands presented to the VP of Commercial and Administration, Pratap Verma. To resolve the matter, Verma, along with other managers, held meetings with the union members to build a harmonious relationship with them.

On 2<sup>nd</sup> December 1996, the President of the organisation received a fax from the CMD, including information about the immediate termination of 12 employees, including the GM, Quality control, and other officers. When the President called the CMD and asked the reason for the same, he replied that these people had close links with the union leaders.

The President of the company held an immediate meeting with Pratap Verma, VP (Technical) Manager, and the HR Manager. In the meeting, it was decided that all the 12 employees need to be terminated but gradually and in phases. This is because a sudden termination of all of them may result in unfavourable consequences for the organization, providing an opportunity to the union to create a new issue.

This opinion was presented to the CMD, but he did not agree with it and asked for an immediate termination of all of them. As a result, the president called the 12 employees one by one and asked for their resignations. The reasons given were lack of confidence and other similar reasons. Some of the employees resigned immediately, while some asked for time to think. Later, all of these employees met the union leaders on the evening of the same day to discuss the issue.

When the news of this termination spread in the company, an environment of discontent and tension formed. Consequently, on 3<sup>rd</sup> December 1996, at 6.30 A.M., all the workers went on a strike at the request of the union leaders. All the workers came out of the factory to the main gate. In addition, the night-shift workers were not allowed to start their machines. Thus, half of the plant was running without any attendant and the remaining was closed at 8.30 A.M. Moreover, the staff members collaborated with the labour union, and the charter of demands was revised and presented to the management, stating the reinstatement of the terminated employees.

The management refused to accept the demands of the revised charter. Consequently, the situation became violent, and telephone and electricity supply were disconnected. Nagesh Samuel arrived from Delhi. The police was called to handle the situation for the protection of executives.



**CASE STUDY 2****N O T E S**

Only six managers were representing the management, and they were locked up for twenty four hours inside the plant without food and water. The local management, the police, and the union leaders held a meeting to provide food and water to the officers inside the plant from their houses. This strike continued for the next eight days, and even after several rounds of negotiations, no results were obtained.

Later, the local management, with the help of advocates and advisors, submitted an application to the labour court. The court declared the strike as an illegal action. However, the strike was still not stopped, and the union members stopped listening and interacting with the management. Thus, the local management and the CMD (who was in direct conversation with the union leaders) became powerless.

As the strike had started in the first week of the month, salaries were not distributed. Thus, restlessness spread among the workers as well as the management. They had a meeting and reached the conclusion that the strike might be called off within a day or two if the terminated employees were reinstated. However, when this was communicated to the CMD, he refused even though the strike was causing him a financial loss of 300-400 crores.

Ultimately, on 9<sup>th</sup> December 1996, the CMD himself reinstated all the terminated employees and accepted the charter of demands. Within the next six months, the President was called back to the Delhi office, the HR Manager and the VP (Technical) had resigned, and the VP (Commercial and Administration) was transferred to another unit of Nagesh Iron and Steel Company Ltd. at Jabalpur.

## N O T E S

## CASE STUDY 2



## QUESTIONS

1. Describe the behaviour of the CMD of Nagesh Iron and Steel Company Ltd. Do you think his behaviour has any impact on his business? Provide answers based on the above case study.

(**Hint:** The CMD takes decisions based on his own opinions and perceptions. In addition, he is rigid and does not easily accept advice or suggestions. Thus, he had to face the strike that took place at his Bilaspur plant. If he had accepted the opinion of the President and the managers to terminate the employees one by one and with a valid reason, the chances of a strike would have been minimum.)

2. Had you been in the place of the CMD, what would have been your decision?

(**Hint:** In my opinion, the reasons for the differences among the union and the management should be identified and accordingly steps should be taken to fill these gaps. The behaviour of the 12 employees should be changed in a manner that they start supporting the management.)

3. What should be the ability-job fit for the post of a CMD?

(**Hint:** A CMD should have the ability of inductive and deductive reasoning, perceptual speed, and verbal comprehension.)

## CASE STUDY 3

## N O T E S

### IT IS ALL ABOUT PERSONALITY

*This Case Study talks about various personality traits for success in business. It is with respect to Chapter 3 of the book.*

For people who have the personality traits of self-motivation, adaptability, and emotional stability, work is highly enjoyable. Such people do not mind a highly demanding work environment and enjoy competition. People who are self-motivated, flexible, and emotionally stable, work hard and for longer hours. Such people not only survive situations, such as downsizing, but also thrive on it. In contrast, people, who are given to anxiety and are not self-reliant and flexible, get burned out and stressed. For example, in Apple Computers, development teams are well known for wearing T-shirts proclaiming, “90 Hours a Week and Loving it!”



