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# Organisational Behaviour

Sub Code 552

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Developed by  
Prof. P. Subba Rao

On behalf of  
Prin. L.N. Welingkar Institute of Management Development & Research

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# Chapter 1

## Introduction To Organisational Behaviour

### Objectives

**After studying this Chapter, you should be able to:**

- ★ Understand the role of management in understanding human behavior;
- ★ Know the meaning of an organization;
- ★ Analyse the causes for similarities and dissimilarities among individuals and groups;
- ★ Discuss various models of man like economic man, social man organisational man, self-actualisation man and complex man;
- ★ Understand the need for study of organisational behaviour;
- ★ Know the meaning and features of organisational behaviour;
- ★ Understand the complexities of organizational behavior;
- ★ Know the factors responsible for increase in diversity of human resources;
- ★ Analyse the contributions of various disciplines to organisational behaviour; and
- ★ Understand the models of organisational behaviour.

**Structure:**

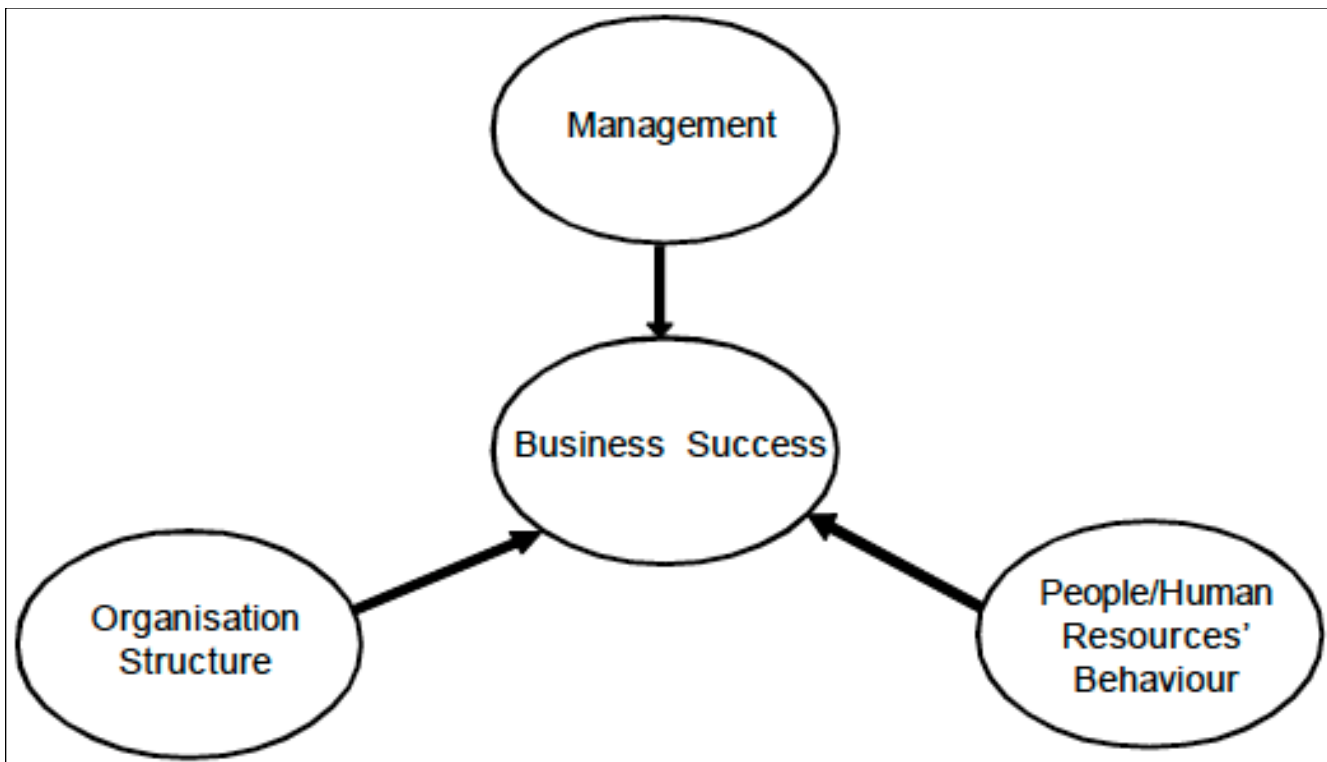
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## 1.1 INTRODUCTION

Business organizations of the same industry are being affected by the same environmental factors, but some of them attract a number of customers while others repel them. Similarly press widely covers some organisations and it never mentions others. You as a fresh MBA/MHRM/BBM student aspire to join some organisations while you prefer to be unemployed rather than joining other category of organisations. Similarly, employees of some companies feel proud to be identified by their companies while employees of other category of organisations feel comfortable to be identified by their name alone. These variations are invariably due to varying performances of organisations.

Why do organisations perform differently when they operate under the same environmental conditions, serve the same customer, use the same raw material and technology and employ the people with similar skills? The answer for this question, invariably, is management practices, people behavior and organization structure. Thus management practices, people behavior and organizations structure make remarkable difference between the companies regarding their performance in terms of productivity, product quality, sales, profitability, sustainability, growth, service to the customer, relationship with customers, customer delightment, treating employees etc. Management, people behavior and organization structure make or mars an organization, thus decide the destiny of organisation.

Business success is determined by management practices, organization structure and human behavior as presented in Fig. 1.1.



**Fig. 1.1: Determinants of Business Success**

This background urges us to know what management is, what an organization is and what human behavior is. Now, we shall discuss the concepts of management, organisation and human behavior.

## 1.2 MANAGEMENT: ACHIEVING GOALS THROUGH PEOPLE?

Managers are the critical persons in organizations as they are responsible for the success or failure of an organization by converting input including people into desired output. As explained earlier, some organizations are successful because their management is efficient. Now, we shall study the meaning of management, skills and roles of managers.

Mary Parker defines the term management as "the art of getting things done through others." But research studies concluded that management is a field of endeavour that combines art and science.

Ivancerich, Donnelly and Gibson, define the term management as "the process undertaken by one or more persons to coordinate the activities of other persons to achieve results not attainable by any one person acting alone." Managers perform a number of activities, in addition to

coordination. Further, this definition covers only one resource i.e., human resources and does not focus on material resources and financial resources.

John A.Pearce and Richard B.Robinson included all kinds of resources in their definition on management. According to them, "Management is the process of optimizing human, material and financial contributions for the achievement of organizational goals." This definition ignores the integrated aspect of the contribution of all resources towards the attainment of organizational goals.

According to Harold Koontz and Heinz and Weihrich, Management is "the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims." This definition ignores the external environment through which most of the stakeholders interact with the company.

According to Pulapa Subba Rao, "management is designing, providing and maintaining a conducive internal environment in tune with the opportunities and challenges of the external environment and/or intent through planning, organizing, directing and controlling all resources and operations in order to achieve organizational strategies efficiently."

### **What Do Managers Do?**

Various definitions of management imply the functions of management viz., planning, organizing, staffing, directing and controlling.

**Planning:** Planning consists of the activities involved in choosing courses of action to achieve organisational objectives. It is deciding in advance what to do, when to do, how to do and who will do it, in order to achieve these objectives. Both long-term and short-term plans are necessary to achieve goals. It is necessary for the management to adopt certain assumptions or premises with regard to external factors that serve as a background for the planning function. Some companies have adopted the practice of contingency planning in view of growing difficulty of predicting future environmental conditions. Planning is a part of the activities of all managers.



**Organising:** Organising involves the grouping of jobs into a framework for coordination and direction. Formal organisations may be portrayed by use of an organisation chart. Careful structuring of an organisation is beneficial in terms of clarifying lines of command and eliminating gaps and overlaps. However, extremely detailed organisation structures may be dysfunctional.

Once job content is determined, jobs and activities must be grouped to devise an overall structure. Decisions affecting organisational structure involve values and goals for both enterprises and individuals.

Organisations are structured based on product, function, geography, customer and project. The matrix structure has evolved as a result of complex environments, markets and technology. It combines both functions and projects. Organisational culture reflects not only social values and expectations, but also the unique set of values, beliefs and behaviours that characterise each organisation.

**Staffing:** Staffing is planning, organising, directing and controlling of procurement, development, compensation, integration and maintenance of people for the purpose of contributing to individual, organisational and social goals. Thus, building an effective organisational team requires planning and control of human resources. This process requires the performance of the functions like job analysis, human resources planning, recruitment, selection, induction, placement, training, executive development, wage and salary administration, leadership, teamwork, motivation, grievance procedure, disciplinary procedure etc.

Once the employee is employed, his development needs are identified through performance appraisal. Once these needs are identified, the employee will be trained/developed with the application of on-the-job and off-the-job methods. Staffing function is also known as human resource management.

**Directing:** The next logical function after completing planning, organising and staffing is the execution of plan. The important function of management at any level is directing the people by motivating, commanding, leading and activating them. The willing and effective cooperation of employees for the attainment of organisational goals is possible through direction. Tapping the maximum potentialities of the people is possible through motivation and command. Thus, direction is an

important managerial function in securing employee's contribution. Coordination deals with the task of blending efforts in order to ensure successful attainment of organisational objectives.

**Controlling:** After planning, organising, staffing and directing the various activities, the performance is to be verified in order to know whether the activities are performed in conformity with the plans and objectives or not. Controlling also involves checking, verifying and comparing of actual performance with the plans, identification of deviations, if any and correcting of identified deviations. Thus actions and operations are adjusted to predetermined plans and standards through control.

The purpose of control is to ensure the effective operation of an organisation by focusing on all resources - human, material, finance and machines. Financial control is attained through a number of means viz., financial statements interpreted through ratio analysis and budgets.

Thus management is situational and its purpose is to achieve organizational strategies by managing various resources through people as the people are dynamic and influence all other resources based on strategic requirements. Managers possess three kinds of skills viz., technical, human and conceptual skills. Now, we shall discuss managerial skills.

### **Managerial Skills**

According to Robert L. Katz, there are three types of managerial skills viz., technical skills, human skills and conceptual skills.

**Technical Skills:** Technical skills are the proficiency in working with machines, tools and techniques in human resource management, financial management, marketing management and production management. Managers at all levels should possess technical skills. Those at the lower level should possess more of technical skills whereas managers at the top level possess less technical skills compared to those at middle and lower levels.

**Human Skills:** Human skills include the ability to work with people tactfully, interpersonal proficiency, ability to build, maintain and work in teams and create an open environment. Managers at all levels should possess these skills.

**Conceptual Skills:** Conceptual skills include the ability to draw the total, integrated, comprehensive and the macro view of the company, situations and the ability to develop solutions for the probable problems and challenges. Top level managers should possess more of conceptual skills compared to those of lower level managers.

### **Managerial Roles**

Managers perform different roles. Formal authority gives rise to three interpersonal roles and three informational roles. The two sets of roles enable the manager to play the four decisional roles.

### **Interpersonal Roles**

The important interpersonal roles of managers are:

**Figurehead Role:** Managers perform the duties of a ceremonial nature as head of the organisation, a strategic business unit or department. Duties of interpersonal roles include routine, involving little serious communication and less important decisions. However, they are important for the smooth functioning of an organisation or department.

**Leader Role:** The manager, in charge of the organisation/ department, coordinates the work of others and leads his subordinates. Formal authority provides greater potential power to exercise and get the things done.

**Liaison Role:** As the leader of the organisation or unit, the manager has to perform the functions of motivation, communication, encouraging team spirit and the like. Further, he has to coordinate the activities of all his subordinates, which involves the activity of liaison.

### **Informational Roles**

Manager emerges as the nerve centre of his organisation/ department in view of his interpersonal links with his subordinates, peers, superiors and outsiders. Therefore, the manager has to play the informational role effectively to let the information flow continuously from one corner of the organisation to other corner.

The information roles of a manager include:

**Monitor's Role:** As a result of the network of contacts, the manager gets the information by scanning his environment, subordinates, peers and superiors. Managers mostly collect information in verbal form often as gossip, hearsay, speculation and through grapevine channels.

**Disseminator's Role:** The manager disseminates the information which he collects from different sources and through various means. He passes some of the privileged information directly to his subordinates, who otherwise have no access to it. The manager plays an important role in disseminating the information to his subordinates, when they don't have contact with one another.

**Spokesman's Role:** Some insiders and/or outsiders control the unit/department or the organisation. The manager has to keep them informed about the developments in his unit. He has to keep his superior informed of every development in his unit, who in turn inform the insiders and outsiders. Directors and shareholders must be informed about financial performance. Customers must be informed about the new product developments, quality maintenance, government officials about implementation of law etc.

### **Decisional Roles**

Information is an important and basic input to decision-making. The managers play a crucial role in decision-making system of the unit. Only the manager can commit the department to new courses of action and he has full and current information to initiate and implement the decisions that determine the department's or organisational strategy. The decisional roles of the manager are:

**Entrepreneurial Role:** As an entrepreneur, the manager is a creator and innovator. He seeks to improve his department, adapt to the changing environmental factors. The manager appreciates new ideas and initiates new developmental projects.

According to Peter F. Drucker, "the manager has the task of creating a true whole that is larger than the sum of its parts, a productive entity that turns out more than the sum of the resources put into it."

**Disturbance Handler Role:** Entrepreneurial role describes the manager as the voluntary initiator of change, the disturbance handler role presents the manager as the involuntarily responding to pressures. Pressures of the situation are severe and highly demand the attention of the manager and as such the manager cannot ignore the situation. For example, workers' strike, declining sales, bankruptcy of a major customer etc.

The manager should have enough time in handling disturbances carefully, skillfully and effectively.

**Resource Allocator's Role:** The most important resource that a manager allocates to his subordinates is his time. He should have an open-door policy and allow the subordinates to express their opinions and share their experiences. This process helps both the manager and his subordinates in making effective decisions. In addition, the manager should empower his subordinates by delegating his authority and power.

**Negotiator's Role:** Managers spend considerable time in the task of negotiations. He negotiates with the subordinates for improved commitment and loyalty, with the peers for cooperation, coordination and integration, with workers and their unions regarding conditions of employment, commitment, productivity and with the government about providing facilities for business expansion etc.

These negotiations are an integral part of the manager's job for only he has authority to commit organisational resources and is the nerve centre of information.

Though the different roles of a manager are discussed separately for convenience, they are, in fact inseparable. The manager has to perform these roles simultaneously by integrating one with another. Thus, the major role of the manager is integrating all the roles while playing the managerial role or performing his tasks. In fact, the manager cannot play any one role isolating the other roles. As a strategist, the manager has to integrate all the roles in understanding and managing people.

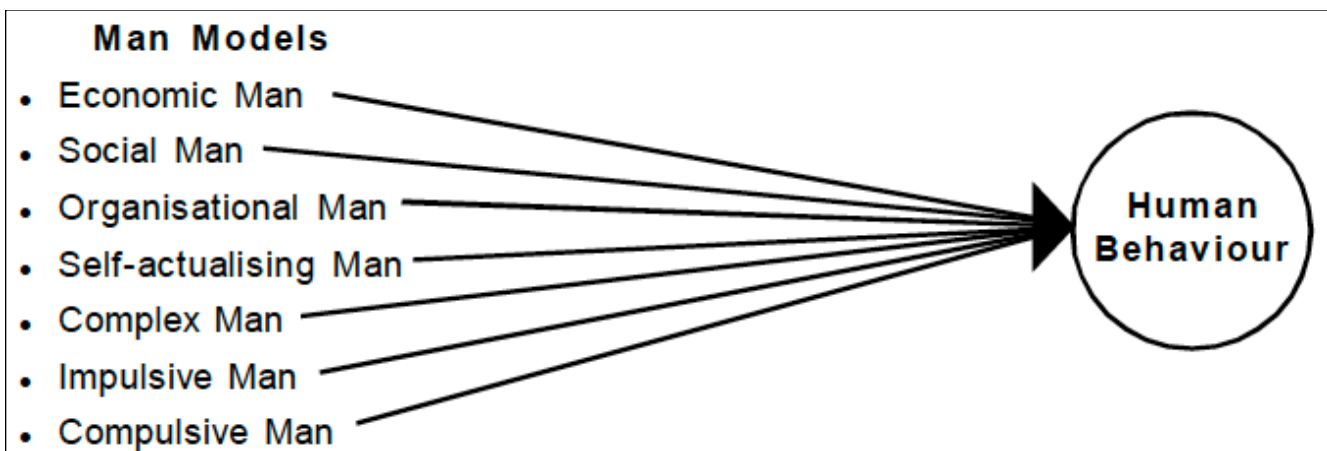
### 1.3 DO PEOPLE BEHAVE SIMILARLY OR DISSIMILARLY?

People or human resources are core of a nation or a business or any organization. In fact, commitment, innovative skills, positive attitude, right mindset and other aspects of people's behavior influences business success significantly. The difference in the financial performance or profitability of organizations is ultimately determined by human skills and human behavior. As such, Sir Richard Branson, the Founder CEO of Virgin Group- a diversified grouping of more than 200 privately held companies profoundly says that 'my employees' are the kings of the company. He further reiterates that: "I take care of my employees, my employees take care of customers, customers take care of business and business takes care of my profits". "Ideas come from your people if you let them" and these ideas when implemented properly help the organization to achieve its mission. Human resources play a crucial role in the development process of modern economics. Arthur Lewis observed "there are great differences in development between countries which seem to have roughly equal resources, so it is necessary to enquire into the difference in human behaviour."

#### **Nature of Man**

Humans may be physically alike but not behaviourally. In fact, the same person behaves differently in different situations. This is due to the influence of various factors. The important among them include: various models of man, i.e., Economic Man, Social Man, Organisational Man, Self-actualising Man, Complex Man, Impulsive Man and Compulsive Man. As such, human behaviour is complex and dynamic. The study of human behaviour is presented in Fig. 1.2.

We often come across with a number and variety of people in different situations, organisations and societal set-ups. These people may be similar or dissimilar with each other in (i) physical features like height, weight, body structure, facial dimensions, etc., (ii) psychological factors like attitudes, values, opinions, perception, leadership, etc., (iii) social factors like activeness, shyness, interactive, etc. and (iv) human resources like skills, knowledge, abilities, commitment, values, beliefs, etc.



**Fig. 1.2: Study of Human Behaviour**

People are also similar as well as dissimilar in professions or occupations, interests, likes, dislikes, etc. We come across with great personalities in different fields and also mentally instable personalities. Some people like musicians, painters and dancers said to have 'in- born talents' whereas other people like scientists and engineers have the acquired skills. We come across with people like Mahatma Gandhi, Nelson Mandela, Abraham Lincoln, Mother Theresa on one side and people like Bin Laden and Veerappan on the other.

It is clear that the cognitive abilities of the people viz., aptitudes, attitudes, intellectual abilities, interests, etc., physical traits, social interactive skills, religious beliefs do not exist in the same extent in all the people. As such, it can be said that no two individuals are alike and each individual is unique in himself or herself. However, we find some similarities too in different individuals.

### **Role of Brain and Mind in Similarities and Dissimilarities in People**

Human brain and mind play critical role in human similarities. We shall discuss the basics of human brain and mind, before we discuss the relationship between similarities and human brain and mind.

**Human Brain:** The most important aspect of human being is human physiology. The vital aspect of human physiology is the human brain. The important parts of the brain are the forebrain, midbrain, and hindbrain. The forebrain consists of the cerebrum, thalamus, and hypothalamus (part of the limbic system). The midbrain consists of the tectum and tegmentum. The hindbrain is made of the cerebellum, pons and medulla. Often the midbrain, pons, and medulla are referred to together as the brainstem.



Nerves reach from brain to face, ears, eyes, nose, and spinal cord and from the spinal cord to the rest of the body. Spinal cord is the information superhighway of the body. It carries information up to the brain and instructions back down.

Brain allows us to think, have emotions, move, dream, controls body temperature, emotions, hunger, thirst, appetite, digestion and sleep, controls sensory integration and motor integration. The information is transmitted through the five senses (sight, hearing, touch, smell, taste) to the brain. These data are used by the brain with its five basic aptitudes: attention, memory, learning, recall, and speech, employing its 10 billion neurons and 40 billion connections per cubic centimeter. The important functions of brain include: Control of movement, balance, posture, sensory integration, motor integration and coordination, thinking, novelty, and emotions, forms and stores memories and is involved in learning.

**Human Mind:** The human mind is the manifestations of thought, perception, emotion, determination, and imagination. The mind has no physical location in the human physiology. It is the manifestation of social, cultural, political and other external environmental factors of human physiology, in addition to internal factors of human physiology. Human mind enables to analyse differently based on different situations and observations rather than based on single approach.

Thus, it may be felt that human brain provides hard skills/ technical skills related to jobs and activities whereas human mind provides soft skills like personality, perception, attitude, motivation, inter-personal relations and the like. Human brain together with mind enables us to think and analyse in an integrated and comprehensive manner, providing a holistic approach to decision-making and implementation. Human behaviour, human activities and human contributions are thus influenced or determined by human brain and mind of oneself and others as human brain and mind are adaptive.

**Similarities and Human Brain and Mind:** People with similar minds may have similarities in perceptions, attitudes, aptitudes and personalities. People with similar capabilities of brains may have similar intellectual and emotional skills.

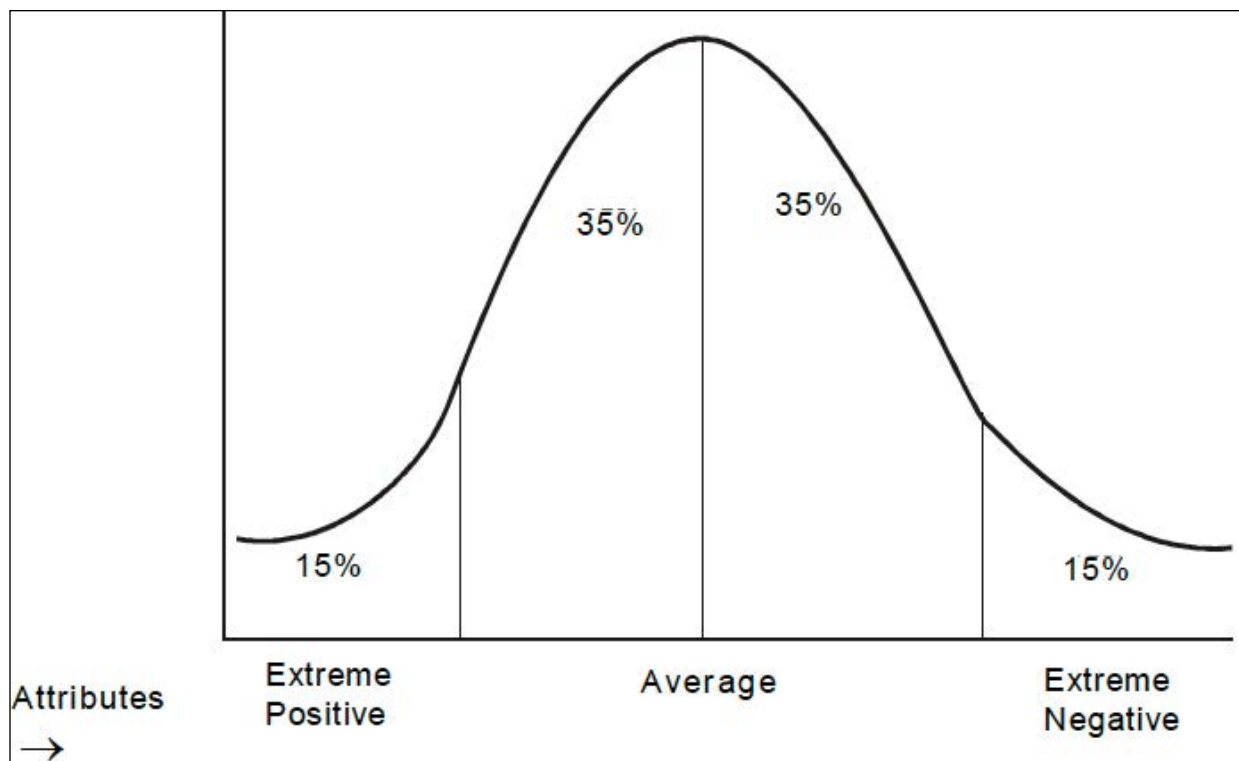


**Dissimilarities and Human Brain and Mind:** People with differences in minds and brains may have dissimilarities in perceptions, attitudes, aptitudes and personalities.

### Similarities in Individuals

We find some people with similar physical features; psychological, social attributes and abilities and religious beliefs within the broader limits. In other words, individuals may not be identically equal to one another but differ from one another within certain limits.

Sir Francis Galton conducted studies in 1896, on the extent of genetic inheritance in human beings by devising sensory motor tests to examine similarities or differences among individuals. According to these studies, individuals are similar with each other within certain limits. We find people with similar physical characteristics like height, weight, body structure, facial design, etc. The psychological attributes of the people in general are distributed in a particular manner. The psychological attributes and physical characteristics of the majority of the people are normal on an average. The psychological attributes and physical characters of a few people are above or below average. A normal distribution curve is obtained when the scores of the physical and psychological attributes are plotted (See Fig. 1.3).



**Fig. 1.3: Distribution of Attributes in People in General**

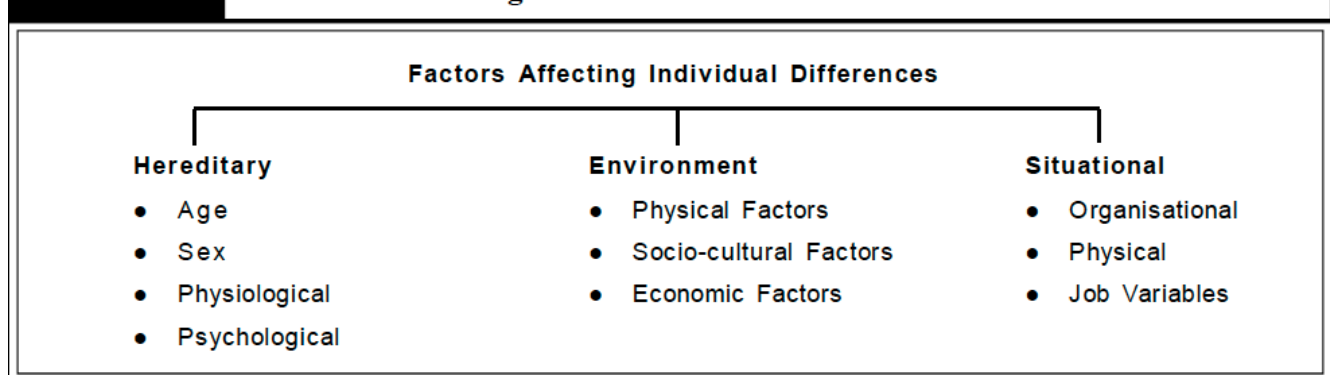
It is clear that majority of the people have average attributes (35% plus 35% = 70%). Thus, majority of the people are with similar attributes and characteristics. There would be similar attributes even among the people with above average scores. For example, Mahatma Gandhi and Nelson Mandela. The common attributes would be average risk taking, moderate dynamism, rational thinking, positive attitudes, democratic leadership style, passing the buck and the like.

However, it is viewed that the physical characteristics, psychological attributes, social values and religious beliefs vary among individuals within each broad category. Now, we shall discuss individual differences.

### Dissimilarities in Individuals

Individuals differ from one another within the broad spectrum owing to different brain capacities and minds. What are the factors that produce these differences? Are these differences significant in real life situations? Do these differences affect behaviour? Individual behaviour is a complex phenomenon. We should understand the total human being by studying the total man concept. Some individuals attach importance to extrinsic rewards while some other individuals attach credence to intrinsic rewards. Some individuals prefer challenging and risky jobs while others prefer routine and secure jobs. Some people prefer salaries linked to performance, while others prefer uniform salaries for all irrespective of individual performance. Similarly, people do also differ in tolerance for tension, stress and ambiguity. Thus, individuals differ from each other within a broad spectrum. Now, we shall discuss the factors of individual differences. (See the Exhibit 1.1).

**Exhibit 1.1** Factors Affecting Individual Differences



The factors that contribute for individual differences include: hereditary factors, environmental factors, physical factors, socio- cultural factors, economic factors and situational factors.

Now, we shall look into these factors.

- a. **Hereditary Factors:** Even two people do not have identical heredity. Hereditary factors include height, weight, skin colour and other physiological and psychological factors. Psychological variables include perception, learning, leadership, motivation, attitudes, values, emotions, and the like.
- b. **Environmental Factors:** Environmental factors include physical, socio-cultural and economic factors.
  - ★ **Physical Factors:** Physical factors include climate, demographical factors, etc. People live under diverse physical conditions. The body structure and facial, skin colour, hair, etc., vary from one geographical area to the other. Structures of the people vary based on the physical factors. Eating habits, dressing habits and other cultural factors depend upon the physical factors.
  - ★ **Socio-cultural Factors:** The socio-cultural factors include the family, neighbourhood, school, college, university, working place and other social groups and institutions transmitting socio- cultural values, attitudes, likes and dislikes, aspirations, moral standards, living habits, eating habits, dressing habits, behaving towards others, etc.
  - ★ **Economic Factors:** Economic position of a person influences different aspects of his development, viz., Physical, motivational, emotional, social, education, living, career, interacting with others, etc.
- c. **Situational Factors:** Situational variables affecting individual differences include type of organisation or institution, type of supervision, training received, type of incentives, social and cultural environment at workplace, methods of work, work design, conditions of equipment and machinery and physical work environment.

Individual differences are the result of the interactive product of hereditary, environmental and situational factors.

## **Reasons for Individual Differences**

The individual differences result in variations in human abilities and biographical characters.

**Human Abilities:** Human abilities are capacities to carry-out various tasks or activities. Human abilities are categorized as physical abilities and intellectual abilities.

**Physical Abilities:** Physical abilities are capacities to carry and lift weight, operate machines and the like. People with stamina carry activities or tasks on a continuous basis. Dexterity and strength enable people to carry the tasks fast. Physical skills also include coordination of various parts of the body like hands and legs based on sensory inputs, controlling voice, facial expressions and body language based on situational requirements.

**Intellectual Abilities:** Intellectual abilities mostly depend on the brain and mind. The collaboration between mind, brain and situations produce intellectual abilities. These abilities include capacity to imagine, think, analyse, interpret, coordinate, make decisions and solve problems. People vary in physical and intellectual abilities.

**Biographical Characteristics:** Major biographical characteristics include age, gender, ethnic group and social group.

**Age:** Age has influence on employee behavior and job performance. Young people are normally dynamic, aggressive, entrepreneurial, less in judgmental skills, and less organizational commitment. Older employees have strong organizational commitment, strong in wisdom and judgmental skills and emotional balance skills, but weak in flexibility and adaptability. However, the research results with regard to age and job performance are mixed.

**Gender:** Men in general are more aggressive while women are more willing to conform to authority. It is viewed that women are less stable in employment whereas men shift from job to job, though the research findings don't confirm this. Women are responsible towards family responsibilities than men which demands allocation of organizational time and commitment for family activities. This may be time bound until the children are grownup.

**Ethnic Groups:** Human behavior varies based on ethnic group, mostly due to variations in culture.

The individual differences result in variations in individual behaviour and performance in terms of perception, personality, motivation and other behavioural issues.

Further, different jobs need different job behaviours. Individuals with different behavioural patterns are essential to perform the jobs which need certain type of behaviours. A research study conducted at the Texas Instruments establishes that different types of individuals prefer different behavioural and managerial patterns. They are:

- a. **Tribalistic:** This category of people prefers directive, strong leadership from their boss.
- b. **Ego-Centric:** This category of people desire to work alone in their own entrepreneurial style.
- c. **Socio-Centric:** This category of people seek social relationship from their job.
- d. **Existential:** This category of people strives for satisfying the growth and self - fulfilment needs from their jobs.

Management should understand the individual differences in order to understand their behaviours and assign the appropriate jobs to the individuals based on their behaviour.

## 1.4 MODELS OF MAN

Now, we study the different models of man to understand the individual differences further.

Managers try to understand individual differences in order to understand human behaviour and accordingly assign different jobs to different people. In other words, managers understand individual differences in order to make a balance between the individual behaviour and job demands. Managers make assumptions about man while understanding their differences. These assumptions resulted in developing various models of

man. Schein and William H. Whyte Jr. have developed five models of man viz.,

- a. Economic Man,
- b. Social Man,
- c. Organisational Man,
- d. Self-Actualising Man,
- e. Complex Man,
- f. Impulsive Man, and
- g. Compulsive Man.

Now, we shall study these models.

### **Economic Man**

This model is built around the assumptions that man's behaviour is based on his/her income levels or salary levels - works more and better when his/her wage/salary is more and works less when the wage/salary is low. He or she starts making contributions to the job only when salary/incentive is assured.

In addition, human being evaluates the cost of his/her efforts, to the value of the salary. He/she compares the cost and returns and prefers to contribute to the job when the returns are more than the cost of his/her contributions. Further, he/she also evaluates the available alternative income sources for his/her efforts and selects those alternative sources which yield highest income. Thus, the human being prefers to maximise his satisfaction level through monetary emoluments. He/she also prefers to equalise marginal efforts and marginal inducement of the work.

**Assumptions:** This model is built on the following assumptions:

- ★ Man is basically motivated by economic incentives like salary and fringe benefits and he/she prefers to maximise them for his efforts.
- ★ The feelings of the man need to be controlled and moulded towards rationality from their irrational state.
- ★ Organisations manipulate the economic incentives in order to get more work as man is passive.

- ★ Organisation can predict human behaviour through controlling economic incentives.

### **Social Man**

Man is a social animal. Man lives within the society. He/she cannot live in isolation. He/she prefers to create and develop social relations with other members of the society like affiliation, belongingness, acceptance by the others, association with others, etc. Individuals would like to satisfy their social needs. As such, individuals can be motivated by satisfying their social needs.

**Assumptions:** This model is developed based on the following assumptions:

- ★ Individuals can be contended by satisfying their social needs. Individuals are satisfied by creating and maintaining social relationship with others.
- ★ Man values the social relationship more than the appeasement by the management through economic incentives. As such, man is more responsive to social relations and group pressures rather than management's efforts to bring them within their fold through economic incentives.
- ★ Management can motivate the individuals by satisfying their social needs only.
- ★ Managements should design the jobs in such a way that they provide the opportunity to the employees to satisfy their social needs.

Elton Mayo's experiments and human relations approach to management and organisational behaviour were designed on the basis of this model.

### **Organisational Man**

People live in the society by co-operating, associating and interacting with other members of the society. Similarly, employees in an organisation work and live along with others by co-operating, interacting and associating with others. Thus, an organisational man is committed and loyal to the organisation, works and lives along with others by involving, interacting and associating with others. Thus, organisational man model is an extension to social man model. William Whyte developed this model.

According to this model, individuals sacrifice their needs for the sake of the satisfaction and requirement of a group or an organisation. Henry Fayol's principle of subordination of individual interest to the general interest supports this model. Social ethics and social responsibilities guide the individuals in sacrificing their needs for the achievement of organisational needs.

**Assumptions:** According to Whyte, social ethics guide organisational man based on the following assumptions:

- ★ Group and collaborative activities contribute for creativity. Individual by himself cannot be creative. In other words, the interactive and collaborative work is more meaningful as it has synergistical impact, i.e., the whole is greater than the sum of the individual contributions.
- ★ Man prefers to live and work along with others as his belonging and affiliation needs are ultimate.
- ★ Individual and social needs are balanced by eliminating the conflicts between them by creating an organisation and also by applying scientific methods.

### **Self-actualising Man**

Individual employees are satisfied when they achieve something different and create certain special things by using their capabilities, potentialities and distinctive abilities. This model criticises that organisations assign the work to individuals which may not be challenging and creative, and as such an organisational man cannot be satisfied. Similarly, this model also criticises the social man on the ground that employees are not satisfied with the group and social relations. Thus, this model specifies that employee behaviour depends upon the challenging and creative work which exploits employee potentialities. Employees are satisfied most when they achieve and create something special. Self-actualising man behaves constructively and efficiently.

**Assumptions:** The assumptions of self-actualisation model include:

- ★ The human needs are hierarchical in the order of physiological needs, safety needs, social needs, esteem needs and self-actualisation needs. People satisfy their needs one after the other. They get ultimate



satisfaction when they satisfy their self-actualisation needs. Satisfied needs are no more motivators. Therefore, self-actualisation needs provide greatest satisfaction to the employees.

- ★ Employee behaviour is changed from one level of needs to another level.
- ★ External incentives and controls do not affect the employees as human beings are self- motivated and self-controlled.
- ★ There would be conflict between organisational man and self-actualisation man.

### **Complex Man**

Various models of man discussed earlier analyse the man from only one aspect or the other. All these models could not specify the human behaviour independently. Predicting and managing human behaviour is a complex task as human behaviour can be determined by as set of complex variables. Further, the actual human behaviour may not be in accordance with the established cause-effect relationship. Thus, human behaviour is quite complex and hence more unpredictable.

**Assumptions:** This model is built based on the following assumptions:

- ★ Man is motivated by a set of complex variables and factors. These complex variables include physiological, psychological, social, political, religious, climatic and geographical factors.
- ★ Interaction of the employees with the organisation enables them to learn motives.
- ★ Variations in terms of need pattern; behaviour, direction and control do exist among people.
- ★ Human behaviour cannot be understood, even though the needs are understood due to the absence of cause-effect relationship.
- ★ Man can behave differently in similar situations due to the absence of cause-effect relationship.

This model establishes that complex man presents a particular pattern of human behaviour.

### **Impulsive Man**

According to this concept, man acts and reacts spontaneously. The impelling forces result in sudden inclination to act. The impulsive forces make the man to act all on a sudden without any rational reasoning. It would be highly difficult to predict the behaviour of impulsive man.

### **Compulsive Man**

A number of factors, viz., social, cultural, political, economic and natural factors affect human behaviour. In addition, the personality factors of other influential persons particularly superiors, subordinates and colleagues, company policies, rules and regulations, customers and other stockholders' behaviour affect the behaviour of an employee. Compulsive man does not act or react quickly. He/she takes into consideration the influence of various factors, situations and personalities to collect the necessary data and information and analyses the interactive output of these factors. He/she then evaluates the consequences of this output and behaves in a more desirable way. Thus, the behaviour of individuals turns compulsive.

## 1.5 SIMILARITIES AND DISSIMILARITIES IN GROUPS

There are similarities and dissimilarities among individuals. Similarly there are similarities and dissimilarities among groups. Social factors, cultural factors and religious factors cause for similarities and dissimilarities among groups.