Take the example of entrepreneur Wayne Huizenga. He is a self-made billionaire. He started a garbage collection business, confident that his firm will eventually outperform other garbage companies and get their businesses. He had high confidence in his own ability, was self-motivated, perseverant, and had the ability to lead others. Very soon, his plans started working. By the end of 1984, the market value of his firm's stocks was USD 3 billion. Huizenga's next move was into blockbuster entertainment. He was confident that the movie rental business was the business of the future, and he was proved right again. By the time he sold out to Viacom in 1994, Huizenga had already put another billion dollars in his pocket.

One of Huizenga's most important personality traits is his uncanny ability of picking fragmented industry, ripe for consolidation, and creating a company that dominates the industry quickly. Hui-

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zenga is one of the richest men in the world. However, money is not very important to him. He does not even take any salary from AutoNation. The one-to-one competition between himself and his rivals thrills him. That is the reason that when most people at his age consider retirement, Huizenga functions on and promises to remain one of the most successful entrepreneurs into the next century.

The same can be said about the personality traits of Steve Wynn of Mirage Resorts. Mirage Resorts was listed as one of Fortune's 10 most admired firms in America. This position was a reflection of Wynn's own personality. Wynn is highly optimistic, and he wants his employees to be optimistic as well. His main strategy is to keep everyone happy. If anyone is not happy, Wynn's employees must fix it. He has told his people, *"If you see a hotel guest with the tiniest frown on her face, do not ask a supervisor; take care of it. Erase the charge, send the dinner back, do not charge for the room"*. In addition, he is a witty story teller, who can mimic anyone's accent. Also, he possesses a taste for good things. He is also very intuitive, which helps him in making business decisions.



## QUESTIONS

1. What motivates employees of high-tech companies, such as Apple, to put long hours at work?

(**Hint:** The motivational level of employees depends on personality traits.)

2. Why is Steve Wynn able to keep employees happy in Mirage Resorts?

(**Hint:** People with certain personality traits, such as confidence and the urge to keep others happy, are able to better manage employees.)

## CASE STUDY 4

## N O T E S

### INTERPERSONAL RELATIONSHIPS AND PERCEPTION AT BETA INC.

*This Case Study discusses about the issues at Beta Inc., owing to the change in attitude caused due to errors of perception. It is with respect to Chapter 4 of the book.*

Beta Inc. is an automobile parts manufacturer, established in the year 1972. The Vice-President (Engineering Department) of the organisation Prateek Sharma is an IIT graduate, who joined the organisation at the age of 26 years. He had hopes of taking the organisation to greater heights. However, Beta Inc. is currently palpable in tension. The Managing Director (MD) of the organisation, Tapan Sen, had initially been quite appreciative of Sharma's contribution towards the organisation. However, currently, both Sen and Sharma are at conflict and do not seem to hold consensus on any matter.

Tapan took over the organisation from his father after his sudden death. Back in the 1980s, the organisation depended on traditional methods and faced little competition. However, with liberalisation in 1991, the organisation started facing stiff competition and came across several challenges. The only business mantra to save the organisation could be 'to change or perish'. Tapan decided to change, and in this attempt, took several initiatives such as changes in technology, work culture, systems, and procedures. Under Tapan's leadership, Beta Inc. grew gradually and made consistent profits. In the year 2001, Tapan decided to make his organisation public, and in this way, made high profits for the organisation as well as its shareholders.

Back in the year 1990, Tapan hired Prateek, who proved to be an asset to the organisation. With the demise of the senior engineer, Prateek was promoted as the Senior Engineer of Beta Inc. Currently, Prateek is the Vice-President (engineering department) of the organisation.

Earlier, Prateek and Tapan had very few interactions, and their conversations were limited. However, with the new roles, both had to interact more often and discuss important issues. Eventually, Prateek developed a dislike for his boss with the ever increasing interactions. Moreover, Prateek perceived that Tapan did not like him either. This was because of their differences in opinion about the organisation's existing advertising and promotional activities.

While Tapan believed that advertising is necessary to increase sales, Prateek disagreed and considered that the quality of the product would speak for itself. Prateek advised Tapan to cut down

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the expenditure on advertising and focus on improving the product quality. This was not taken well by Tapan, who became further disappointed in Prateek's strong conviction about product quality over investing on advertising campaigns. Tapan considered Prateek's opinions to be illogical and immature.