### **Work Related Cultural Values and Dissimilarities among Groups:**

People rank the motivational needs differently from country to country, based on social and cultural groups. People from poor countries are mostly motivated by compensation while their counterparts in rich countries are motivated by higher order needs like more responsibility, recognition, and other esteem needs.

**Power Distance:** Power distance is the relationship between superior and subordinates. People in high power distance societies like Morocco prefer little consultation between superior and subordinates. Benevolent autocratic or paternalistic styles are more appropriate for such societies. Participative and democratic leadership styles produced negative results in Morocco. Participative and democratic styles of leadership are more appropriate. However, subordinates in high power distance societies may prefer participative decision-making among low power distance societies

like Israel, Sweden Germany and the U.S.A. A study conducted by Hofstede indicates that power distance is lowest in Israel followed by Denmark, Sweden, Germany, Australia, Canada and the USA. It is highest in Panama followed by Mexico, Indonesia, India and Brazil.

**Individualism vs. Collectivism:** Individualism and collectivism are the consequences of culture and affect the formation of groups, productivity and marketing practices. Culture in most of the Western countries is individualism and employees in these countries prefer to work individually. Culture in Western countries is individualism and is highest in USA followed by Australia, and UK. Culture in the Eastern countries is collectivism and is highest in Indonesia followed by Thailand, Japan and India.

**Risk-Taking Behaviour:** Employees in countries with the highest scores of uncertainty avoidance prefer a system and a methodological work based on rules that are not to be deviated. On the contrary, employees in countries with the low scores of uncertainty avoidance prefer flexible organizations and flexible work. People in some countries like Norway trust most of the people and people in some other countries like Brazil are very cautious in dealing with others. Cost of doing business for those whose trust is high is low and vice-versa for those whose trust is low as managers have to spend time in foreseeing every possible contingency and monitoring every action for compliance. Countries also differ in future orientation. People in some countries like Switzerland, Netherlands and Canada think of the future, whereas in some other countries like Russia and Poland think of the present. Belief in fatalism indicates that every event is inevitable and is due to the will of 'God'. The fundamentalists of all religions strongly believe fatalism and such people work less hard and with low self-determination. It is rather difficult to do insurance business in such societies. Uncertainty avoidance is highest in Japan followed by Spain, France and Israel. It is lowest in Sweden followed by Denmark, the UK and India.

**Masculinity:** Hofstede defines masculinity as the degree to which the dominant values of a society are success, money and material things. He also defines femininity as the degree to which the dominant values of a society are caring for others and the quality of life. According to his study the country Japan enjoys highest masculinity followed by Mexico, the UK., Germany, the USA, and Australia and the country with highest femininity

was Sweden followed by Netherlands, Denmark and Thailand. The countries with moderate masculinity include India, Argentina and Canada.

People in the countries with high masculinity are highly competitive and these cultures favour industrial development, entrepreneurial and economic growth. Therefore, multinational companies prefer to locate their manufacturing operations in these countries. People in the countries with high femininity favour friendly work environment and relationship oriented quality of work life.

### **Religions and Behavioural Differences**

Though there are a number of religions in the world, four religions are widely believed and followed by majority of the people viz., Christianity, Islam, Hinduism and Buddhism. The impact of religions on business is mostly in developing attitudes of people towards work, product/service price fixation, entrepreneurship and cost of doing business. According to Weber, business leaders, owners of capital, high skilled labour, technically and commercially trained personnel of modern enterprises are Protestants as Protestants reflected the view that hard work is a way to gain salvation unlike other branches of Christianity.

Islam is an all-embracing way of life governing the totality of Muslims. Economic principles of Islam are pro-free enterprise. Islam reflects social justice. Islam prohibits the payment or receipt of interest. But it allows for sharing of profit of the borrower or mark-up the loan amount.

Hindus believe that material achievement cannot be carried over to next incarnation and only spiritual achievement would be carried over to the next incarnation. Max Weber argued that ascetic principles embedded in Hinduism do not encourage the entrepreneurial activity in pursuit of wealth creation found in protestants.

Though, Buddhism does not advocate ascetic behaviour, it emphasis spiritual achievement rather than material achievement. Therefore, Buddhism also does not support entrepreneurial activity compared to the Protestantism of Christianity. Thus, religion has impact on entrepreneurial behavior.

Having studied the behaviour of individuals and groups in general, we shall now look into the human behaviour in organisations.

## 1.6 HOW DO ORGANISATIONS BEHAVE?

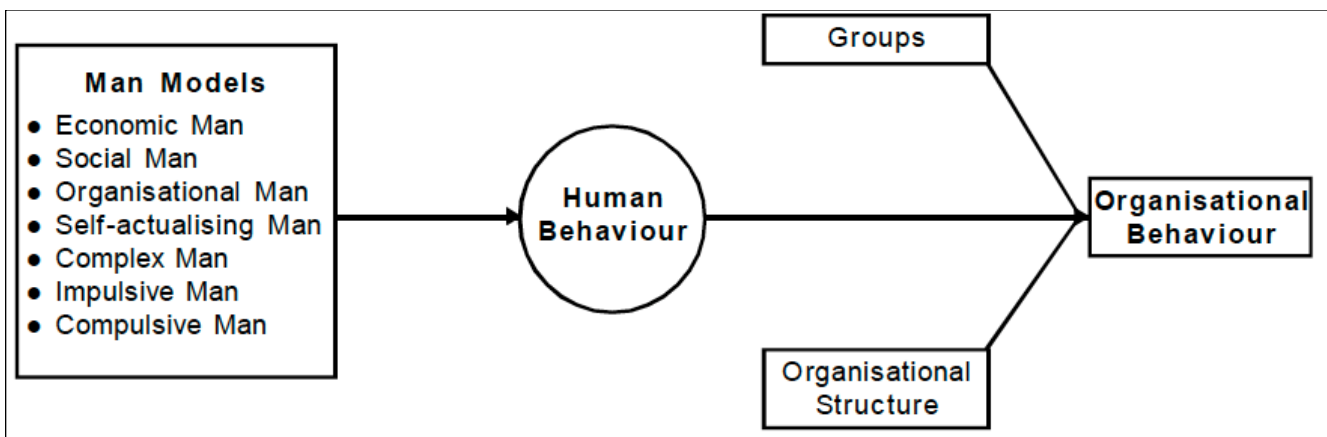
Organisation is a process of combining and interrelating the various organs of a system and building relations among themselves or of an institution in a sequence based on a purpose. These organs include tasks, jobs, responsibilities, roles, individuals, working and social groups, material, machines, services, information, computers, intranet, internet, etc. The purpose of grouping these organs/parts is to channelise all the resources towards the achievement of the strategies of the company.

Thus the strategy determines the way we group the organs or parts. The traditional and public services structure parts and relationships based on bureaucratic and mechanistic principles as their strategy was centred around protecting the system and legal approach. Modern public services, public sector and private sector businesses structure parts and relations based on humanistic principles as their strategies are centred on effectiveness and efficiency in serving the customer.

In other words, grouping of those organs is like building relationships among the building blocks of jobs, individuals and groups. To be specific, organisation is a consciously coordinated social entity, with a relatively identifiable boundary. It functions on a relatively continuous basis to achieve a common strategy or goal or set of goals.

Individuals and groups have limited physical, financial and intellectual abilities to achieve broader strategies. Therefore individuals and groups join together to form organizations to achieve broader strategies. Thus organizations are formed to achieve greater things that can't be achieved by any individual any single group.

Today's organisations face the challenges of understanding, predicting and managing the employee behaviour due to the consequences of diversity. In fact, human behaviour is complex and dynamic. The study of human behaviour helps to understand varied behaviour of diversified groups and take steps to unify the diversified behaviour and channelise these unified behavioural aspects towards the organisational strategies and goals (see Fig. 1.4).



**Fig. 1.4: Study of Organisational Behaviour**

It is clear from Fig. 1.4 that human behavior within individuals is called individual behavior, human behavior among individuals or within groups is called group behavior and human behavior within organization when interacts with the structures is called organizational behavior.

Why should we understand the diversified human behaviour and unify it? The answer to this question is:

People are the competitive advantage for today's organisations. (See Exhibit 1.2).

### **Exhibit 1.2 People as a Competitive Advantage**

"The fact of the matter is that human resources do make a difference. As successful real world organisations ranging from Chrysler to General Electricals to Microsoft and Wipro, Hindustan Levers, Infosys Technologies, Reliance, etc., to a posh departmental store and a newly established company have discovered, people may be the substantial competitive advantage that an organisation has in our globalised and informationalised world. The importance of various functions, technology and information systems is given. But these simply level the playing field in the competitive battles ahead. The people, their ideas, their productivity, their adaptability to change and their capacity to learn — at all levels of organisation — are the competitive advantage, now and especially in the 'four anys' (anybody, any place, any time, anyway) environment of the future.

(Source: Don L.Bohl, Fred Luthans, John W.Slocum Jr., and Richard M.Hodgetts, "Ideas that Will Shape in Future of Management Practices," Organisational Dynamics, Summer, 1996, p. 8).

Most of the organisations have realised that people with diversified skills, behaviour, etc., are the major strength and strategies can be formulated from these assets. Further, these diversified people with their innovative skills, smart working and commitment to the business are useful as a major competitive advantage to those firms which possess them. Though the modern organisations had downsized their operations, delayed their structures, implemented TQM programmes, installed information technology and gone international, still the lasting competitive advantage comes through human resources and the way they are managed.

Further, it is found by the research studies that the efficient human resource management has positive impact on productivity and financial performance of the companies.

Thus, understanding diversified human behaviour, unify it in accordance with organisational requirements and direct it towards organisational strategies is necessary not only for efficient human resources management but also for the success of organisations.

The next logical question is what is human behaviour? How can it be unified and directed towards organisational strategies?

Mr. Ramana, an employee in the production department of Ballarpur Industries, behaves politely with his supervisor but rudely with other managers of the company when he meets them in a group consisting of trade union leaders. Human beings behave differently as individuals, as members of groups and organisations. The study of behaviour of human beings as individuals, members of groups and organisation is referred to as organisational behaviour.

## 1.7 DEFINITIONS OF ORGANISATIONAL BEHAVIOUR

★ John W. Newstrom and Keith Davis define the term organisational behaviour as, "the study and application of knowledge about how people as individuals and as groups - act within organisations. It strives to identify ways in which people can act more effectively."

This definition deals with the behaviour of the people as individuals and as members of groups within the organisations. It also deals with diverting the human behaviour towards organisational requirements.



- ★ Stephen P. Robbins defines organisational behaviour as "a field of study that investigates the impact that individuals, groups and structures have on behaviour within organisations for the purpose of applying such knowledge toward improving an organisation's effectiveness."

This definition deals with the development of knowledge regarding the behaviour induced by individuals, groups and structures in an organisation. It also deals with utilization of such knowledge for enhancing organisational effectiveness.

- ★ Steven L. McShane and Mary Ann Von Glinow define organisational behaviour as "the study of what people think, feel and do in and around organisations." The authors view that organisational behaviour includes the study of the impact of individual, team and structural characteristics on behaviour in organisations and understanding and predicting the impact of these behaviours on organisational success.

- ★ Fred Luthans defines organisational behaviour as "the understanding, prediction and management of human behaviour in organisations."

This definition seems to be simple and comprehensive. But further analysis is necessary to understand it thoroughly.

- ★ Organisational behaviour can be defined as studying, predicting and managing human behaviour caused by individuals, groups and structures towards the requirements of organisational strategies.

Analysis of these definitions indicates the following features of organisational behaviour.



## 1.8 HISTORICAL DEVELOPMENT OF OB AND HUMAN RELATIONS

A number of practitioners, thinkers and academicians of management and behavioural sciences have contributed to the formation and development of management principles, thought, behavioural sciences and approaches. The two important developments are scientific management and Hawthorne Experiments.

**Scientific Management:** The forerunners of Scientific Management theory are Robert Owen, Charles Babbage, Henry Robinson Towne and Frederick Winslow Taylor.

Frederick Winslow Taylor, known popularly as the father of scientific management and a classicist in management theory, was the first person who insisted on the introduction of scientific methods in management. He made for the first time a systematic study of management and evolved an orderly set of principles to replace the trial and error methods then in vogue.

The contributions to scientific management evolve into principles. These principles are called principles of scientific management. The important principles include: time and motion study, the best way of doing the job, replacing the old rule of thumb knowledge of the workers, differential payment, group harmony, cooperation between management and workers, scientific methods of employee selection and training and separation of planning and doing. Thus the human element and behavior were recognized in scientific management.

### **Human Relations Approach and Hawthorne Experiments**

The human relations approach is the outcome of reactions of classical theorists like Mary Parker and Chester I Barnard. Elton Mayo and his associates pointed out that the techniques of scientific management are not adequate and they do not contribute to individual and organisational goals.

The essence of human relations approach is that workers should be treated as human beings but not as mere factors of production. Workers' needs, feelings, attitudes, values and desires are extremely important. The theme

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

### **Hawthorne Experiments**

An intensive and systematic analysis of human factor was made in the form of Hawthorne Experiments. Elton Mayo is generally recognised as the father of human relations approach although a number of professors of the Harvard Business School and managers of Hawthorne Plant of Western Electric Company USA where the experiments were conducted between 1924 and 1933 had been associated with him. The series of experiments conducted may be classified as:

#### **i. Phase 1. Illumination Experiments**

This experiment was conducted to know the impact of illumination on productivity. The experiment involved the prolonged observation of two groups of employees making telephone relays. The intensity of light under which one group worked (test group) systematically varied while the light was held constant for the second group (control group). The productivity of the test group and control group increased. The researchers concluded that some other variables were contaminating the effects of the light changes.

#### **ii. Phase 2. Relay Assembly Test Group**

A small group of workers was placed in a separate room and a number of variables were altered - like wages were increased, rest periods of varying lengths were introduced, the workday and work week were shortened. The supervisors, who acted as observers, also allowed the groups to choose their own rest periods and members of their own groups and to involve in decision making regarding suggested changes. Performance tended to increase over the period but it also increased and decreased erratically.

#### **iii. Phase 3. Interviewing Programme**

Mayo initiated a three year long interviewing programme in 1928, covering more than 21,000 employees to find out the causes for increased productivity. The emphasis of this phase was on human relations rather than on working conditions. This programme initially proved to be useless as employees often gave stereotyped responses. This led the interviewers towards asking indirect questions. Then the employees began to air their

feelings freely. The point demonstrated by this interviewing programme is central to the human relations approach. And for the first time, the importance of the informal work group is recognised. Then, the bank wiring room experiment was set up in order to find out how informal work groups operate.

#### **iv. Phase 4. The Bank Wiring Observation Room Experiment (1931-32)**

In this experiment, 14 male workers were formed into a work group and intensively observed for seven months in the bank wiring room, engaged in the assembly of terminal banks for the use in telephone exchanges. The employees were paid individual wages and a bonus based on group effort. It was expected that highly efficient workers would bring pressure on others for increased output and high bonus. However, the expected results did not come about and indeed the group developed specific mechanisms to protect themselves.

Work group norms, beliefs, sentiments had a greater impact in influencing individual behaviour than did the monetary incentives offered by the management. Thus, the Hawthorne Experiments indicated that employees were not only economic beings but social and psychological beings as well.

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

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

## **Contributions of the Human Relations Approach**

There is a departure from the scientific management approach regarding the influence of engineering factors for increase in productivity.

- ★ This approach suggested that the democratic style of supervision yields more benefits than task-centred leadership by informal organisation than by formal organisation.
- ★ In addition, the researchers recognized the significance of a manager's style and thereby stressed on management training.
- ★ More attention was paid on teaching management skills rather than technical skills to people.
- ★ Finally their work led to a new interest in group dynamics, group process and group reward rather than individual worker.
- ★ Another contribution of human relations approach was that business organisation is more than the logical arrangement of work functions and social factors should also be considered in designing an organisation structure. This school is characterised by a genuine interest in organic (humanistic) structure rather than mechanistic structure.
- ★ Workers' output is determined by the group norms but not by the time study and motion study.
- ★ Workers are motivated not only by the money but also by non- financial rewards.

## **Human Relations: Definition**

Human relations pertain to motivating people in organisations in order to develop teamwork which effectively fulfils their needs and leads to achieving organisational goals. Thus human relations:

- ★ strive to create a positive and conducive work environment, focuses on people,
- ★ has the ultimate goal of increase in productivity and

- ★ seeks to build human cooperation towards achievement of organisational goals.

**Major Concepts in Human Relations:** According to experts in human relations, organisations should be viewed as a social system with economic and social dimensions. The work environment should be conducive for the restoration of man's dignity.

Sound human relations encourage people to work together. It is determined by the nature of the leader, the work environment and the work.

## 1.9 FEATURES OF ORGANISATIONAL BEHAVIOUR: LEVELS AND CONTRIBUTING DISCIPLINES

**Interactive Process of Three Levels:** Behaviour of people in organisations can't be judged exclusively based on individual behaviour of employees. Human behaviour is caused by individuals, groups and structures of the organisations. For example, the tall structures make the individuals to be rule minded and behave mechanically. The flat structures modify the individual to be innovative, creative, challenging and committed and ultimately persuade them to be result oriented.

- ★ Human behaviour can be predicted, studied, transformed and managed. This can be done to some extent but not completely as required or anticipated.
- ★ Understand the organizational strategies, type of human behaviour necessary for their implementation and manage the people to exert the behaviour necessary for effecting the strategy implementation to the maximum extent possible.
- ★ The purpose of organisational behaviour is to enhance organisational efficiency and effectiveness.
- ★ Organisational behaviour is a multidisciplinary subject, that involves various disciplines like Psychology, Sociology, Social- Psychology, Anthropology, Political Sciences, Engineering and Technology, Management, Economics and Medicine.

## **Disciplines Contributing to Organisational Behaviour**

As stated above, organisational behaviour is a multidisciplinary subject, that involves various disciplines like Psychology, Sociology, Social-Psychology, Anthropology, Political Sciences, Engineering and Technology, Management, Economics and Medicine. Now, we shall discuss the contribution of these disciplines to organizational behavior.

### **Psychology**

Psychology is the science that studies the human behaviour which has its origin to philosophy and physiology. Psychology contributes maximum inputs to organisational behaviour. Psychology studies, predict and manage the behaviour of human beings and animals. Psychologists study and attempt to understand human behaviour. Psychologists who contributed to the discipline of organizational behaviour include learning theorists, personality theorists, counselling psychologists, and industrial and organizational psychologists. Industrial and organizational psychologists contributed to the areas of fatigue, boredom and other working conditions pertaining to the job. In addition, they also contributed to learning, perception, personality, leadership, qualities, emotions, training, job satisfaction, motivation, communication, performance management, employee selection, job and team design and stress management. Psychology developed into a number of fields like clinical, experimental, military, organizational, industrial, and social psychology. Organisational psychology deals with various areas like perception and work motivation that are the integral parts of organizational behaviour. Psychology developed various tests for selection of employees. The psychological concepts relevant to organisational behaviour include:

- Perception
- Emotions
- Personality
- Leadership
- Motivation
- Values
- Learning
- Attitudes
- Job Satisfaction
- Selection
- Training
- Risk-taking

- Communication

Psychology helps to understand and ameliorate individual behaviour and interpersonal behaviour.