Tapan clearly dictated to all his employees that being the owner of the organisation, he had complete authority to take major decisions. He continued with the advertising campaigns and paid no heed to Prateek's suggestions. This demotivated Prateek, who started avoiding any discussion with Tapan on any matter. Prateek continued to focus on his work but soon found it uncomfortable to continue working in the department, which involved frequent interventions by Tapan. On the other hand, Tapan became concerned about Prateek's ignorance towards improving the product and the organisation's image and only focussed on improving the technology.

Both of them agreed to meet regarding these issues to curtail the growing tensions between them. However, both of them have already made up their minds about not being able to work with each other.



## QUESTIONS

1. In your opinion, how do Prateek and Tapan perceive each other and themselves?

(**Hint:** Prateek developed a dislike for his boss with the ever increasing interactions. Moreover, Prateek perceived that Tapan did not like him either. Tapan considered Prateek's opinions to be illogical and immature.)

2. If you were in Tapan's place, what would you have discussed in the meeting to improve things?

(**Hint:** Tapan should listen to Prateek's interpretation about him. Tapan should let him know what he thinks of Prateek. This way, the misconceptions can be cleared. Moreover, Tapan should consider including Prateek's suggestions, clarify to him why a certain point was discarded, and interact amiably.)

## CASE STUDY 5

## N O T E S

### LEARNING NEEDED BY VICE CHANCELLOR

*This Case Study shows that learning is required at every stage and level. It is with respect to Chapter 5 of the book.*

In a Central University of the North-Eastern region of India, a new Vice Chancellor is appointed, who has his own mission and vision for the University. From the first day of his work, he started thinking and working on achieving his mission and vision. To put his ideas into effect, he formed an informal advisory committee, comprising 20 professors of the University. This committee needs to monitor the activities taking place in the University and check whether they are done in the right manner and direction. A modus operandi was also formed for the advisory committee by the Vice Chancellor.

The Vice Chancellor held a meeting with the advisory committee on every second and fourth Saturday of the month at 3.00 P.M. In these meetings, the Vice Chancellor informed and instructed members of the committee about any changes in the policies and procedures of the government and the University Grants Commission, which can affect their work. In addition, he discussed their priorities and assignments. Moreover, the problems and concerns of the members are also discussed and resolved in the meetings.

When these meetings began, classes had not started. Thus, initially, all the members were able to reach on time. However, when classes started, the professors started getting busy. The time for starting the meeting gradually shifted from 3.00 P.M. to 4.00 P.M. After a few weeks, when classes started in full swing, the meeting would not even start at 4.00 P.M., because all the members were not present. This disturbed the Vice Chancellor, and he was unable to understand the reason for the same.

The Vice Chancellor was unaware of various facts related to the University. Some of these were:

- ❑ Missing a single class in the semester system costed a lot, and most professors, who were members of the committee, were working as Deans of Schools as well as Heads of Departments.
- ❑ Transport was not available after 5.00 P.M. from the University Campus to the city, which was 20 kms away from the campus. Thus, after the meeting, the professors faced difficulties while returning home.

The Vice Chancellor was only concerned with holding meetings on time. However, he could not force any of the members to attend the meeting and reach on time, because the meetings were

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## CASE STUDY 5

informal and voluntary. In addition, the members in the meeting were not less qualified than the Vice Chancellor, and the meetings do not come under their official duties or jobs. Thus, they did not take these meetings seriously.



## QUESTIONS

1. What do you think the Vice Chancellor should do in the present case?

**(Hint:** The Vice Chancellor should first understand the system of the University and the various factors that can affect his work. Based on this understanding, he should take required action. He should plan the meetings at a time when the professors are not busy, i.e., when classes are not being held. Also, the timing of the meeting should be scheduled such that the meeting gets over before 5.00 P.M. In addition, the Vice Chancellor can motivate the members to attend the meeting by introducing some reward or recognition system.)

2. In terms of the reinforcement theory, explain what is happening in the University?

**(Hint:** The professors are giving negative reinforcement to the Vice Chancellor by not attending the meeting.)



## CASE STUDY 6

## N O T E S

### REINFORCEMENT AT SEARS DEPARTMENT STORE

*This Case Study discusses about the application of reinforcement in organisations. It is with respect to Chapter 5 of the book.*

In 2006, branch manager at Sears Department Store in Altoona, Pennsylvania held a meeting with all the employees of the store and introduced a new credit card application. In the meeting, he explained the benefits of the credit card for the customers and the store. Moreover, he told the employees that he wanted to be the number one store for credit card applications. After the meeting, the credit card applications had increased in the store. However, this continued only for a short period of a few weeks and then there was a decline in credit card applications.

When the manager observed this, he called a meeting of all the employees to discuss the issue. However, in this meeting, he had shifted his focus from store benefits to the employee benefits. During the meeting, he found that employees were reluctant to promote the credit cards because most of the customers declined to take the card. In addition, employees were not getting any benefits on promoting these cards.