### **Sociology**

Sociology — the science of society — deals with the society as a whole rather than individuals. Sociology also made significant contributions to organisational behaviour. Sociology studies the human beings in groups, formal and informal organizations. In addition, Sociology contributes to the social and cultural environment. Sociologists contributed to organizational culture, formal organizations, informal organizations, communication, leadership and power and politics. The contributions of sociology to organisational behaviour include:

- Group Dynamics
- Organisation Theory
- Teamwork
- Organisation Design
- Communication
- Organisation Change
- Power and Politics
- Intergroup Conflict and Behaviour

### **Social Psychology**

Social psychology is the blend of psychology and certain sociology concepts. Social-psychology deals with the influence of one individual on others and vice versa. The major contribution of social psychology is understanding the need for change, designing change process, predicting the possible resistance and developing strategies to avoid such resistances. Further it contributes to shifts in attitudes, communication patterns, group patterns, group conflicts and power politics. Contributions of social psychology to organisational behaviour include:

- Attitude Change
- Communication
- Group Process
- Change Management
- Group Interaction
- Group Decision-making

## **Anthropology**

Anthropology is the science of human behaviour. Anthropology studies the societies in order to understand the human beings and their activities. Anthropologists contributed to the work culture, human environment, values, attitudes and beliefs of different organizations in different countries. Anthropologists' contributions to organizational behaviour includes organizational culture, organizational environment, cultural differences among various countries. Cultural anthropology deals with the origin of culture and pattern of human behaviour particularly organisational behaviour. The contributions of Anthropology to organisational behaviour include:

- Cross Culture
- Comparative Values
- Comparative Attitudes
- Organisational Culture
- Organisational Environment

## **Political Science**

Political Science predicts studies and manages the behaviour of individuals and groups in the political environment. The contributions of political scientists to organizational behaviour include organizational power and politics, conflicts due to organizational structures and group conflicts. The contributions of political science to organisational behaviour include:

- Structuring Conflict
- Allocation of Power
- Political Behaviour
- Decision-making

## **Engineering and Technology**

Engineering — the applied science of energy and matter - has contributed significantly to the organizational behaviour. Engineering contributes to the work design and thereby job design. In fact F.W. Taylor, the Father of Scientific Management, has designed time study and motion study that has significant contributions to organizational behaviour. Taylor has developed performance appraisal, piece-rate system and human productivity. Technology is application of knowledge. Technology influences the human behaviour directly and significantly by influencing job designs, relationship between employees, machinery, organisational structure, working styles of



employees, etc. The contributions of technology to organisational behaviour include:

- Perception
- Work Environment
- Communication
- Teamwork

Information technology still makes phenomenal contributions to organisational behaviour. They include:

- Team Dynamics
- Decision-making
- Communication
- Knowledge Management

### **Management**

Management is getting things done by the people. Management deals with supervising people in their activities to contribute to organizational goals. In other words, people are directed and motivated to get the things done. Thus, management contributes to organisational behaviour in building decision-making models, communication patterns, leadership styles, etc. Management after psychology makes significant contributions to organizational behaviour. Its contributions include people management, decision-making, communication, leadership, motivation, job design, organisational structure, job satisfaction, group management and change management. Management contributions to organisational behaviour include:

- Decision-making
- Communication
- Leadership
- Organisational Structure
- Motivation
- Predict the Behavioural Requirements of Organisational Strategies and
- Manage the Behaviour towards the Strategic Requirements.

### **Economics**

Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses. The major

contribution of Economics to organisational behaviour is treating human being as an economic man. Therefore, Economics contributes to motivational theories and practices. The contributions of Economics to organisational behaviour include:

- ★ Motivation
- ★ Decision-making
- ★ Learning

### **Medicine**

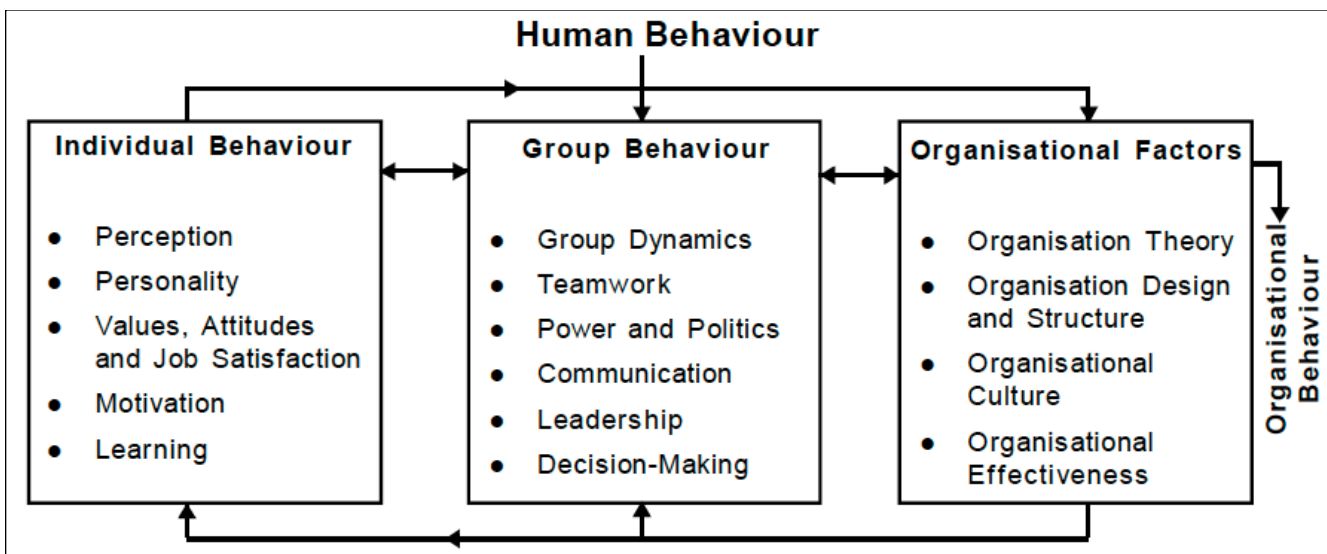
Medicine is the applied science of healing or treatment of diseases to enhance an individual's health and lifespan. Thus, medicine has concerns for physical as well as psychological health of a human being. Medicine of late deals with psycho-physical diseases like hypertension, occupational health hazards as well as health problems related to industrial nature, environments, etc.

The significant contributions of medicine to organizational behaviour include:

- Organizational Stressors
- Hypertension
- Frustration

Thus, various disciplines contribute to the development of organisational behaviour as a multi-disciplinary characteristic.

**Human behaviour** in organisations is caused by individuals as individuals, as member of groups and structures of the organisations. Figure 1.5 presents the model of organisational behaviour.



**Fig. 1.5: Model of Organisational Behaviour**

## 1.10 NATURE AND COMPLEXITIES OF ORGANISATIONAL BEHAVIOUR

We in our daily activities come across with various types of organizations like public sector, private sector, manufacturing, service, economic, social, and religious organizations. Organisations are economic and social entities in which a number of individuals and groups perform multifarious tasks in order to attain common goals. Thus, organizations are structured social systems consisting of groups and individuals working together to achieve common goals. People work as individuals as well as members of groups based on the pre- determined goals. Organisational behaviour is concerned with the behavioural aspects of individuals, groups and total organization. In fact organization mainly consists of people whether it is a manufacturing or service, profit-oriented or non-profit oriented, organization.

Now we study the different aspects of nature of organizational behaviour.

### **Multidisciplinary Course**

As discussed earlier, organizational behaviour draws knowledge and concepts from various disciplines like psychology, sociology, social-psychology, economics, commerce, management, medicine and anthropology. Thus, organizational behaviour systematically crafts various behavioural concepts by integrating the knowledge drawn from various disciplines.

### **Application of Scientific Methods to Practical Managerial Problems**

Organisational behaviour draws knowledge from various disciplines using various scientific methods. The scientific methods used by organizational behaviour may not be as scientific, sophisticated and mature as the pure science disciplines like Mathematics, Physics and Chemistry. However, Organisational Behaviour's approach is scientific in nature as it seeks to develop knowledge by using empirical and research approach. Thus organizational behaviour observes the behaviour systematically and measures the behaviour using scientific instruments. Managers measure the behaviour of employees by using instruments and by using 5-degree scale as depicted in the Exhibit 1.3:

The results of these instruments are used for managing employee behaviour and in general human resources. Thus, organizational behaviour concepts are used in human resource management as in case of using the properties of Physics by engineers and use of engineering data for testing the theories of Physics.

For each statement, allocate a score (as given below), to show how much your behaviour is like the way, as reflected by the statement. As all statements are true for all of us sometime or other, please go by what is true for you, often. Please BASE your Score, in general, on Work Situations and place it in the box:

Not true for	(1)	<input type="checkbox"/>	Generally true of me	(3)	<input type="checkbox"/>
Sometimes true of me	(2)	<input type="checkbox"/>	Nearly always true for me	(4)	<input type="checkbox"/>
Always completely true	(5)	<input type="checkbox"/>			

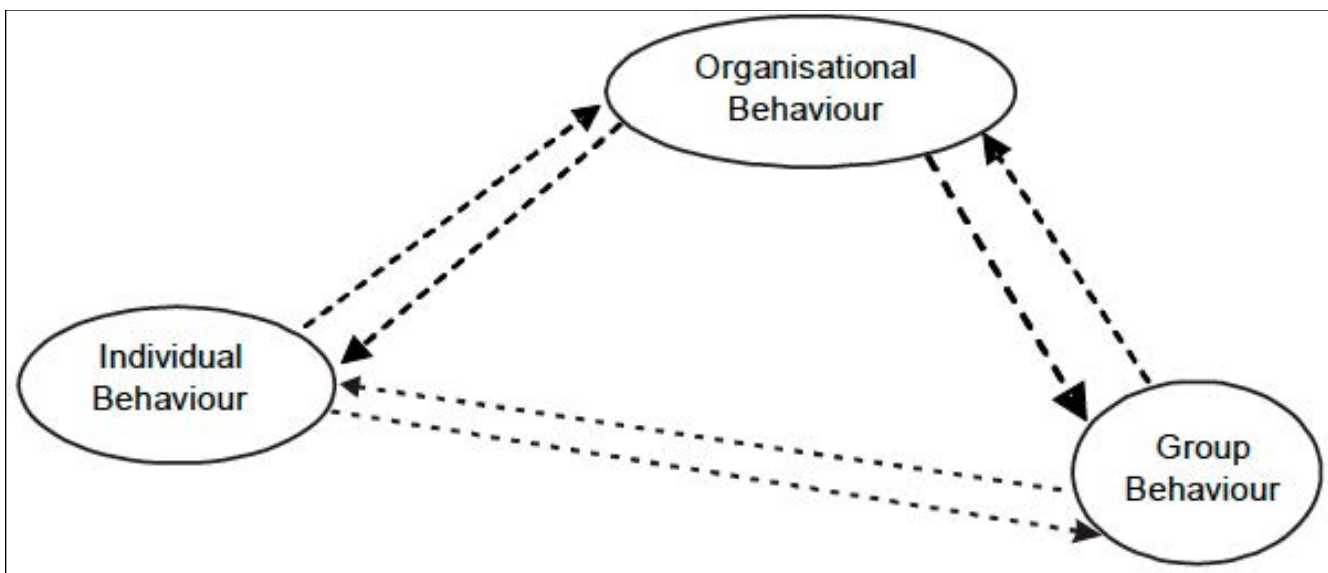
- |     |                          |  |
|-----|--------------------------|--|
| 1   | <input type="checkbox"/> | I tell others firmly, how they should behave.                          |
| 2   | <input type="checkbox"/> | I think deliberately, before carrying out a job.                       |
| 3   | <input type="checkbox"/> | I carry out jobs as per instructions of my superiors.                  |
| 4   | <input type="checkbox"/> | I show sympathy towards people having problems.                        |
| 5.  | <input type="checkbox"/> | I enjoy the company of other people.                                   |
| 6.  | <input type="checkbox"/> | I take care of others' needs.  |
| 7.  | <input type="checkbox"/> | I am systematic/logical, in doing things.                              |
| 8.  | <input type="checkbox"/> | I give instructions to others, on how to do their job properly.        |
| 9.  | <input type="checkbox"/> | I express my feelings to others, without feeling embarrassed about it. |
| 10. | <input type="checkbox"/> | I am comfortable only when I practise usual etiquette, towards people. |

### Interactive Analysis of Three Levels

Organisational behaviour deals with the human behaviour at three levels, viz., individual level, group level and organizational level. In addition, it also deals with the influence of each level of behaviour on other levels. In other words it deals with the influence of individual behaviour on group behaviour and vice-versa. It also deals with individual behaviour on organizational behaviour and vice-versa in addition to influencing group behaviour on organizational behaviour and vice-versa. Individuals can't act on their own as human beings are social animals and interact with others in the society. In addition, they behave according to the social norms, values and ethics. For example, if the norm of a society is to follow the elders, though they are incompetent or wrong, employees of such societies prefer to follow the instructions of the superior even though superior is incompetent or wrong. Similarly, groups take care of individual values and norms of their members into consideration, before shaping the group values and norms as well as group behaviour.

Groups' and individuals' behaviour influences the behaviour of the individuals in the organization. In other words, organisation's values and norms are determined by the norms of various groups and individuals operating in it. In addition, organizations also influence the groups' and individuals' norms and values. For example, the same individual behaves differently in a public sector organization and in a private sector organization. Employees in public sector organization do not exert all their resources for the contribution of organizational goals whereas the same employees, if join a private sector organization, exert their resources for the organisation's performance.

Thus, organizational behaviour analyses human behaviour in an integrated, unified and comprehensive manner of the three levels viz., individual level, group level and organizational level as presented in Fig. 1.6.



**Fig. 1.6: Integrated Approach to Organisational Behaviour**

### Individual Behaviour

Behaviour of an individual employee is influenced by several factors like the individual's mental make-up, family background, educational background, social and cultural background, geographical region, personality traits, values, attitudes, opinions, etc. Individual behaviour is studied through perception, personality, values, attitudes, job satisfaction and motivation.

- ★ Perception refers to a complex cognitive process that yields a unique picture of the world that may be quite different from reality. Individuals behave in accordance with their perceptual world or impressions.
- ★ Personality is the sum total of ways in which an individual reacts and interacts with others. Hereditary factors, environmental factors and situational factors determine personality.
- ★ Values are the basic convictions that a "specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence."
- ★ Attitudes are evaluative statements — either favourable or unfavourable — concerning objects, people or events.
- ★ Job satisfaction refers to a person's feeling of satisfaction on the job, which acts as a motivation to work.
- ★ Motivation is the process that account for an individual's intensity, direction and "persistence of effort toward attaining a goal".
- ★ Learning is relatively a process of effecting permanent change in behaviour that occurs as a result of experience.

Complexities of Individual Behaviour in Organisations: Individual behavior has been changing in organizations due to shifts the structure, values and the level of education of human resources.

- a. **Change in the Structure of Employment:** Structure of employment in an organisation changes with the entrance of workforce with different background (social, economic, region, community, sex, religion, traditions, culture etc.). There has been a significant change in the structure of employment with the entry of (a) candidates belonging to scheduled caste, scheduled tribe and backward communities, thanks to government's reservation policy, and with (b) more female employees, due to increased career orientation among women to the suitability of women for certain jobs and to women becoming more acclimatised to the working climate and higher level commitment. Organisational workforce is composed of people from different regions, mostly due to increased transportation facilities and mobile character of people.

Further, technological revolution has brought occupational mobility. These changes in workforce have naturally complicated the task of understanding the individual behavior in organizations.

- b. **Changes in Employee Roles and their Values:** It was the opinion of the management that it was the boss and employees had to follow obediently management's decision. But gradually, this relationship has been replaced by the relationship in which employees and management are partners in the organisations.

Further, changing structure of the workforce has led to the introduction of new values in organisations. Among these are moves toward — (a) emphasis on quality of life rather than quantity; (b) equity and justice for the employees over economic efficiency; c) pluralism and diversity over uniformity and centralism; (d) participation over authority; (e) personal convictions over dogma, and (f) the individual over the organisation. Alienation from the job, increasing counter-productive behaviour, rising expectations and changing ideas of employees are some of the other factors responsible for the changing values and roles of human force. Consequently it has become imperative for the management to provide various fringe benefits to improve morale, to introduce negotiating machinery to redress grievance; to encourage employee participation in decision making and the like to pave the way for industrial democracy to meet the situations of workforce.

Another change in the values is the declining work ethics. Further employees prefer flexible working hours to fixed time schedule. Flexible schedules fit not only with the values of modern workforce but also benefit the employer with the enhancement in productivity, reduction in employee tardiness, absenteeism and turnover, improvement in morale and the like. Since, the rights of citizenship are entering the organisations freedom of speech and the rights to privacy are becoming part of the work ethics.

- c. **Level of Education:** Workers have been entering the organisations with increased level of formal education in recent years. Increased formal education led to the changes in attitude of employees. The well educated employees always challenge and question the management's decisions and want a voice in the company's affairs affecting their interest. "As the base of education broadens, management must plan to



deal with employees on a higher plane of logical interactions." Thus, management of well educated employees is a problem to the organisation though they make valuable contributions.

### **Group Behaviour**

An integrated and comprehensive behaviour of people in a group is referred to as group behaviour. Group behaviour is studied through group dynamics, teams, communication, power and politics, leadership and decision-making.

- ★ **Group Dynamics:** Groups are formed with a specific purpose. They exist for some time until the purpose is achieved and then disband or adjourn. Groups are both formal and informal. Other types of groups include: command groups, task groups, interest groups and friendship groups. Groups behave and function based on its norms.
- ★ **Teamwork:** Teamwork is a group whose individual efforts result in a performance that is greater than the sum of the individual inputs. Different types of teams include: problem solving teams, self-managed work teams, cross-functional teams and virtual teams.
- ★ **Power and Politics:** Power refers to the ability of the people to acquire resources and award them to various people in organisations.
- ★ **Communication:** Communication is transferring of information and understanding the meaning of it. Communication may be formal or informal, downward, upward, horizontal and cross- wise.
- ★ **Leadership:** Leadership is the ability to influence and guide a group towards achieving the preset goals. Leadership styles include autocratic, benevolent autocratic, participative and democratic style.
- ★ **Decision-making:** Decision-making is developing alternative solutions to a problem and selecting the best solution from among the alternatives available.

## Organisational Factors

Organisational structure is dividing, grouping and coordinating the job tasks. Job tasks may be structured with respect to departments, functions, geographical areas, products or services.

- ★ **Organisational Theory:** Organisational theory refers to various models of structuring various activities in relation to work and jobs in order to build relationships among people, goals, etc.
- ★ **Organisational Design:** Organisational design is formulating the philosophy for coordinating the job tasks. One philosophy is narrow bandwidth which results in narrow and specialised jobs. Narrow bandwidth is a common characteristic of tall organisations. Another philosophy is wider bandwidth which leads to flat structures.
- ★ **Organisational Culture:** Organisational culture is a "pattern of basic assumption —invented, discovered or deployed by a given group as it learns to cope with its problems of external adaptation and internal integration — that has worked well enough to be considered valuable and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems."
- ★ **Organisational Effectiveness:** Organisational effectiveness refers to selecting the right objectives and goals depending upon the environment and social goals of the country in which the company is operating.

## Organisation as Open System

A system is a set of interrelated but separate parts working towards a common purpose. The arrangement of elements must be orderly and there must be proper communication facilitating interaction between the elements and finally this interaction should lead to achieve a common goal.