To overcome the situation, he revised the job description of the employees. Further, he developed a set of questions that employees were to ask customers while promoting the credit card. Some of these questions were:

*“Do you have a Sears credit card with you?”*

*“Would you like to open a Sears credit card today to save ten dollars off on your purchase?”*

The manager believed that if the customers were offered ten dollars off on their current purchase, they might be tempted to buy the credit card. Also, this will further increase the number of credit card applications at the store.

Apart from this, the manager started offering all employees an extra two dollars along with their salary for each credit card application. To get two dollars per credit card application, the employees had to submit five credit card applications per month. If the number of applications is below five, they would not receive any money. After ninety days, the total number of credit card applications would be counted and the employee who had submitted the maximum number of applications would get recognition by having his/her picture hung on the bulletin board in the staff lounge. In addition, he would also receive a twenty five dollar Sears gift card and his name would be announced at the morning meetings.

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On the other hand, if an employee was unable to obtain five credit card applications per month for ninety days, he/she was required to attend a training for raising his/her credit card applications numbers. If the employee after attending the training is still not able to increase his/her credit card applications in the next ninety days, the employee would be suspended for three days. Further, if the employee still did not show improvement, then he/she would be terminated. However, employees were to be provided adequate time and training for improving their credit card applications.

This reinforcement enabled the manager at Sears Department Store to raise the rate of credit card applications. Consequently, the store became the number one store for credit card applications in the state of Pennsylvania.



## QUESTIONS

1. Which elements of reinforcement are used in the above case study?

(**Hint:** Positive reinforcement and punishment are used in the case study by the manager.)

2. Were the employees happy with this type of reinforcement?

(**Hint:** Employees were happy because they are earning extra money and recognition out of this reinforcement. Also, they are getting adequate time and training for increasing their number of credit card applications.)

## CASE STUDY 7

## N O T E S

### EMPLOYEE MOTIVATION IN STARBUCKS

*This Case Study discusses about the employee motivational practices followed at Starbucks. It is with respect to Chapter 6 of the book.*



Increased globalisation has intensified competition in different industries. This is especially true for the service industry with similar products. In the service industry, the first-line staff is in direct contact with customers and understands the needs of the customer. It is essential for companies to train, motivate, and reward these employees to sustain the best quality.

Starbucks Corporation, the largest chain of retail coffee shops in the world, sells coffee beans and various types of coffee and tea drinks. It owns more than 4000 outlets in the world. In addition, it is one of the fastest growing corporations in the US. The reasons behind the popularity and success of Starbucks are not only quality of their coffee but also customer service and a cosy environment. The competitive advantages of the company are quality, service, ambiance, and culture.

In the service industry, it is always a challenge to maintain quality. However, the task of managing quality is easier in Starbucks, because it has a highly motivated work force. The main motive of the workers is to create a free atmosphere in which customers feel comfortable. In addition, workers work for their personal satisfaction as well as the satisfaction of the customers. Thus, they provide efficient service to customers. The staff feels that satisfied customers are a reward of their work.

One of the challenges faced by Starbucks is keeping the workforce motivated. The company provides different benefits to their employees to take care of their needs. Thus, the staff works, keeping in mind that customer satisfaction is their main motive.

## N O T E S

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The company establishes a comfortable environment for people to socialise, which attracts consumers of all ages to the restaurant. However, one of the most important factors behind the success of Starbucks is a highly-motivated workforce. According to Michelli (2006), the turnover rate in Starbucks is 65% for employees and 25% for managers as compared to 150% to 400% and 50% respectively in other retail chains in the US. Starbucks has one of the best business models for employee motivation, customer satisfaction, and cooperation and teamwork.

Employees need to be adequately motivated to maintain their passion for work. Let us see the main aspects of motivation for employees in Starbucks.

**EQUAL TREATMENT**

All staff in Starbucks are called partners and are treated equally. The supervisors for each branch are also called partners. To narrow the gap between managers and other employees, managers also co-work with the basic-level staff in the front line. Such equal treatment motivates employees at all levels to be a part of the Starbucks team.

**LISTENING TO EMPLOYEES**

Starbucks has a very organised communication channel for its employees. Labours of the employees are given high importance. Managers decide the work schedule and breaks for workers according to their requirements. Also, there are weekly interviews to check the needs of employees. In addition, a special survey called 'Partner View Survey' is conducted every two years.