Thus, systems approach to management views the organisation as a unified, purposeful system composed of interrelated parts. Hence, managers have to deal with the organisation as a whole rather than dealing separately with various segments of an organisation. This approach also gives the managers to see the organisation as a whole and as a part of the larger external environment. Systems theory reveals to us that the

activity of any segment of an organisation, affects in different degrees, the activity of every other segment.

Organisations as open systems interact with its environment. All organisations interact with their environment, but the extent to which they do so varies. Organisations interact with external environmental factors like social, technical, economic, political, international and natural. In addition they interact with micro and macro-internal factors and environmental factors. Micro-internal factors include employees, managers, trade unions, systems and procedures. Macro-internal factors include shareholders, customers, bankers, suppliers of raw material and other inputs, market intermediaries, out-sourcing agencies and call-centres.

### **Why Study of Organisational Behaviour?**

Organisational behaviour is studying the behaviour of individuals and groups. Organisational behaviour studies the behaviour systematically, how people behave under a variety of situations and conditions. It also studies why people behave as they do. Thus, it identifies the reasons for the behaviour.

Organisational behaviour predicts the future behaviour of employees. Managers predict the future behaviour of employees as per the past behaviour of the employees, employee traits, values and future situations.

If the predicted behaviour is not in accordance with the requirements of organisational strategies, managers mould the employee behaviour towards organisational requirements by changing the reward system, organizational structure, leadership pattern and styles, group norms, etc. Thus, managers manage the overall behaviour of the employees in an organisation.

### **Quality of Work Life and Organizational Behaviour**

Employees at the grass roots level experience a sense of frustration because of low level of wages, poor working conditions, unfavourable terms of employment, inhuman treatment by their superiors and the like whereas managerial personnel feel frustrated because of alienation over their conditions of employment, interpersonal conflicts, role conflicts, job pressures, lack of freedom in work, absence of challenging work, etc.

Certain values were attributed to work in the past. Work was worship and people had sincerity and commitment to work. But today's employee would not believe in such values of work. He works for his salary, he works hard if the conditions of work are conducive and congenial and terms of employment are favourable to him. As such, the work norms have been changing from time-to-time.

Work norms in modern industrial society indicate that (i) employee's role in industry is different from his role in the family, (ii) superior knows the best and he has the right to impose on the subordinates, (iii) rules are for employees and they have to follow them, and (iv) employer has the right to layoff the workers due to marketing and technological factors.

Employees also experience alienation which may result from poor design of socio-technical systems. Alienation is a feeling of powerlessness, lack of meaning, loneliness, boredom, lack of ego, involvement and lack of attachment to job. The workers at the lower level are not happy with their work due to tight schedule, speed of machine, close watch and supervision and less social interaction. Even the ministerial staff complain that they are unhappy with the job due to routine nature of work and fixation of schedules, standards and targets. Thus, job discontent is due to the limited scope of the job, short cycle of operations, lack of opportunity to exercise discretion, initiative, existence of bureaucratic controls, oppressive supervision, low wages, poor working conditions, etc.

Job discontent and job pressures have their substantial effect on employees' health in the form of reduction in general happiness, increase in smoking, drinking, putting on excess body weight, etc. Frustration would further cause heart disease, joint pain, etc. Frustration might also be due to absence of recognition, tedious work, unsound relations with co-workers, poor working conditions, low self-esteem, occupational stress, work overload, monotony, fatigue, time pressures, lack of stability, security, etc. In view of the contemporary managerial problems, the present day employees are much concerned about high wages, better benefits, challenging job, etc.

Quality of work life improvements are defined as any activity which takes place at every level of an organisation, which seeks greater organisational effectiveness through the enhancement of human dignity and growth ... a process through which the stockholders in the organisation - management,

unions and employees — learn how to work together better to determine for themselves what actions, changes and improvements are desirable and workable in order to achieve the twin and simultaneous goals of an improved quality of life at work for all members of the organisation and greater effectiveness for both the company and the unions.

Organisational behaviour deals with various aspects of quality of work life like frustration, alienation, employee relations, self-esteem and the like.

## **Organisational Behaviour and Organisational Effectiveness**

Though we use the term 'organisational effectiveness' more often, it is rather difficult to define the term precisely. This is because; the finance manager equates effectiveness with return on investment or market capitalization while the marketing manager equates effectiveness with increase in sales. The human resources managers prefer to mean effectiveness with employee satisfaction while Research and Development Managers mean effectiveness to innovations. However, there are certain comprehensive definitions on effectiveness.

According to Amitai Etzioni, effectiveness is "the degree to which an organisation realizes its goals." Paul E. Mott defines effectiveness as, "the ability of an organisation to mobilize its centres of power for action — production and adaptation." Thus, organisational effectiveness is more concerned with the achievement of organisational objectives. The term efficiency is used quite closely to project effectiveness.

Organisational behaviour helps to understanding, predicting and managing human behaviour, in such a way that such managed behaviour contributes to the achievement of organizational goals. Thus, organisational behaviour contributes to the organizational effectiveness.

## **Organisational Challenges and Managers**

Organisations of the day encounter a variety of challenges, mostly due to globalisation and information technology strides. These challenges include virtual organization, virtual workplace, value addition, learning organizations, ethical and socially responsible operations and the like.

## **Managers and Organisational Performance**

Effectiveness refers to doing right things whereas efficiency refers to doing things right. Thus, crafting appropriate strategies by managers refers to effectiveness and implementing the strategies successfully refers to efficiency. Efficiency results in productivity. Managers with right skills and by assuming appropriate roles become effective and efficient managers. Managers by being effective and efficient contribute to organizational performance and success.

Managers and organizations structured by managers themselves can't achieve strategies and organizational success. What is also important is human behaviour as people behave variedly and sometimes different from that required for achievement of strategies.

Globalisation and Information Technology: Though the globalization of economies was the order of the day before World War II, the present day globalization coupled with strides in information technology resulted in unprecedented changes and developments in the globalization of economies. Added to this, the developments in transportation sector and shifts in the thinking process of the heads of various countries consequent upon either failure or drastically poor performance of public sector helped the globalization process fast and smooth.

Globalisation integrates not only economies but also societies. The globalisation process includes globalisation in the fields of human resources, markets, production, technology and investment.

Globalisation encompasses the following features:

- ★ Operating and planning to expand business throughout the world.
- ★ Erasing the differences between domestic market and foreign market.
- ★ Buying and selling goods and services from/to any country in the world.
- ★ Establishing manufacturing and distribution facilities in any part of the world taking into account the feasibility and viability rather than national consideration.

- ★ Product planning and development are based on market consideration of the entire world.
- ★ Sourcing of factors of production and inputs like raw materials, machinery, finance, technology, human resources, managerial skills from the entire globe.
- ★ Global orientation in strategies, organisational structure, organisational culture and managerial expertise.
- ★ Setting the mind and attitude to view the entire globe as a single market.

The process of globalization influences the behaviour of individuals, groups as well as organisations as it changes the values and attitudes of people towards competition and the rules and games of business. These shifts of globalization created virtual organizations and workplaces.

**Virtual Organisation:** Virtual organisation, according to Biswajeet Pattanayak, is a "social network in which all the horizontal and vertical boundaries are removed. It consists of individuals working out of physically dispersed workspaces, or even individuals working from mobile devices and not tied to any particular workspace. It is the coordination intense structure, consisting primarily of patterns and relationships, and this form needs the communication and information technology to function."

Virtual organization is an organization that exists in the minds of stakeholders, as a network or alliances of independent companies that collaboratively pursue a particular business.

### **Business Process Out-Sourcing**

Business process outsourcing (BPO) is the assignment of one or more intense business processes to external providers. The external provider provides the business on agreed terms and conditions including product/service design and quality. The external provider is an independent business organisation, but works in collaboration with the parent company.

The human resource issues in BPO industry are four-fold viz.,

- a. Human resource management aspects of client organisation,
- b. Outsourcing human resource functions,
- c. Outsourcing human resources,



d. General.

### **Knowledge Management**

Most of the software companies have been contributing to knowledge management. First, we discuss the meaning of knowledge and knowledge creation process before we study knowledge management.

**What is Knowledge?:** Knowledge is the power/capacity for effective action. The organized data are information. The processed information in the actionable form is referred to as knowledge. The knowledge becomes wisdom when it is used for a good cause of a large number of people.

The term knowledge management is coined by Kael Wiig-a consultant. He coined this term in an International Labour Organisation sponsored conference in 1986. Knowledge management is, "a systematic, explicit and deliberate building, renewal and application of knowledge to maximize an enterprise knowledge-related effectiveness and returns from its knowledge assets."

Thus, knowledge management is continuously creating and upgrading organizational knowledge in order to maximize the returns from its knowledge assets.

Knowledge management helps the organisation to

- ★ Improve organizational effectiveness;
- ★ Improve the returns;
- ★ Build competencies/competitive advantage/distinctive competencies;
- ★ Create greater value for core businesses;
- ★ See the opportunities and exploit them.

### **Learning Organisations**

Organisations are congregation of individual employees and other human resources. Organisations learn and acquire the knowledge as the individual employees do. In fact, organisations learn through the learning of their employees. Organisational learning output is the synergetic outcome of individual learning of all employees working in an organisation. Organisational learning is as old as organisations. But it is signified after the globalisation.



## Need for Organisational Learning

Organisational learning is highly essential due to the following reasons:

- ★ Organisational activities like manufacturing, marketing etc., have become more intellectual;
- ★ Recognition and acceptance of knowledge as competitive advantage;
- ★ Rapid change of business environment after globalization;
- ★ Cultural unification and globalisation of culture;
- ★ Increased customer awareness regarding his/her rights;
- ★ Increased competitiveness of the business due to liberalization and globalisation;
- ★ Change in employees' attitude towards change and adaptable organisations; and
- ★ Increased pace of innovations, creations and outcome of research and development.

Organisations learn by creating conducive environment for knowledge acquisition, knowledge sharing, knowledge creation and development through discussions, interviews, brain storming etc. Learning organisations are open systems. They allow the multi-way flow of information and knowledge. They encourage the employees to apply the knowledge and improve the products, existing systems, serve the customer better and achieve the organizational goals.

**Virtual Workplace:** Information technology and globalisation brought the virtual/flexible work place concept in human resource management. The number of telecommuting employees has been increasing year by year. Telecommuting is the use of personal computers, networks and other communication technology like fax, telephones and e-mail to do work in the home that is traditionally done in the work place. Telecommuting does not involve geographic relocation of employees quite often, but simply involves working at home/any place of employee convenience at least part

of the time. Thus globalization and information technology provided for virtual workplace.

**Value-Added Managers:** Managers play critical role in value addition. Value addition is the difference between cost of production and the price that the customer is willing to pay for it. Managers play their roles in reducing the cost of production and in enhancing the value of product to the customer.

**Diversified Human Resources:** Globalisation, virtual organization and virtual workplace resulted in diversified human resources at the workplace. The diversified human resources include in terms of gender, age, geographical region, ethnic group, skill, knowledge, full-time employees, part-time employees, employees of an outsourced organization, consultants and the like.

## 1.11 SIGNIFICANCE OF ORGANISATIONAL BEHAVIOUR

The difference between two organizations is attributed to the commitment, attitude, aptitude, values, norms and performance of employees. These factors along with other factors determine the human behaviour. The other factors include social, cultural, political, economic and structural. All these factors influence the behaviour of human resources.

### **Human Behaviour and Human Resources**

Human resources play a crucial role in the development process of modern economics. Arthur Lewis observed "there are great differences in development between countries which seem to have roughly equal resources, so it is necessary to enquire into the difference in human behaviour." It is often felt that, though the exploitation of natural resources, availability of physical and financial resources and international aid play prominent roles in the growth of modern economies, none of these factors is more significant than efficient and committed human resource. It is in fact, said that all development comes from the human behaviour.

### **Human Behaviour in the Nation's Well-being**

A nation with abundance of physical resources will not benefit itself unless human resources make use of them. In fact human resources are solely responsible for making use of national resources and for the transformation of traditional economies into the modern and industrial economies. Lack of

organisation of human resources is largely responsible for the backwardness of the nation. Countries are underdeveloped because their people's behaviours are inappropriate for economic development. In essence, "the difference in the level of economic development of the countries is largely a reflection of the differences in the types of their behaviour...." The key element in this proposition is that the values, attitudes, commitment, aptitude, general orientation and quality of the people of a country determine its economic development. The shift from manufacturing to service and from service to knowledge and the increasing pace of technological up-gradation are making human behaviour the ingredient of the nation's well-being and growth.

### **Human Behaviour and Organisational Performance**

Organisational performance can be measured against organizational objectives like market share, rate of profit, product innovation, customer satisfaction and employee satisfaction. Appropriate human behaviour contributes to the employees' commitment towards organizational goals. In effect, employee values, attitude and other behavioural issues shape the employee behaviour that would be appropriate for achieving organizational performance. Thus, appropriate human behaviour contributes for the organizational performance.

Strategy is a unified, comprehensive and integrated course of plan/action. Crafting and implementing strategy depend on employee commitment to organizational strategies. Employee commitment in its turn depends on appropriate leadership style, human values, self- motivation, appropriate perception and learning. Thus, behavioural issues of employees determine the level of success in crafting and achieving organizational strategies.

Appropriate and adaptable human behaviour enables the organization to develop employee commitment to the organisational strategies. In addition, appropriate behaviour encourages the employees to acquire and develop required hard skills like technical skills, knowledge and competency. Organisations do also invest in the development of technical skills and knowledge of those employees whose behaviour is quite appropriate for the achievement of organizational strategies. Thus, appropriate behaviour provides an opportunity for the development of distinctive competence of employees that enable them to craft and achieve distinctive strategies.

### **Human Behaviour and Strategic Advantages**

Strategic advantages include achieving low cost advantage, high quality, superior customer service, innovations and superior speed in producing and delivering a product/ service. Committed employees with appropriate technical skills contribute to achieve highest human efficiency, which in turn makes the operations at the lowest cost. In addition, the committed minds contribute to innovation and other strategic advantages like superior customer service and superior speed. Thus, appropriate human behaviour contributes for building up of strategic advantages of the firms.

### **Human Behaviour and Efficient Human Resource Management**

Appropriate human behaviour helps for positive and efficient human resource management in terms employee satisfaction, fair treatment of employees, training and continuous learning, performance management, employee counselling, mentoring, building teams, congenial superior-subordinate relations as well as human relations, sound salary and benefits. Thus, appropriate behaviour brings about efficient management of human resources.

Thus, appropriate human behaviour helps not only efficient human resource management but also envisages strategic management which ultimately leads to achieving high level of organizational performance.

## 1.12 SUMMARY

- ★ People are also similar as well as dissimilar in professions or occupations, interests, likes, dislikes, etc.
- ★ The factors that contribute for individual differences include: hereditary factors, environmental factors, physical factors, socio- cultural factors, economic factors and situational factors.
- ★ The individual differences result in variations in individual behaviour and performance in terms of perception, personality, motivation and other behavioural issues.
- ★ This model is built around the assumptions that man's behaviour is based on his income levels or salary levels.
- ★ Man is a social animal. Man lives within the society. He can't live in isolation.
- ★ An organisational man is committed and loyal to the organisation, works and lives along with others by involving, interacting and associating with others.
- ★ Individual employees are satisfied when they achieve something different and create certain special things by using their capabilities.
- ★ Predicting and managing human behaviour is a complex task as complex variables determine human behaviour.
- ★ Compulsive man does not act or react quickly. He/she takes into consideration the influence of various factors, situations and personalities.
- ★ Organisational behaviour can be defined as studying, predicting and managing human behaviour caused by individuals, groups and structures towards the requirements of organisational strategies.
- ★ Psychologists study and attempt to understand human behaviour.

- ★ Social-psychology deals with the influence of one individual on others and vice versa.
- ★ Organizational behaviour draws knowledge and concepts from various disciplines like psychology, sociology, social-psychology, economics, commerce, management, medicine, anthropology.
- ★ Organisational behaviour deals with the human behaviour at three levels viz., individual level, group level and organisational level.
- ★ Behaviour of an individual employee is influenced by several factors.
- ★ An integrated and comprehensive behaviour of people in a group is referred to as group behaviour.
- ★ The difference between two organizations is attributed to the commitment, attitude, aptitude, values, norms and performance of employees.

## 1.13 SELF ASSESSMENT QUESTIONS

1. What are the similarities and dissimilarities among individuals?
2. Why do people behave and act differently in various situations?
3. Discuss various models of man with their implication on organisational behaviour.
4. Explain the factors that magnified the significance of organisational behaviour.
5. What is diversity in human resource? How does it affect human behaviour?
6. Define the term organisational behaviour. Explain the features of organisational behaviour.
7. Explain the relationship between strategic management and organisational behaviour.
8. Analyse the contributions of various disciplines to organisational behaviour.
9. Discuss the nature of man. Explain various models of man in detail.
10. What are the complexities of organizational behavior?

## **REFERENCE MATERIAL**

Click on the links below to view additional reference material for this chapter

[Summary](#)

[PPT](#)

[MCQ](#)

[Video Lecture - Part 1](#)

[Video Lecture - Part 2](#)

[Video Lecture - Part 3](#)

[Video Lecture - Part 4](#)

[Video Lecture - Part 5](#)



## Chapter 2

# Organisational Behaviour : Challenges And Opportunities

### Objectives

**After studying this Chapter, you should be able to:**

- ★ Analyse the factors led to liberalization, privatization and globalisation;
- ★ Discuss various drivers of globalisation;
- ★ Understand the cultural variations among today's workforce and need for managing diversified workforce;
- ★ Know the impact of various social factors on organisational behaviour;
- ★ Understand the impact of religion on organisational behaviour;
- ★ Study the factors that contribute to the cultural diversity at the workplace; and
- ★ Identify the opportunities and threats of cultural diversity to the management of organisational behaviour.

**Structure:**

- 2.1 Introduction
- 2.2 Drivers of Globalisation
- 2.3 Challenges of Social Systems on Organisational Behaviour
- 2.4 Hofstede's Model of Four Cultural Dimensions
- 2.5 Religions and Behavioural Implications
- 2.6 Cultural Diversity at Workplace
- 2.7 Virtual Organisation and Behavioural Implications
- 2.8 Learning Organisations
- 2.9 Summary
- 2.10 Self Assessment Questions

## 2.1 INTRODUCTION

Change is the order of the day since human civilisation. A number of significant changes have taken place in the economy and society after the recent liberalisation, privatisation and globalization that affect the behaviour of people. The latest trends include globalisation of economies, strides in information technology, diversity of human resources at workplaces and cultural issues.

Though the globalization of economies was the order of the day before World War II, the present day globalization coupled with strides in information technology resulted in unprecedented changes and developments in the globalization of economies. Added to this, the developments in transportation sector and shifts in the thinking process of the heads of various countries consequent upon either failure or drastically poor performance of public sector helped the globalization process fast and smooth.

The globally mobile capital, property knowledge and technology sweeps away regulations. But politics, created competitive global business, new markets and wealth and the lopsided global development resulted in widespread suffering, disorder and unrest. The globalization process helps the advanced countries to sell their surplus production in the developing countries and also to exploit the mineral resources and the cheap labour of the developing world. Further, it helps the multinational companies to make huge profits by producing the products in developing world by using all the resources of the latter with the technology of the former and sell products in the latter countries and transmit the profits to the former home countries. Added to this, the formation of trade blocks in the name of economic integration helped the rich members at the cost of poor members in the group. Economies are internationally interconnected with the establishment of world trade organization, increase in financial transfers, and foreign direct investment.