**GOOD WELFARE MEASURES**

All levels of employees, including the informal personnel, are offered many welfare policies such as commodities discounts, medical insurance, stock dividends, and vacations. Owing to the stock dividends offered, employees are motivated to increase the sales of the company to earn more profits. In addition, partners who have been working over 20 hours in a week are entitled to extra benefits.

**TEAM WORK**

Team work helps in constructing a small social structure within the organisation, which helps employees socialise and share their skills with one another. Every employee plays an important role in team work. Therefore, anyone's need for getting acquainted with other team members is fulfilled at Starbucks.

**CASE STUDY 7****N O T E S**

In addition to the benefits, several motives drive the behaviour of the staff such as the need to satisfy customers, need of belonging to a team, and the need for creating a cosy and free environment.

**QUESTIONS**

1. What made it possible for Starbucks to build an efficient team that meets customer needs effectively?

**(Hint:** Starbucks takes a number of initiatives to motivate its employees. A motivated workforce can fulfil the needs of employees in an effective manner.)

2. Link motives with employee behaviour in Starbucks.

**(Hint:** Motives drive the behaviour of the staff. In Starbucks, the motives of the employees are in accordance to the goals of the company.)

**NMIMS**

**INDRA NOOYI'S "PERFORMANCE WITH PURPOSE"**

*This Case Study discusses about the leadership and futuristic thinking of PepsiCo Inc.'s Chief Executive Officer (CEO), Indra Nooyi. It is with respect to Chapter 7 of the book.*

PepsiCo Inc. is an American multinational food and beverage corporation that manufactures, markets, and distributes grain-based snack foods, beverages, and other products. The organisation was formed in 1965 through the merger of Pepsi-Cola Company and Frito-Lay, Inc.

Indra Nooyi is the current CEO of PepsiCo Inc. She was born in Chennai, India and graduated from Yale's School of Management, USA. She has worked with organisations such as the Boston Consulting Group Inc., Motorola Inc., and ABB Inc. She is considered one of the top leaders in the business world today.

PepsiCo faced the issue of declining demands of its soda beverages and snacks owing to the growing nutritional awareness among consumers and changes in consumer preferences and tastes. The organisation needed to come up with a new strategy to innovate and market its products effectively.

**INDRA NOOYI'S LEADERSHIP**

Indra Nooyi gave a clear vision for PepsiCo, framed under the term, "Performance with Purpose", which strives to balance *"the profit motive with making healthier snacks, striving for a net-zero impact on the environment, and taking care of your workforce"*. Nooyi has been instrumental in Pepsi's acquisition of the food conglomerate Quaker Oats Company and the juice maker Tropicana Products Inc., both of which have health-based product lines. Nooyi has reduced Pepsi's reliance on high-sugar, high-calorie beverages, and trans-fats from all its products.

Environmentally, Nooyi promoted the use of biodegradable packaging for PepsiCo products. Nooyi has been constantly following the footsteps of her competitor, Coke, and believes in evolving through innovation. She recently announced the launch of the "Spire", which is a digital, create-your-own beverage fountain. The Spire is intended to offer direct competition to Coke's similar Freestyle machine, which has already been on the market for four years.

Indra Nooyi uses her communication skills to conquer her subordinates and competitors. She listens to her employees' suggestions and incorporates them if they are relevant. She is also believed to take prompt decisions and work until a task is accomplished.

## N O T E S

## CASE STUDY 8

Nooyi quoted in 'A Learning CEO Can Power Through Tough Times: Indra Nooyi', Forbes India, *"As a CEO, I am finding that I have to become a learning CEO. I have to go to school all the time, because I am learning new skills that I need to run this company and I am realising that I am not equipped to just coast, I have to constantly renew my skills"*.

Nooyi's teammates are often challenged by her high performance standards and expectation of excellence. For example, Nooyi required an alternative to the expensive palm oil and kept urging her team mates until they found the alternative in rice bran oil. Nooyi is liked and respected, because she is democratic in her approach and listens to her subordinates' ideas and suggestions. She is a role model to other business leaders around the world.

However, Nooyi is believed to maintain a perfect work-personal life balance and emphasises the same for her employees. She stated in the 'Sun Tzu for Women: The Art of War for Winning in Business', *"At the end of the day, do not forget that you are a person, do not forget you are a mother, do not forget you are a wife, do not forget you are a daughter. Because in the end, no matter how much money you make and how much success you create, What you are left is family, friends and faith"*.



## QUESTIONS

1. What style of leadership does Indra Nooyi follow?

(**Hint:** Nooyi is liked and respected, because she is democratic in her approach and listens to her subordinates' ideas and suggestions.)