Trade blocks like North American Free Trade Agreement (NAFTA), European Union (EU), and Association of South-East Asian Nations (ASEAN) facilitate international trade, thereby strongly impacting people at all levels of the economies. These trade blocks make the trade free for the rich members like USA and Canada in

NAFTA without prohibiting the advanced countries' protectionist measures that harm poor member countries like Mexico of NAFTA. Such agreements invariably tend the development process slowing down in developing countries and pull them deeper and deeper into poverty.

Multinational companies (MNCs) have become some of the largest economic entities in the globe, surpassing many governments. Their political lobby and continuous push for liberalization have driven globalization. MNCs invest money in various foreign countries than even before. Foreign direct investment increased tenfold over the last 20 years. The foreign direct investment, though a tool for development of many countries, has often increased instability as had happened in case of Asian Tigers and inequality in the distribution of rich and poor as in case of India, Malaysia and Papua New Guinea.

Interdependency and integration of individual countries of the world may be called as globalisation. Thus, globalisation integrates not only economies but also societies. The globalisation process includes globalisation in the fields of markets, production, technology and investment.

Globalisation encompasses the following features:

- ★ Operating and planning to expand business throughout the world.
- ★ Erasing the differences between domestic market and foreign market.
- ★ Buying and selling goods and services from/to any country in the world.
- ★ Establishing manufacturing and distribution facilities in any part of the world taking into account the feasibility and viability rather than national consideration.
- ★ Product planning and development are based on market consideration of the entire world.
- ★ Sourcing of factors of production and inputs like raw materials, machinery, finance, technology, human resources, managerial skills from the entire globe.

- ★ Global orientation in strategies, organisational structure, organisational culture and managerial expertise.
- ★ Setting the mind and attitude to view the entire globe as a single market.

The process of globalization influences the behaviour of individuals, groups as well as organisations as it changes the values and attitudes of people towards competition and the rules and games of business. A number of driving factors fastened the phase of the current stage globalization. Now we shall study these drivers of globalization.

## 2.2 DRIVERS OF GLOBALISATION

Various economies including the former communist and socialist countries opened their economies to the rest of the globe. The shifts in globalization and international business have been at a fast pace after 1990s. The external environmental factors have been contributing significantly towards the rampant strides in global business. The drivers of globalization/factors contributing to the globalisation include establishment of WTO, emergence and growth of regional integration, decline in trade barriers, decline in investment barriers, increase in FDI, technological changes and growth of MNCs.

**Establishment of World Trade Organisation:** Governments of the member countries of General Agreement on Trade and Tariff (GATT) concluded the Uruguay round negotiations on the 15th December, 1994. The Ministers expressed their political support to the outcome of the meeting by signing the Final Act in Marrakesh, Morocco on the 15th April 1994. According to the Marrakesh declaration, the results of the Uruguay round would, “strengthen the world economy and lead to more trade, investment, employment and income growth throughout the world.” The World Trade Organisation was established with effect from 1st January 1995 in order to facilitate the implementation, administration and operation and further the objectives of this agreement and on the Multinational Trade Agreements and shall also provide the framework for implementation, administration and operation of the multilateral trade agreements.

The value of exports increased by 57% and imports increased by 61% after the establishment of WTO, i.e., during 1995 and 2004.

## **Regional Integration**

The regional and economic integration of the countries of the same region or areas increases the size of market, aggregate demand for products and services, quantity of production, employment and ultimately the economic activity of the region. Further, the people of the region get a variety of products at comparatively lower prices. This factor, in turn, enhances the purchasing power and uplifts living standards of the people. The significant regional integrations include European Union, NAFTA and ASEAN.

## **European Union**

The European Economic Community is also known as European Common Market. Originally six countries, viz., France, Federal Republic of Germany, Italy, Belgium, Netherlands and Luxembourg formed into the European Economic Community (EEC) by the Treaty of Rome, 1957. The number of member countries of the EEC increased from six to 15 by 30th April 2004. The EEC by enlarging its scope and operations turned into European Union. On May 1, 2004 ten more countries joined EU. Thus, the membership of EU as on 30th April 2005 was 25. The EU has a common agricultural policy, common monetary policy and fisheries policy.

The EU has emerged as one market from January 1, 2002 with the introduction of a common currency, i.e., Euro. The political national boundaries are erased for the business and economic activities — goods, services, people and capital can move freely from one country to another of the EU. Now, the member countries do not impose any import tariffs. Import tariffs of the member countries are replaced by the community tariffs system. This factor provides easy access of total EU to the exporters. Thus, the EU could create the largest, single market by removing the obstacles for the free movement of goods, services, persons and capital among the member countries of the EEC. The single market enlarged the production, trade, income, investment and employment in all the member countries. The balance of payments position of all the member countries has become strong.

European union alone accounts for 42% of the world exports (or US\$ 3708 billion out of total global exports of US\$ 8880 billion) and 41% of the world imports (or US\$ 3784 billion out of US\$ 9215 billion) in 2004. Thus, European Union contributes significantly for the globalisation of international business.

**NAFTA:** The North American Free Trade Agreement (NAFTA) came into being on January 1, 1994. The most affluent nations of the world, i.e., USA and Canada along with Mexico – a developing country — joined together to form a trade block. A free trade agreement was signed by USA and Canada in 1989. This was extended to Mexico in 1994. NAFTA is expected to eliminate all tariffs and trade barriers among these countries by 2009. However, internal tariffs on a large number of product categories were removed already. NAFTA has a population of 363 million and hence it is one of the significant trading areas in the globe.

NAFTA countries account for 15% of the world exports (or US\$ 1330 billion out of total global exports of US\$ 8880 billion) and 22% of the world imports (or US\$ 2010 billion out of US\$ 9215 billion) in 2004. Thus, NAFTA also contributes significantly for the globalisation of international business.

Similarly, other regional integrations like ASEAN and SAARC also contributed for the growth of the global economy.

### **Strides in Technology**

Technological upsurge is amazing and phenomenal after 1980s. In fact, it is like a revolution in case of telecommunication, information technology and transportation technology. Companies spread latest technology throughout the globe and technology itself makes the global company possible and fastens the process of globalisation. In addition, the latest developments in information technology have enabled the global company to develop into a virtual global company.

★ **Microprocessors and Telecommunications:** The development of microprocessors paved the way for the growth of high-power, superior-speed low cost computing and handling vast amount of information. There have been revolutionary changes in global telecommunications consequent upon the developments in microprocessors. The development in microprocessors and telecommunications improved the speed and efficiency of coordinating the operations of global business firms.

★ **The Internet and World Wide Web:** The Internet and World Wide Web will be the backbone of future global business. The activities of the global companies across the globe are co-ordinated, monitored and controlled with the help of Internet. The various facilities of the Internet and World Wide Web like e-mail; voice mail, data, and real-time video

communications such as video conferencing enable the global business companies to operate efficiently. For example, the executives of a new automobile company in India can visit the home page of the Japanese and US automobile companies by using www search engine and download information on product designs, specifications, models, price, service to the customers, market information, etc. This new Indian automobile company can make use of the information in designing its cars and pricing them.

- ★ **Online Globalisation:** The companies with manufacturing facilities throughout the globe can send information regarding changes in raw material, customer preferences, changes in product designs, etc., through the Internet all over the globe. Even the customer enquiries and complaints can be received and redressed through Internet.

Thus, the information technology enabled the globalisation process at a faster rate with more efficiency at low cost.

- ★ **Transportation Technology:** The significant development in transportation technology reduced the distance among the countries drastically. The important developments in the transport technology include: commercial jet aircraft, super fighters, containers, etc. These developments made the transshipment from one mode to another easy and reduced the travel time from one country to another drastically.

### **Growth of Multinational Companies**

A multinational corporation/company is an organisation doing business in more than one country. Transnational company produces, markets, invests and operates across the world. MNCs and TNCs have been growing and spreading their operations due to market, financial and other superiorities and the expansion of international markets.

USA had 185 out of 500 top MNCs in the world in 2000 followed by European Union (141) and Japan (104). Developing countries had around 35 MNCs among the top 500 MNCs in the world in 2000. MNCs also have been driving towards globalisation.



## Total Quality Management

Total quality is a people-focused technique aiming at continuous increase in customer satisfaction at considerably lower cost. Total quality management (TQM) is a continuous process of improvement for individuals, groups of people and the total organisation. TQM has become the dominant culture of most of the organisations.

TQM aims at providing the best quality product to the customer. The competitive environment enabled the organisations to design the products based on the needs of each customer, i.e., customisation. Customisation has become possible through business process reengineering.

Total Quality Management encompasses a set of four principles and eight core concepts as shown below:

Principles of TQM	Core Concepts of TQM
1. Delight the Customer	(a) Customer Satisfaction
	(b) Internal Customers are Real
2. Management by Fact	(a) All Work is Process
	(b) Measurement
3. People-based Management	(a) Team Work
	(b) People Make Quality
4. Continuous Improvement	(a) Continuous Improvement Cycle
	(b) Prevention

1. **Delight the Customer:** The focus is on the external customer. Delight means being best at what is really important to the customer. Making the continuous changes to satisfy the customer is an integral part of TQM.
2. **Management by Fact:** The management should know the quality of the product or service that the customer is presently using. This quality level is used as benchmark to improve it further. Management gathers the facts about the present level and provides this information to the employees at all levels to make the decisions based on the facts. These facts are an essential aspect of continuous improvement.

3. **People-based Management:** The management should make the employees understand what to do, how to do it, get the feedback about their performance. The people should also be encouraged to assume responsibility for the quality of their work. People can be more committed to the customer satisfaction, if they are involved more. The quality is heavily influenced by the continuous involvement of the people rather than by the systems, standards and technology.
4. **Total Quality Management is a Continuous Process:** It is a management process that works on a long-term basis. It is not a short-term programme that is based on goals or targets. TQM is a continuous improvement based on the incremental change.

### **Core Concepts for Improvement**

- **Customer Satisfaction:** Companies should understand the importance of the external customer who is the main source of income. Companies should identify the changing needs of the customers from time to time, find out the factors which satisfy them and which cause grief to them. Companies should enhance the satisfying factors and reduce the negative which brings discomfort to the customers.
- **Internal Customers are Real:** Internal customers are as important as external customers as they continuously influence the quality maintenance. They also influence speed, efficiency, perfectness and cost.
- **All Work is a Business Process:** Business process is a “combination of methods, materials, manpower and machines that taken together produce a product or service.”

### **Measurement**

- Measurement of present level of quality is more important in order to determine the future quality level. Internal quality measurements of product are: (a) Breach of promise, (b) Performance to standard, (c) Reject level, (d) Accidents, (e) Process in control, (f) Yields scarp, (g) Time cost due to availability of raw materials, (h) Number of changes to works order, (i) Cost of quality.

- **Teamwork:** People work together in teams to accomplish the most difficult goals. People work in teams to maintain and improve the quality. Teamwork enables the people to work from a cross-functional approach.
- **People Make Quality:** Mostly organisational efforts influence the quality. Organisational efforts influence the individuals and teams in the organisation to commit to the quality.

### **Continuous Improvement Cycle**

Identifying the present level of quality standards, establishing the customer needs, establishing the ways and means to produce the product or render service to meet the customer needs, measuring the success and improving the quality continuously are the parts of the continuous improvement cycle.

### **Prevention**

Preventing the failures to occur is the central system of total quality management. Foreseeing the possible failures and take steps in advance to prevent them from occurrence. Feeding information forward helps to prevent the failures. This process helps create a culture for continuous improvement.

### **Business Process Reengineering**

Introducing radical changes in the business process refers to business process reengineering. According to Hammer and Champy, reengineering is “the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements is critical. Contemporary measures of performance include cost, quality, service and speed.” Another related concept is benchmarking.

### **Benchmarking**

Benchmarking is the “process of comparing work and service methods against the best practices and outcomes for the purpose of identifying the changes that will result in higher-quality output.” Benchmarking helps the organisations in the following ways:

- ★ Companies compare their practices with the best organisations and formulate best improvement strategies.
- ★ Organisation can learn the best practices from other organisations.
- ★ Helps the organisation to identify a need for change.

Globalisation along with information technology revolution, total quality management and benchmarking made the organisations competitive, serve the customer with qualitative products, maintain the sound relations with the customers, etc. These aspects made the companies to adopt highly competitive strategies and improve them continuously. These strategies brought unprecedented shifts in the human resources management of various companies. The important among them are:

- ★ Demand for multi-skilled and knowledgeable employees with varied backgrounds.
- ★ Employees with ability to learn continuously.
- ★ Employees with abilities to adapt to all kinds of situations.
- ★ Employees with the skills and abilities of a change agent.

These shifts in the organizational demand for human resources shook the employees' values, expectations, attitudes, etc. Human resources have become highly mobile in consequence with the shift in demand for a variety of human resources by companies across the globe. In addition, adoption of the strategies like mergers, acquisitions, joint ventures by the companies across the globe also made the human resources of various countries move to other countries. Consequent upon these developments, most of the organisations across the globe are endowed with diversified human resources.

Behaviour of individuals, groups and organizations is shaped by not only the process of globalization, but also by the shifting social systems. Now, we shall study the influence of social systems on organizational behaviour.

## 2.3 CHALLENGES OF SOCIAL SYSTEMS ON ORGANISATIONAL BEHAVIOUR

Social systems consist of religious aspects, language, customs, traditions, beliefs, tastes and preferences, social institutes, living habits, eating habits, dressing habits, etc. Social environment influences the level of consumption. For example, though the economic position of Germans and French people is more or less the same culturally they are different. Consumption level of French people is more than that of Germans. Hence, the study of social environment helps in deciding up on the type of product, market, and the like. Now, we discuss various aspects of social environment.

**Religion:** Religion is one of the important social institutions influencing business. A few religions have spread over a large areas in the world. The Protestants' influence is dominant in USA, Canada and Australia with regard to the production and distribution. Roman Catholics dominate in Latin America, and southern European Countries. Islam dominates northern Africa, Middle East, Malaysia, Brunei, Indonesia, etc. These religions have enforced prohibition of liquor. Buddhism and Hinduism dominate in most part of Asia. It has effects on high spiritual values, low value of material goods and more emphasis on ethics and moral values.

Religions play a significant role in normal and ethical standards in production and marketing of goods and services. Most of the religions indicate in providing truthful and honest information. But most of the marketing practices deviate from these standards.

**Family System:** In addition to religion, family system has its impact on international business. In most of the Islamic countries, women play less significant role in the economy and also in the family with limited rights. In Latin American countries, though the role of women is better compared to that in Islamic countries, women's role is limited in economics and in families. But, women play a dominant role in European and North American countries (See Box 2.1).

In addition, joint families are more prevalent in Islamic and Hindu religions. Joint family system reduces the demand for goods and services compared to nucleus families.

**Box 2.1 Can't work, Have Family**

"So many migrants...", sighed Devinder Singh, the garrulous electrician, "they come to Delhi searching for a better life, better job — but the sorts of attitudes many of them have towards work, it would be nothing short of a miracle if they get very far!" The old Sardar was unscrewing the plug in an overwrought manner, and I could tell he was itching to tell me a story. "Did you have any particular person in mind?" I asked. He stopped mangling the plug and said, "I don't know why I'm so irritated with Prakashu — after all, as he's pointed out so often, he did nothing unusual. His village brothers do it all the time!"

Two years ago, Sardarji hired Prakashu as his shop assistant (he has a small shop, selling electrical goods over which the threat of sealing has been hanging like the veritable sword of Damocles for the last two years).

The boy was presentable, bright and for a migrant, learnt the ropes surprisingly quickly. He rented a tiny room with seven men from and around his village. Some of them had night jobs, so fortunately they could all take turns sleeping.

One morning, he found Sardarji grappling with a broken tap. "Let me repair it," he offered. Sardarji watched him curiously, for Prakashu's expertise with repairing taps spoke of some prior training. It turned out Prakashu had worked in Delhi earlier, when his maternal uncle's nephew trained him in plumbing. Seeing how efficiently Prakashu set his tap right, Sardarji reckoned he must have been good at his job. "Why did you switch your line?" he asked.

My father asked me to come back to help with the harvest, and so I went back to the village for eight months," he replied. Sardarji was surprised

"It doesn't take eight months to harvest a crop," he commented dryly, "perhaps if you hadn't gone, you'd probably have had your own plumbing business today!" Prakashu replied that Sardarji won't understand because he was a businessman: "for people like me, family is everything!" he said huffily.

Anyway, Prakashu soon made himself indispensable to Sardarji. He proved as adept at mending electrical appliances as he was in repairing leaking taps. "That boy will go far," Sardarji prophesied to his wife. But he didn't realise that Prakashu felt he had already come very far, far from home at least.

His sister was to be married, he said soon after, and he had to go. "I don't know when I'll be able to return may be in two months, but who knows?" he said before leaving. Sardarji was livid at his unprofessional behaviour and hired someone else. After seven months, a scrawny and tanned Prakashu returned to ask whether Sardarji had any work for him. "I sent him off with a stern lecture on developing a more professional attitude to work," said Sardarji sadly. For Sardarji was still fond of him, and believed that he could do much better for himself, if only he didn't take such long sabbaticals. "So where is Prakashu now?" I asked. He smiled ruefully: "he got a job as a mechanic in a motor garage owned by his cousin's brother-in-law or some such distant relative. Being one of those people who're just generally good at tinkering with things, I'd imagine he did well there too."

**Behavioural Factors Affecting**

## **Business**

Cultural factors influence human behaviour. Cultural differences in various countries result in variation in human behaviour from country to country. Human behaviour that affects business includes employee behaviour, consumer behaviour and behaviour of other stakeholders. Variations in behaviour can be ascertained through the social stratification of a country. Business should consider the behavioural patterns of social groups in hiring, marketing and in selecting suppliers of inputs and market intermediaries. Behavioural patterns can be studied based on ascribed group membership and acquired group memberships. Ascribed group membership is based on genders, age, family, caste, community, ethnic, racial and nation of origin. Acquired group membership is based on religion, political affiliation, professional and social associations. These memberships influence human behaviour of a society.

## **Behaviour Based on Group Membership**

Certain societies like USA reward people based on performance while other societies like Malaysia reward people based on ethnic group in addition to performance. Attitude towards female employment vary from country to country. Egalitarian societies do not encourage sexual discrimination in employment of people whereas Arabian countries discourage females from seeking employment. Family membership is paramount rather than individual's achievements or traits – in certain societies like India, China and Southern Italy.

## **Motivation and Achievement**

Economic development of a country depends upon motivation of the people to work hard, and desire of achievement. This in turn depends upon the preference towards materialistic needs. Certain religions including Hindu religion preach that people should concentrate on non-materialistic needs for salvation. This might be one of the major factors for slow economic growth of India until 1990s. According to Weber, the Protestant ethic reflected the view that work is a way to gain salvation. This belief might have influenced the people of certain countries towards hard work and material gains rather than leisure time. In fact, the hard working societies led to economic development of the countries. However, most of the societies prefer to work hard with the increase in gains due to globalisation. Employees' work attitudes may change as they achieve economic gains.



Interest in career success differs from society to society. People with higher interest in career success have beliefs that 'live to work' whilst people in low interest in career success countries also differ in the degree that individuals are assertive, confrontational and aggressive. These differences reflect in difference in reaction of managers of various countries. Thus, some managers react to sound and smooth relations with suppliers while other managers react to cost and fast delivery. Local managers prioritise employee relations and welfare while other managers emphasise on company growth and efficiency.

People rank the motivational needs differently from country to country. People from the poor countries are mostly motivated by compensation while their counterparts in rich countries are motivated by the higher order needs like more responsibility, recognition, and other esteem needs.

## 2.4 HOFSTEDE'S MODEL OF FOUR CULTURAL DIMENSIONS

Geert Hofstede and his colleagues based on research study conducted on 116,000 IBM managers in 72 countries on cultural differences related to management have developed a model called four dimensions of culture. According to Hofstede culture is the aggregate value, beliefs and customs that define common characteristics of a human group. Hofstede explained culturally based value systems as comprising four dimensions, viz., power distance, uncertainty avoidance, individualism and masculinity.

### **Power Distance**

Power distance is the relationship between superior and subordinates. People in high power distance societies like Morocco prefer little consultation between superior and subordinates. Benevolent autocratic or paternalistic styles are more appropriate for such societies. Participative and democratic leadership styles produced negative results in Morocco. People in low power distance societies like Israel, Sweden, Germany and USA participative and democratic style of leadership are more appropriate. However, subordinates in high power distance societies may prefer participative decision-making among themselves excluding the superior. A study conducted by Hofstede indicates that power distance is lowest in Israel followed by Denmark, Sweden, Germany, Australia, Canada and USA. It is highest in Panama followed by Mexico, Indonesia, India and Brazil.



### **Individualism vs. Collectivism**

Individualism and collectivism are the consequences of the culture and affect the formation of groups, productivity and marketing practices. Culture in most of the Western countries is individualism and employees in these countries prefer to work individually. Culture in Western countries is individualism and is highest in USA followed by Australia, and UK. Culture in the eastern countries is collectivism and is highest in Indonesia followed by Thailand, Japan and India.

### **Uncertainty Avoidance and Risk-Taking Behaviour**

Employees in countries with the highest scores of uncertainty avoidance prefer a system and a methodological work on the basis of rules that are not to be deviated. On the other hand, employees in countries with the low scores of uncertainty avoidance prefer flexible organizations and flexible work. People in some countries like Norway trust most of the people and people in some other countries like Brazil are very cautious in dealing with others. Cost of doing business for those whose trust is high is low and vice versa for those whose trust is low as managers have to spend time in foreseeing every possible contingency and monitoring every action for compliance. Countries also differ in future orientation. People in some countries like Switzerland, Netherlands and Canada think of future whereas in some other countries like Russia and Poland think of the present. Belief in fatalism indicates that every event is inevitable and is due to the will of 'God'. The fundamentalists of all religions strongly believe fatalism and such people work less hard and with low self-determination. It is rather difficult to do insurance business in such societies. Uncertainty avoidance is highest in Japan followed by Spain, France and Israel. It is lowest in Sweden followed by Denmark, UK and India.

### **Masculinity**

Hofstede defines masculinity as the degree to which the dominant values of a society are success, money and material things. He also defines femininity as the degree to which the dominant values of a society are caring for others and the quality of life. According to his study, Japan enjoys highest masculinity followed by Mexico, UK, Germany, USA and Australia and the country with highest femininity was Sweden followed by Netherlands, Denmark and Thailand. The countries with moderate masculinity include India, Argentina and Canada.

People in countries favouring high masculinity are highly competitive and these cultures favour industrial development, entrepreneurial and economic growth. Therefore, multinational companies prefer to locate their manufacturing operations in these countries. People in the countries encouraging high femininity favour friendly work environment and relationship – oriented quality of work life.

### **Strategies for Dealing with Cultural Differences**

Businesses should identify the cultural variations in foreign countries and evaluate their influence on human resource management, marketing, stakeholder relations, etc.

### **Making Adjustments, Wherever Necessary**

Business firms, after evaluating the influence of cultural variations on business practices and processes should decide the nature and degree of adjustments necessary. Host country's culture, in certain areas do not expect foreigners to adjust to them. For example, Western female flight crew are permitted to wear jeans and T-shirts in public places when staying overnight in Jeddah, Saudi Arabia, even though local women are not allowed to do so. However, human resource practices need to be adjusted based on the host country culture. For example, in Saudi Arabia, a male family member accompanies women employees to the office. Similarly, business should also modify the product and other marketing practices wherever necessary based on the host country's culture. For example, Whirl Pool is successful in Indian market only after modifying its washing machine to suit to wash Indian sarees.

### **Dimensional Relationships and Externalities**

The following findings can be drawn when the Hofstede's four dimensions are interpreted jointly based on his study.

- ★ Power distance is associated with collectivist behaviour. Countries like USA, Canada, Australia and Great Britain are in the group of low power distance and high individualism. Only Costa Rica is in the category of low power distance and low individualism matrix.
- ★ Majority of the countries are in the category of high power distance and low individualism.

- ★ In case of power distance versus uncertainty avoidance, USA, New Zealand, Australia and Canada are in the category of low power distance and low uncertainty avoidance category.
- ★ Majority of the countries are in the category of high power distance and high uncertainty avoidance index.
- ★ In case of masculinity versus uncertainty avoidance, USA, Australia, New Zealand and Great Britain are in the category of high masculinity index and low uncertainty index.

The significant factor that shapes the values, attitudes and perceptions of individuals and groups is the beliefs of the religion to which an individual belongs. Similarly, the religious beliefs of the senior managers as well as the founder of the business shapes the organizational philosophy and thereby the behaviour of the organization in general. Now, we shall study the influence of religions on organisational behaviour.

## 2.5 RELIGIONS AND BEHAVIOURAL IMPLICATIONS

Though there are a number of religions in the world, four religions are widely believed and followed by majority of the people, viz., Christianity, Islam, Hinduism and Buddhism. The impact of religions on business is mostly in developing attitudes of people towards work, product/service price fixation, entrepreneurship and cost of doing business.

**Christianity:** Christianity is the major religion in the world which is the monotheistic religion (i.e., belief in one God). The major branches of Christianity include the Roman Catholic Church, Orthodox Church and the Protestantism. According to Max Weber there is a relationship between Protestantism and the spirit of capitalism. According to him, Protestant ethics emphasises the importance of hard work and creation of wealth as God feels happy when wealth is created. Protestants also believe in reinvesting wealth for further development of wealth rather than consume it for a long run benefit. Thus, hard work and further investment of wealth led to the emergence of capitalism and economic development in western Europe and at a later stage in United States of America. According to Weber business leaders, owners of capital, high skilled labour, technically and commercially trained personnel of modern enterprises are protestants.

Weber felt that Catholic did not contribute to the same level of economic development like Protestants as the former promise of salvation in the next world. Further, the individual religious freedom provided by Protestants paved the way for individual economic, social and political freedom and emergence of entrepreneurial activity.

**Islam:** Islam is the second largest religion and is a monotheistic religion. According to Islam those who pursue riches on the earth may gain them, but those who forego worldly ambitions to seek the favour of Allah may gain the greater measure, i.e., entry into paradise. Islam is an all-embracing way of life governing the totality of Muslims. Economic Principles of Islam are pro-free enterprise. The Koran approves doing business and earning legitimate profits. Islam asserts that all property is a favour from Allah and those who hold property, are regarded as the trustees who are entitled for receiving profits. They have to use the property for righteous and socially beneficial purposes. Thus, Islam reflects social justice.<sup>18</sup> Islam is in favour of international business as long as these business houses do their business in accordance with Islamic ethics. Islam prohibits the payment or receipt of interest. But it allows for sharing of profit of the borrower or mark-up the loan amount.

**Hinduism:** Hinduism is the oldest religion in the world. Hindus believe that they should conduct themselves in an ethical way in order to protect the morals of the society called dharma. They believe that God protects those who protect dharma. Hindus also believe Karma principle which states that how ethically a person conducted activities during his/her previous incarnations determine his/her activities in the present lifetime. According to Hinduism, an individual can eventually achieve nirvana (a state of complete spiritual perfection that renders reincarnation no longer necessary). Hindus believe that one should channelise all his/her efforts towards spirituality ignoring material benefits in order to attain nirvana as materialism is temporary and only nirvana is permanent spirituality. In other words material achievement cannot be carried over to next incarnation and only spiritual achievement would be carried over to next incarnation.

Max Weber argued that ascetic principles embedded in Hinduism do not encourage the entrepreneurial activity in pursuit of wealth creation found in protestants.<sup>37</sup> According to Weber traditional Hindu values emphasise that individuals should be judged by their spiritual activities and achievements

but not by their materialistic achievements. Therefore, pursuit of material well-being would be a hindrance for attainment of nirvana. As such Hindus, traditionally, were less likely to engage in entrepreneurial activity than protestants. However, the current young generation view a different meaning of Hinduism as protestants of Christianity did quite earlier. This different meaning is that, 'work is worship' and one can attain nirvana through the path of Karma Yogam (by working hard and mastering the activity in which one is engaged). With this different approach, entrepreneurial activity has picked-up in India particularly after globalisation.

**Buddhism:** Siddhartha Gautama — an Indian prince founded Buddhism in the sixth century B.C. According to Buddhism, life is full of suffering, and misery is everywhere. Buddhism suggests for systematically following the Noble Eightfold Path, i.e., right seeing, thinking, speech, action, living, effort, mindfulness and mediation. Though, Buddhism does not advocate ascetic behaviour, it emphasises spiritual achievement rather than material achievement.<sup>19</sup> Therefore, Buddhism also do not support entrepreneurial activity compared to Protestantism. However, it would provide as base for entrepreneurial activity.

**Confucianism:** Confucianism was founded in the fifth century B.C. It is popular in China, Korea, Japan and Taiwan. It emphasises on right action for attainment of salvation. Three main aspects of Confucianism include loyalty, reciprocal obligations and honesty in dealing with others. Loyalty to superiors and elders is regarded as a sacred duty and absolute obligation, which makes human resource management less complicated. Reciprocal obligations make the management to reward the loyal employees adequately. Otherwise, the loyal employees may not continue their loyalty to the superior. China's culture of Guanxi is a network relationship supported by reciprocal obligations. Japanese employees are loyal to employers and employers in turn provide lifetime employment.

Confucianism also emphasises that honest behaviour is essential in all transactions. Though dishonesty pays in short run, it produces negative results in the long run. Companies those trust each other and deal in honest transactions prosper in the long run. Companies under Confucianism societies honour contractual agreements and obligations. Japan gains competitive advantage partially due to the business culture embodied in Confucianism.

Fast phase globalisation coupled with shifts in social systems and religions resulted in global movement of human resource. In addition increased educational facilities, career orientation among women and minorities brought diversified cultures at the workplace. These shifts brought diversified workforce at the place. This diversified workforce, in turn, influences the behaviour of individuals, groups and the organisation as a whole. Now, we shall study the influence of cultural diversity on organisational behaviour.

## 2.6 CULTURAL DIVERSITY AT WORKPLACE

People with different cultural backgrounds behave differently even at the workplace. For example, people of eastern cultures do not normally seek appointment to meet the superior at the workplace; whereas the western cultures require prior appointment to meet the superior at the workplace even to discuss the work related routine issues.

Cultures sometimes clash due to different behavioural expectations. For example, problems in Japan, Papua New Guinea and India (in fact in most of the eastern countries) are normally resolved behind closed doors. Any potential danger for public embarrassment in business activities or negotiations and work related activities in eastern countries is carefully eliminated in advance.

Most of the western cultures, including that of USA require the conflict to be brought out in the open and discussed in public and face-to-face. Therefore, managers with western culture when work with the managers with eastern cultures bring different sets of values to each and every interaction. This situation often results in cultural conflicts.

### **Reaction to Cultural Improprieties**

Culture imposes certain norms for the people to behave in different situations. People feel uneasy, anxious and threatened when they violate the cultural norms. People who do not follow cultural values and norms are often punished or looked down upon or condemned by others in society. The condemnation depends on (i) the extent to which the broken rule is widely shared among the people of the same culture, and (ii) the extent to which the rule is deeply held and viewed as being important or sacred.<sup>1</sup>



People should learn the cultural rules and degree to which the people of the culture hold them, when working with the people of other cultures.

Globalization provided an opportunity to business firms to expand geographically by entering into new markets. This opportunity converted domestic companies into multinationals and MNCs into transnational companies. Consequently, a new competitive environment has been created. This competitive environment forces the MNCs to compete with domestic companies in the host country, compete with other MNCs in the same country in addition to competing with home country MNCs at home as well as in foreign markets. For example, Coca-Cola competes with Pepsi Cola in USA, in India and other countries, in addition to competing with domestic companies of India like Artos Soft Drinks as well as in other countries like Mecca Cola in Saudi Arabia. Increased magnitude of competition forced MNCs to recruit the best talent worldwide rather than recruiting either home country nationals or host country nationals. Thus, this geocentric/global approach to recruitment resulted in recruiting the best talent that fit to the challenging and dynamic jobs. MNCs would recruit the best talent across the countries irrespective of the religion, region, colour, ethnic group, race and gender.

Workplaces in MNCs today are highly diversified with the employees of different countries, different age groups, religions, races, ethnic groups, colour and gender. People from various countries and societies bring varied cultures to the workplace in addition to the best talent.

### **Factors of Diversity**

The increasing diversity among the employees in MNCs is a reflection of increasing educational facilities and improving educational levels of people in various developing countries, social change, social shifts of various ethnic groups. This diversity also helps enhancing educational levels among women turning them more and more career-oriented. This results in creating individual aspirations for a meaningful work and career orientation towards the direction that 'career is first and others are second' (C102).

The significant factors that contributed for the workforce diversity include:

## **Increase in Educational Opportunities vis-à-vis Increase the Workforce from Developing Countries**

Along with liberalization, globalization and privatization of business in various countries, steps were initiated towards the spread of educational facilities through privatization of educational institutions. Consequently, governments of most of the developing countries allowed and encouraged private institutions to establish educational facilities. India, Malaysia and South Korea are the best examples for spread of educational opportunities with the help of private institutions. These private institutions designed and offered programmes that have job demand in international business. In fact, more than 150,000 engineering graduates and more than 100,000 business management graduates of India enter national and global job market a year. In addition, the educational institutions of advanced countries increased the opportunities for foreign students both in their home countries as well as in other countries. For example, the universities of USA, UK and Australia opened campuses in a number of developing countries, in addition to providing the opportunities for foreign students in their home countries.

These phenomenal shifts in educational opportunities helped the people of developing countries to acquire qualifications in the disciplines that are in demand in MNCs and to join their workforce.

### **Changing Gender Roles**

Historically, women's role has been confined to raising children, taking care of home and assisting men at domestic activities. Therefore, the role of women in formal labour market in general and in MNCs in particular has been limited. But, the mind set of significant number of women towards career took remarkable shift in recent times due to increase in their educational levels, positive thinking towards economic independence and utilizing their skills and talents. The suitable jobs for women have been on the increase particularly in software industry, pharmaceutical industry, biotechnology industry, bio-informatics industry and in research and development organizations.

These shifts resulted in increase of unmarried and married women employees as host country nationals in MNC's subsidiaries. Later, women employees preferred to move to the headquarters or subsidiaries in other



countries as expatriates. This shift in turn, led to the increase in the number of women workers in MNCs.

Though, there is increase in the number of women employees in MNCs, they concentrated in the lower level jobs and could not rise to managerial jobs. This situation is referred to as 'glass ceiling', which describes a barrier that is strong enough to prevent women from moving into top management positions, yet sufficiently subtle to be transparent. It is easy in some organizations to see the 'glass ceiling' as there are virtually no women above certain levels of organizational hierarchy. A study conducted in USA indicates that informal barriers are created for women of some colours to move to the managerial levels. "Lack of an influential mentor, informal networking, company role models and high-visibility assignments create a 'concrete ceiling' that does not offer a glimpse of the higher echelons". More than 50% of 1700 women employees surveyed believed that diversity programmes were ineffective in dealing with issues of bias. Therefore, though the number of women employees is on the rise, they concentrate at lower level jobs.

### **Changing Roles of Minorities**

Increase in educational facilities along with providing reservations for the students belong to minorities in various countries enable them to acquire educational qualifications and skills that are demanded by MNCs. For example, phenomenal shift in the policy of the Government of Australia towards integration resulted in an increase in the educational levels of indigenous Australians. They, now start working in domestic as well as MNCs in Australia and elsewhere. Indigenous Australians in the past were unable to enter the labour market due to lack of access to education and also due to the bureaucratic style of management that inhibited the process of cross-cultural learning and they were also unable to cope up with different socialization mechanisms. Similarly, Government of Malaysia's reservation policy towards 'Bhumiputras' enable them to go to colleges and universities, acquire qualifications, skills and talent and join the domestic as well as global workforce. Further, the example of India with regard to introduction to reservations in educational institutions way back in 1960s enabled the people belong to scheduled castes, scheduled tribes, backward communities and other minorities to possess higher educational qualifications, skills and talents and be part in the domestic and international workforce.

Introduction of 'affirmative action' in USA enables the people belonging to minority groups to join the workforce. Affirmative action is an approach to eliminate employment discrimination by taking proactive initiatives to ensure proper minority group representation within an organization. Affirmative action plan specifies how the organization plans to increase the number of employees from the targeted groups, through preferential treatment. Preferential treatment means giving members of underutilized groups some advantage over others in employment process.

The hindrance of the glass-ceiling of women in promotion discussed earlier is also applicable to minority group of employees in various MNCs.

### **Globalization and Mobility of Human Resources**

The current phase of globalization, at the growth and development of world economies in a balanced way in order to liaise the employment opportunities and living standards of the world population. Therefore, MNCs started locating their manufacturing and business centres in various potential markets in developing countries like China, India, Malaysia and Brazil in addition to strengthening their operations in advanced countries. These efforts of MNCs, was a challenge to the potential domestic companies and enable them to spread their operations beyond the boundaries. Thus, the industrial and business activities expanded to various countries. Globalization, therefore, further aims towards a free flow of all kinds of resources across the countries in order to meet the needs of the manufacturing centres established in the new locations. Consequently money, material, machines and men picked up the mobility at higher speed. As a result, people across the countries shifted to the new places based on demand for skills. This resulted in diversity of workforce and diversity of cultures at the workplace. As discussed earlier, MNCs prefer to recruit the candidates based on geocentric/global approach rather than home country nationals or host country nationals in view of the need for the best talent consequent upon competition. This approach further added to the magnitude of diversity of workforce in MNCs.

### **Re-employing the Ageing Population**

Ageing population has been on increase in many advanced countries as well as in developing countries where the advanced health and medical facilities are available. In addition, the baby-boom generation (people born in the 20-year period after World War II) in some countries like USA, UK, and Australia continues to age. Further, globalization and dynamism in job

structures changed the mindset of most of the aged people and made them psychologically and mentally young. Thus, the concept of mental age has emerged.

MNCs and even some of the governments started employing the physically aged, but mentally and psychologically young people as they also fit to the job like young. Providing employment to aged people has also gained momentum because, the perception that 'older people are associated with loss of memory and diminished intelligence' has been ruled out. MNCs also realized that they can't afford to force the productive people to leave the work. This new practice, further added to the diversity of workforce.

**Implications:** The diversified workforce in terms of origin of the country, ethnicity race, age and gender brings not only best talents, but also diversified cultures in terms of communication, motivation, achievement, respecting organizational procedures, power distance, individualism versus collectivism, masculinity, ethnics, morals and work norms.