2. Do you think Nooyi's initiative 'Performance with Purpose' reflects her revolutionary and futuristic thinking?

(**Hint:** PepsiCo faces the issue of declining demands of its soda beverages and snacks owing to the growing nutritional awareness among consumers, and such a strategy is an excellent attempt to sustain its growth.)

3. Describe the changes incorporated by Nooyi that have helped PepsiCo to grow stronger in the market.

(**Hint:** Acquisition of the food conglomerate, Quaker Oats Company, and the juice maker, Tropicana Products Inc., launch of the "Spire", effective communication skills.)



## CASE STUDY 9

## N O T E S

### MUMBAI DABBAWALAS

*This Case Study shows how teams work efficiently. It is with respect to Chapter 8 of the book.*

Mumbai Dabbawalas provide lunch delivery services in Mumbai, India. Dabbawalas have been in this business for the past 100 years. Today, most of the working population of Mumbai avail the services of Dabbawalas to have access to home-cooked food. Mumbai Dabbawalas got a Six Sigma rating for their teamwork and efficiency from Forbes Global Magazine in 1998.

The organizational structure of Dabbawalas is simple. Each employee is a shareholder and an entrepreneur. The organization follows a flat structure of business hierarchy with only three layers for better communication. Other than the top-level management, the middle layer is the governing body, while the bottom layer contains people involved in transportation of lunch boxes.

The Dabbawalas are divided into groups of 15 to 25, and each group is supervised by 4 experienced supervisors. These supervisors are familiar with the colour coding that is used in the complex logistic process. Their role is to sort the lunch boxes, maintain receipts and payments, acquire new customers, solve disputes, and train junior employees.

The entire system depends on teamwork and meticulous timing. Tiffin boxes are collected from homes between 7.00 A.M. and 9.00 A.M. and taken to the nearest railway station. At various intermediary stations, they are hauled onto platforms and sorted out for area-wise distribution, so that a single tiffin box changes hands 3 to 4 times in the course of its daily journey. At Mumbai's city stations, the last link in the chain, a final relay of Dabbawalas reach out to the tiffin owners. After lunch hour is over, the whole process moves into reverse, and the tiffin boxes return to their suburban homes by 6.00 P.M.

To better understand the complex sorting process, let us take an example. At Vile Parle Station, there are 4 groups of Dabbawalas. Each has 20 members, and each member services 40 customers. That makes 3,200 tiffin boxes in all. These 3,200 boxes are collected by 9.00 A.M. After reaching the station, they are sorted according to their destinations by 10.00 A.M., when the 'Dabbawala Special' train arrives.

The railway provides sorting areas on platforms as well as special compartments on trains travelling south between 10.00 A.M. and 11.30 A.M.

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During the journey, the Dabbawalas regroup according to the number of boxes to be delivered in a particular area, and not according to the groups they actually belong to. If 150 tiffin boxes are to be delivered in the Grant Road Station area, then 4 people are assigned to that station, keeping in mind that 1 person can carry no more than 35-40 boxes. During the earlier sorting process, each Dabbawala would have concentrated on locating only those 40 boxes under his charge, wherever they come from, and this specialization makes the entire system efficient and error-free. Typically, it takes about 10 to 15 minutes to search, assemble, and arrange 40 tiffin boxes onto a crate, and by 12.30 P.M. they are delivered to the offices.



## QUESTIONS

1. Why is it said that the Mumbai Dabbawalas are known for their teamwork and not their group work?

**(Hint:** Mumbai Dabbawalas form a formal group that comes together from different backgrounds to accomplish a common and defined goal of delivering the right tiffin box at the right place and time. In addition, these groups focus on collective goals instead of individual objectives. Thus, they are called teams.)

2. What is the unique feature of the teamwork of Mumbai Dabbawalas?

**(Hint:** The Dabbawalas are result-oriented, that is, they focus on completing their task in the given time. In addition, they trust that their team members will reach their destinations on the right time and place, with the right tiffin boxes.)

## CASE STUDY 10

## N O T E S

### WORKPLACE CONFLICT DUE TO PROMOTION

*This Case Study discusses about workplace conflict due to promotion in a media company. It is with respect to Chapter 9 of the book.*



Both Jasmine and Ryan have been working alongside for many years in a local magazine. After the exit of the existing manager, Ryan is promoted to the post of the manager. However, he still shares the office with his previous team. Conflict arises when Ryan decides to introduce a new policy, which is not acceptable to the rest of the team, because the policy will increase their already heavy workload.

Jasmine and Ryan have been close friends and professional work colleagues for many years. Thus, it is challenging for the management to identify the 'spark' that ignited the disagreement between the two and to find out the most appropriate course of action to restore their previous friendship. The General Manager approaches both Jasmine and Ryan to find a solution for the conflict. Following is the position of Jasmine as communicated by her to the General Manager:

*"I have been working for the magazine for a long time. Thus, I have been a witness to the initiatives that worked well and the ones that caused problems. I was sure that the new policy would fail, because it is going to increase the workload of each individual. I am aware of the fact the Ryan took the consent of higher management before implementing the policy. However, I feel the decision should not have been taken in the first place. I strongly disagree with the new policy. I think Ryan, as a person, lacks self-confidence and he be-*

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*came overly strict with the team members to show that he is the boss. Also, team meetings conducted by Ryan are a waste of time, because he takes a while to get started and gets distracted very easily. This adds to the mounting frustration of the team”.*

Following is the account of Ryan as communicated to the General Manager: “I am very happy to work for the organisation, because it has given due credit to my work ethics and performance. The promotion boosted my confidence, and I am looking forward to managing my colleagues with whom I previously worked. However, I think there is a split in the team dynamic. As I was a member of this team, half of the team continues to treat me in the same way as they treated me earlier. The other half is somewhat manageable and listens to me. However, I find it difficult to work with Jasmine, because she is jealous of my promotion. She thinks she deserved the promotion more than me. She thinks so because she has more experience than me in the organisation. Thus, she wants to sabotage my attempts to become a successful manager. Also, she does not make any remark in the team meetings”.

Both Jasmine and Ryan are skilled employees, who are assets to the company. The company does not wish to lose any of the employees. If they can work together and apply their energy to achieve the goals of the company, they can bring forth wonderful results. Thus, it is a difficult situation for the company to resolve the conflict. Healthy competition between the two can be good for the company, because they can try to put their energy to outperform each other. This will help the company in achieving its goals.



## QUESTIONS

1. Suppose you are the General Manager in the organisation. Find out the cause of conflict and suggest a solution.

**(Hint:** A conflict can be resolved with the help of a number of techniques, such as mediation, debate, and appointing a devil`s advocate.)

2. Can you use the conflict as an opportunity for the company?

**(Hint:** The conflict can be turned into a functional conflict).

**DEPARTMENTAL CONFLICT IN AN ORGANISATION**

*This Case Study discusses about workplace conflict within a department in a company. It is with respect to Chapter 9 of the book.*

The case deals with a departmental conflict involving a team of 12 people. The relationship between the team leader and the department manager was so damaged that they always spoke to each other through third parties. The entire department was split into two warring factions: one group with the team leader and the other group supporting the department manager. Only a few team members remained neutral. There was clearly a case of favouritism with respect to approval of leave, training, and allowances. In addition, no performance appraisal took place in 2 years. Two of the staff members had been on stress leave for the last 5 weeks.

The senior management investigated and discussed the problem. However, there was no satisfactory solution to the problem. Therefore, an independent conflict resolution agency was hired to conduct a conference to try and get into the root of the problem, develop an action plan to remedy the situation, and oversee the implementation of the plan. Before conducting the conference, the agency conducted face-to-face, voluntary interviews with each of the 12 team members. The objective was to identify the key underlying issues and the nature of conflict among the team members. The interviews revealed that all the 12 members were involved in the conflict to some extent.

The attendance at the conference of the agency was voluntary. The participants were invited, however, they were not compelled to attend the conference. Still, all the 12 members chose to attend the day-long conference. Each member showed full cooperation by providing comments and perspectives. It was evident that various reasons for the conflict were the leave-approval procedures, which resulted in one member being sanctioned significantly more leaves than others. Other issues included the manager's style of interacting with the department members and malicious e-mails and gossip.

By the end of the conference, a detailed agreement was signed by each member of the team. The agreement included a commitment to provide individual staff needs analysis, training, and coaching; a commitment that workplace policies would be adhered to; and a feedback would be collected at regular intervals. In addition, it was decided that the responsibilities of the department manager, team leader, and the team members would be formalised, and performance would be measured at regular intervals.

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After the confirmation, the agreed-upon steps were implemented for the next 3 months. Individual needs assessment and training sessions were conducted regularly. In addition, one-to-one feedback sessions were conducted once a month. Workplace policies were revised and agreed upon by all members of the team.

The impact was felt immediately. No one took stress leaves in the 6 months followed by the conference, and employee turnover in the team also declined. This resulted in annual savings of more than USD 160,000 to the company. The involvement of the senior management was no more required in conflict resolution.



## QUESTIONS

**Questions:**

1. What type of conflict occurred in the department? Elaborate.

(**Hint:** The three main types of conflicts are inter-group conflict, inter-personal conflict, and intra-personal conflict)

2. Critically evaluate the conflict resolution approach of the agency.

(**Hint:** The effectiveness of conflict resolution is reflected in the changed behaviour of the team.)

**STRUGGLE FOR POWER AT APPLE INC.**

*This Case Study discusses about the power play and politics that went around at Apple Inc., leading to the dismissal of Steve Jobs. It is with respect to Chapter 10 of the book.*

On November 27, 2007, Steve Jobs, Co-founder, Chairman and ex-CEO of Apple Inc. was named the most powerful person in the corporate world. Jobs transformed five different sectors namely, computers, Hollywood movies, music, retailing, and wireless phones. Apple II, which was introduced in the year 1977, set the standard for other personal computers. He funded the organisation Pixar, which is an American computer animation film studio based in Emeryville, California. The iPod, iTunes, and iPhone created by Jobs have revolutionised the way people listen to music, pay for and receive various types of digital content, and expect from their mobile phones. Steve Jobs exhibited all of the five types of power: expert, legitimate, reward, referent, and coercive. His vision and strong will aided him to succeed in his endeavours. But the same determination that helped him succeed has a shadier angle as well. Steve's autocracy and determination for perfection may be tagged as being slightly tyrannical.

**WHAT OTHERS SAID ABOUT STEVE JOBS**

Roderick Kramer, the William R. Kimball Professor of Organisational Behaviour refers to Jobs as one of the 'great intimidators'. Kramer says, 'forcefulness is helpful when tackling large, intractable problems'. Referring to Job he says, "Jobs has been known to berate people to the point of tears, but at the same time, he inspires astounding effort and creativity from his people."

Andy Hertzfeld, member of the original Apple Macintosh development team says, "Jobs imbues employees with a "messianic zeal" (fervent or passionate) and can make them feel that they're working on the greatest product in the world. But at the same time, Jobs is very hard to please, so Apple employees work hard to win his approval." Hertzfeld describes Jobs' leadership style as "a confounding mélange of a charismatic rhetorical style, an indomitable will, and an eagerness to bend any fact to fit the purpose at hand. The influence works even when you're aware of it, and it works even on "enemies". Hertzfeld says, "No other high-tech impresario could walk into the annual sales meeting of one of his fiercest rivals and get a standing ovation," referring to the applaud Jobs got in 2002 from Intel Corporation, partner of Apple's arch rival, Microsoft (Wintel: Windows + Intel).

Another co-worker of Steve Jobs, Cordell Ratzlaff who worked with him on OS X for 18 months speaks about Jobs as, "He has the ability to pull the best out of people," says who worked closely with Jobs. I learned a tremendous amount from him."

## N O T E S

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Bud Tribble, Vice President of Software Technology, Apple Inc. refers to Jobs and says, “In his (Jobs) presence, reality is malleable. He can convince anyone of practically anything.”

### POLITICS AND POWER AT APPLE INC.

Steve Jobs was expelled from his own organisation in 1987 by John Sculley, the man who Jobs had hired to help him run it. In 1984, to enhance the potentiality of Apple, John Sculley the president of Pepsi Cola was hired as the CEO. Soon, tension developed between Steve Jobs and John Sculley. Steve was extremely confused of Sculley’s modus operandi and planned to take back the control by sending Sculley on a business trip to China. However, Sculley realised Jobs’ intentions and on his return back from the trip, Sculley requested the Board of Directors (BOD) at Apple Inc. to vote against Steve for his power play. Steve was expelled from Apple but hired back in the year 1997. Andy Hertzfeld stated “Apple never recovered from losing Steve. Steve was the heart and soul and driving force. It would be quite a different place today. They lost their soul.”

Later, Steve established NeXT Computers with the determination to devastate the operations and brand name of the Apple. Steve developed an outstanding operating system, NeXTStep, widely adored by contemporary technocrats. However, NeXT failed to outgrow Apple Inc. In the year 1996, Apple announced to buy NeXT for \$429 million. This deal marked the come-back of Jobs to the organisation he co-founded.

Steve Jobs died on October 5, 2011 after a long battle with pancreatic cancer, leaving behind a legacy of pioneering efforts in the fields of entertainment, from the Mac to Pixar to the iPad.



### QUESTIONS

1. Discuss how power play by Steve led to his dismissal as Chairman of Apple Inc.

(**Hint:** Tension developed between Steve Jobs and John Sculley. Steve was not pleased by Scully’s modus operandi and planned to take back the control by sending Sculley on a business trip to China. However, Scully gained the trust of the Board of Directors who voted against Steve)

2. List the characteristics of Steve Jobs and his interpersonal relationship with his colleagues and employees.

(**Hint:** The things that Steve’s colleagues and employees said about him highlight his qualities and leadership characteristics.)