### **Need for Managing Diversity of Workforce: Opportunities and Challenges**

Diversified workforce brings talents, skills, knowledge and expertise that invariably bring core competencies, at times distinctive which provides competitive advantage to the company. In addition, diversified cultures bring multi-approach to decision-making and thereby enhance decision-making abilities of MNCs. However, diversity also becomes a potential source for conflict via misunderstanding. Thus, diversity has both positive and negative aspects like 'every coin has two sides'. Therefore, MNCs should manage diversity in order to maximize the positive aspects and minimize the negative aspects of diversity.

Table-2.1 provides the strengths and weaknesses of workforce diversity to MNCs.

### **Table - 2.1: Opportunities and Challenges of Diversity of Workforce**

- Competitive advantage
- Multi-ethnic unified societies at workplace
- Efficient Implementation of organizational strategies
- Repeats undesirable unity among employees
- Potential source of conflict
- Delay in decision-making
- Communication distortions

### **Diversity Provides Competitive Advantage**

Employees with diversified background bring diversified skills, knowledge, and culture in addition to talent needed for the job. In addition, employees with diversified backgrounds can bring original ideas and approaches to the workplace that help a company target products and services to a marketplace that itself is becoming more and more diverse. For example, a group of Reebok's female employees once bemoaned the fact that they could not find a good aerobics shoe. Reebok immediately concentrated on marketing aerobic shoe. Within two years, the company became a leader in athletic shoe industry, transforming itself from a \$12 million a year company to a \$3 billion power house. These diverse skills, knowledge and challenge pose contribute to formulation and implementation of most appropriate strategies. These efforts would contribute to the achievement of organizational goals like productivity, profitability, market share, cost leadership and the like. Organizations found that diversity improve productivity and provided a competitive edge at the marketplace. Diversity contributes to competitiveness through attraction of resources, creation and innovation, harmony, cost savings, marketing, problem solving skills, flexibility and adaptability and formulation of appropriate strategies.

**Attraction of Resources:** Diversified workforces bring varied knowledge about the availability of resources in terms of quality, price, and delivery from different countries. These diverse employees provide this information along with sources, networking and authenticity. Management in turn can make use of this knowledge and:

- Procure best quality of resources,
- Appropriate quality of resources at low price,
- Improve delivery schedules, and
- Develop new network for resources.

Examples in this regard include, University of Papua New Guinea's Bookshop could import the Indian textbooks and acquired the advantage of low price based on the information provided by the author. Employee referrals are another example, which helped many MNCs, particularly software companies in acquiring the best qualified employees at less cost of recruitment and at a fast rate.

Further, people spread the message about the MNCs best practices, when MNCs recruit manpower exclusively based on the merit and suitability. This message would further help MNCs to secure the best talent in the years to come.

**Marketing Advantage:** Diverse workforce with varied economic backgrounds understand the tastes and preferences of customers of all income brackets. Similarly, the diverse workforces from different religions understand the needs of the customers from varied religions. This is more applicable for the food industry, hotel industry and tourism industry. Hotels like Holiday Inn and Crowne Plaza attract the employees from different countries and religions. Similarly, food processing industry, particularly targeting Indian market attract the employees belong to 'Hindu' religion. And, food processing industry targeting Arabian markets attract employees from 'Muslim' religion. Caterers for Airlines companies invariably, appoint candidates from the major religions. In addition, MNCs attract candidates for different countries for their research and development departments, in order to draw the cultural knowledge of various countries while developing products.

**Problem Solving Skills:** Problem solving skills include diagnosing the problem, developing alternatives and selecting the best alternative. People with varied backgrounds come up with unique knowledge and therefore they can diagnose the problem from their angle reflecting their unique knowledge. For example, Mudra Communications Limited invites all employees including cleaners and office-boys while developing an 'advertisement' and ask everyone to criticize it. The company modifies its advertisements based on the comments of the cleaners also in the company. In fact, these modified advertisements were quite effective.

The diversity of the workforce also helps in developing alternative solutions to the problem based on their background. In fact, Indian doctors in American hospitals were quite efficient in diagnosis as well as suggesting

alternatives based on their knowledge at home. Thus, more diversity results in a higher probability of identifying the problem correctly and developing better solutions to the problem identified.

**Flexibility and Adaptability:** Employees those are selected exclusively based on the talent by MNCs and posted in a country other than their home country, invariably start adapting themselves to the environment and situations. Later, they would be habituated to adapt themselves to the changing organizational requirements, requirements of the superiors, and situations. Later they become flexible towards various organizational systems like technology, manufacturing, marketing and human resource. This flexible and adaptable nature of the workforce enables the MNCs to formulate and implement strategies based on environment as human resource would not hinder the strategic management process. Thus, workforce diversity allows the organization to respond to the environmental demand aptly.

**Harmony:** Diversified workforces mostly do not stick to parent ego. They respond to other's ego and normally are either in adult ego or in child ego as studied in 'Transactional Analyses' of "Organizational Behaviour" course/subject. Therefore, picking up a conflict in diversified workforce environment would be remote. Further, the purpose for expatriates living and working in a foreign country is not to acquire political power, but to serve the organization and achieve career goals. Therefore, diversified workforce, mostly avoids conflicts and disputes at workplace and strives hard to bring about harmony and creates congenial working relations.

**Cost Saving:** Diversity in workforce would be the result of best human resources from various countries, irrespective of home country nationals or host country nationals' considerations. Therefore, most of the employees of MNCs in diversified workforce environment would be expatriates, whose major concern in a foreign country is full commitment to the job. This in turn results in increase in productivity. Further, the best talent contributes to the cost minimization in all spheres including sourcing the resources at cheaper prices, bringing innovations and the like. These measures ultimately result in performing at the lowest possible cost and thereby increase the profit margin significantly.



**Creation and Innovation:** MNCs, under geocentric/global approach to recruitment acquire the best human resource worldwide. This best talent would generally possess innovative and creative skills contributing to development of new products, new systems, new technologies, new customer needs and new markets. For example, Tixana an Australian company found commercial uses for fibre by- products of tofu and could produce a range of health food snacks now marketed worldwide. This could happen due to its diversified workforce.

**Appropriate Strategies:** Workforce diversity brings experienced, broad-minded and talented personnel. In addition, it brings wide arena of knowledge about markets, products, customer needs and culture, economic and technological factors, government policies, political issues, social systems and natural factors. Employees with such wide area of knowledge, coupled with full organizational commitment formulate most appropriate strategies for MNCs.

### **Diversity Brings Multi-Ethnic Unified Society**

Employment of human resources exclusively based on suitability to the job results in multi-ethnic society at the workplace. People from different countries, from different religions, different races and different cultures form the workforce of MNCs. These employees develop working relations and later develop social relations among themselves. They respect each other's religion; culture and ethnic group, develop a common society bringing forth a common culture. People share and exchange their social and cultural values and practices, and build a common society, where people from diversified culture live in harmony. Thus, diversity forms a unified society out of multi-ethnic and diverse societies. This unified society builds social relations at workplace and helps generate 'unity among diversity' to the organizational culture.

### **Diversity Enables Efficient Implementation of Organizational Strategies**

Multi-cultural society has been replacing the 'mono-cultural' society and multi-thinking business environment has also been replacing 'mono-thinking' and self-centred business environment in MNCs mostly due to diversified workforce. Multi-thinking environment at workplace enables employees to analyse a problem from multiple angles based on multiple backgrounds. In fact, employees discuss the problems/opportunities with an open mind and mostly on the merits of the case rather than based on a

preconceived notion or prejudice. This approach, invariably, brings the collaborative approach not only in strategy formulation, but also in strategy implementation. This approach also develops a mind-set conducive to efficient management and leadership. In other words diversity nullifies ego- centred and male-dominated situations and encourages soft approach based on soft-skills in directing and leading the people, developing collaborations and team based organizations.

These approaches and developments caused by workforce diversity enable MNCs to solicit unconditional and voluntary cooperation of men and women in implementing various strategies including organizational change efforts. In fact, it is found that the diversified workforce invite MNCs to bring about changes in different areas of the organizations.

### **Diversity Repels 'Undesirable Unity' among Employees**

Employees used to form strong trade unions in mono-cultural societies and question management's authority in making organizational decisions that affect them even indirectly. There were numerous instances, where MNCs could not implement their strategies, when they followed polycentric approach, i.e., employing mostly from host country nationals. The current phase of globalization enables MNCs to opt for geocentric/global approach towards recruitment, i.e., employing the best from any country in the world. Workforce diversity caused by geocentric approach, made the employees to build careers based on individual strengths, skills and talents rather than based on the strength provided by trade unions. Therefore, the diversified workforce has no interest in trade unions. Rather, they are interested in helping MNCs in achieving the mutual goals of themselves and their employers.

### **Challenges of Diversified Workforce**

Workforce diversity along with strengths brings a few weaknesses. Now, we discuss the weaknesses associated with the diversified workforce.

- **Potential Source of Conflict:** Cultural diversity when poorly managed, can lead to a host of problems, such as higher turnover among newly hired women and minorities, low morale and instances of inter-group conflicts.



- **Misunderstandings and Perceptual Differences:** Diversity in workforce mostly results in misunderstanding caused by perceptual differences. Perceptual differences in diversified workforce are mostly due to diversified cultural backgrounds. Inappropriate jokes, gossips, and customer concern regarding sex, religion, and ethnic groups also cause conflict. Further, prejudices towards a particular religion or ethnic group also paves way for conflicts.
- **Delay in Decision-Making:** Cultural differences cause the employees to take more time to understand the viewpoints of others, cultural association for views and as well as development of alternative solutions. Further, employees express varied views and suggestions based on their background. Therefore, they take more time in evaluating alternatives and in selecting the best. Thus, the entire decision-making process takes more time in multi-cultural environments compared to mono-cultural set-up.
- **Communication Distortions:** Workforce diversity results in communication distortions in terms of (i) language due to wide differences in pronunciation, accent and punctuation; (ii) social barriers in terms of the way of understanding in varied social contexts; (iii) psychological barriers as perception and motivational approaches vary from one culture to the other and (iv) semantic barriers as different cultures use different words in the same context. For example, Indians use the word 'we meet later' and Australians and Papua New Guinea use 'we catch up later' to mean the same thing.

**Implications:** The above analysis clears that workforce diversity provides relatively more and concrete strengths compared to its weaknesses to an organization. Therefore, organizations should manage workforce diversity in such a way that the strengths are enriched and the weaknesses are minimized.

## 2.7 VIRTUAL ORGANISATION AND BEHAVIOURAL IMPLICATIONS

There is a footwear company. But it does not produce footwear. Small industries in Kanpur, Kharagpur, Tamil Nadu, etc., produce shoes for this company. Company's executives prescribe the shoe designs, models, specifications etc., and communicate the same to the small industries through internet. Shoe Company's quality control inspectors inspect the quality of the shoes produced by the small industries and certify them. This company does not sell the shoes to the customers. But the shoe retailing shops throughout the country sell this company's shoes. Transport Corporation of India transports the shoes for this company from the manufacturing points to the retailing outlets. Comic Ads advertises for this company. Thus, several agencies perform various business functions of this company which are connected by different electronic devices like phones, mobile phones, internet, etc. This company is called virtual organization.

Virtual organisation, according to Biswajeet Pattanayak, is a "social network in which all the horizontal and vertical boundaries are removed. It consists of individuals working out of physically dispersed workspaces, or even individuals working from mobile devices and not tied to any particular workspace. It is the coordination intense structure, consisting primarily of patterns and relationships, and this form needs the communication and information technology to function."

Virtual organization is an organization that exists in the minds of stakeholders, as a network or alliances of independent companies that collaboratively pursue a particular business.

Business Week describes virtual organization as follows:

**Technology:** Virtual partnerships are based on electronic network among independent companies, sometimes located in different places.

**Excellence:** Virtual partnerships draw on the core competencies of each member to create and deliver the best final product and/or service – like medical services.

**Opportunism:** Virtual organization is based on opportunities available. Once, the opportunities disappear some or all the partners may separate from the network/strategic alliance.

**Trust:** Partner companies of virtual organization build and maintain network based on mutual trust and confidence.

**No Borders:** Partners of the virtual organization, with their complex network of relationships, make it hard to identify the boundaries among themselves.

**Virtual Workplace:** People/employees of various partners of virtual organization, sometimes may not have a common workplace. They can work from any place and coordinate their activities through internet. Telecommuting/tele-work is quite common in virtual organizations.

**Characteristics of Virtual Organisations:** Characteristics of virtual organisations include:

- ★ Flexi-work, Flexitime and Flexi-workplace
- ★ Part-time work
- ★ Job sharing
- ★ Home-based working
- ★ Dependency on information technology like e-mail integration, voice-mail, mobile phone network, computer-telephony integration, etc.
- ★ Loose organizational boundaries
- ★ De-jobbing
- ★ Multi-skilling
- ★ Flexibility in power, work, etc.
- ★ Goal directed
- ★ Customer centred.

### **Virtual Organisations and Behavioural Implications:**

Behavioural implications and trends in virtual organisations include:

- ★ Organisation's human resources are the loose web of people;
- ★ Knowledgeable people are hired for short-term projects depending upon market demand;
- ★ Employees have autonomy at work but are accountable to the targets, performance etc.;

- ★ Employees can work from their homes (home-cum-office) or from any other place as such social and work environment do not draw much attention of HR Manager;
- ★ Career planning and development are based on projects;
- ★ Employees are selected based on not only technical skills but their ability to work in teams; and
- ★ Emotional and attitudinal quotient (EAQ) is the prime factor in employee selection rather than intelligence quotient (IQ).

**Employees' Features in Virtual Organisations include:**

- ★ Self-motivation, adaptability, self-commitment, effective communication, goal/result-orientation, technical competency, multi-skills, etc.;
- ★ Employee performance is managed based on three dimensions, viz.;
- a. Setting performance standards/requirements;
- b. Facilitating performance by providing required facilities, resources, eliminating obstacles etc.;
- c. Encouraging the employees to perform successfully; and
- ★ Create a network of employees and enable them to create and share information and knowledge.

## 2.8 LEARNING ORGANISATIONS

Organisations are congregation of individual employees and other human resources. Organisations learn and acquire the knowledge as the individual employees do. In fact, organisations learn through the learning of their employees. Organisational learning output is the synergetic outcome of individual learning of all employees working in an organisation. Organisational learning is as old as organisations. But it is signified after the globalisation.

**Need for Organisational Learning:** Organisational learning is highly essential due to the following reasons:

- ★ Organisational activities like manufacturing, marketing, etc., have become more intellectual;
- ★ Recognition and acceptance of knowledge as a competitive advantage;
- ★ Rapid change and complex nature of business environment especially after globalisation;
- ★ Cultural unification and globalisation of culture;
- ★ Increased customer awareness regarding his/her rights;
- ★ Increased competitiveness of the business due to liberalization and globalisation;
- ★ Change in employees' attitude towards change and adaptable organisations; and
- ★ Increased pace of innovations, creations and outcome of research and development.

Organisations learn by creating conducive environment for knowledge acquisition, knowledge sharing, knowledge creation and development through discussions, interviews, brainstorming, etc. Learning organisations are open systems. They allow the multi-way flow of information and knowledge. They encourage the employees to apply the knowledge and

improve the products, existing systems, serve the customer better and achieve the organizational goals.

### **Conclusion**

Behaviour of individuals, groups and organizations unlike in the past, now, is influenced by various factors as discussed above. These factors like globalization, drivers of globalization, social systems, religions and cultural shape the behaviour. These factors in addition create opportunities to shape the behaviour as required by organizations for the achievement of their strategies. However, these factors do also pose challenges as the behaviour of individuals may vary at times and would become a hindrance towards the achievement of organisational strategies. Therefore, managements should understand these factors in order to reduce the challenges and maximise the opportunities.

## 2.9 SUMMARY

- ★ Interdependency and integration of individual countries of the world may be called as globalisation. Thus, globalisation integrates not only economies but also societies.
- ★ Various economies including the former communist and socialist countries opened their economies to the rest of the globe.
- ★ Technological change is amazing and phenomenal after 1980s.
- ★ Total quality is a people-focused technique aiming at continuous increase in customer satisfaction at continually lower cost.
- ★ Behaviour of individuals, groups and organizations is shaped by not only the process of globalization, but also by the shifting social systems.
- ★ Hofstede explained culturally based value systems as comprising four dimensions viz., power distance, uncertainty avoidance, individualism and masculinity.
- ★ Business firms, after evaluating the influence of cultural variations on business practices and processes should decide the nature and degree of adjustments necessary.
- ★ People with different cultural backgrounds behave differently even at the workplace.
- ★ Workplaces in MNCs today are highly diversified with the employees of different countries, different age groups, religions, races, ethnic groups, colour and gender.
- ★ Though, there is increase in the number of women employees in MNCs, they concentrated in the lower level jobs. But, they could not rise to managerial jobs.
- ★ The current phase of globalization, aim at the growth and development of world economies in a balanced way in order to liaise the employment opportunities and living standards of the world population.

- ★ Diversified workforce brings talents, skills, knowledge and expertise that invariably bring core competencies and sometimes distinctive competency and thereby competitive advantage to the company.
- ★ Problem solving skills include diagnosing the problem, developing alternatives and selecting the best alternative.
- ★ Virtual organization is an organization that exists in the minds of stakeholders, as a network or alliances of independent companies that collaboratively pursue a particular business.

## 2.10 SELF ASSESSMENT QUESTIONS

1. What is globalization and its process?
2. What are the drivers of globalization that fasten the process?
3. Discuss various social systems that influence the individual, group and organizational behaviour.
4. Explain various religions and their influence on organizational behaviour.
5. What is cultural diversity? Discuss the factors that contribute to the diversified cultures of the workplace.
6. What are the opportunities that an organisation can enjoy from cultural diversity? What are the challenges that an organization faces due to cultural diversity?



## **REFERENCE MATERIAL**

Click on the links below to view additional reference material for this chapter

[Summary](#)

[PPT](#)

[MCQ](#)

[Video Lecture - Part 1](#)

[Video Lecture - Part 2](#)

[Video Lecture - Part 3](#)

## Chapter 3

# Values, Attitudes, Emotions, Moods And Job Satisfaction

### Objectives

After studying this Chapter, you should be able to:

- ★ Understand the meaning, significance and values;
- ★ Analyse the values in different cultures;
- ★ Explain the meaning of attitudes and functions of attitudes;
- ★ Comment on the changes in attitudes and enabling factors;
- ★ Explain the theory and meaning of job satisfaction; and
- ★ Analyse the factors affecting job satisfaction.

### Structure:

3.1 Values

3.2 Attitudes

3.3 Emotions and Moods and Emotional Intelligence

3.4 Job Satisfaction

3.5 Summary

3.6 Self Assessment Questions

### 3.1 VALUES

Most of the Westerners consume beef which is personally and socially preferable by them. Indians, particularly Hindus, do not normally consume beef as the basic conviction is that cows are God and they give milk. This basic conviction is personally and socially preferable to Hindus because it is the value of Hindus treating the cow as a sacred animal that dissuades them from consuming beef.

One of the food processing companies defends its action of using apple essence rather than actual apple in its products as the action results in less cost and competitive advantage. This company says: "earning profit by any means is our value." This company believes that the end state of earning profit for existence is its value. These two examples give you a general idea of what value is? Now, we shall discuss the formal definition of value.

#### **Meaning of Values**

Rokeach defines values as "basic convictions that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end state of existence."

We can draw the characteristics of values based on this definition.

They are:

- ★ Values contain a judgmental element.
- ★ It carries individual or group ideas regarding which is good, is bad and which is preferable.
- ★ Conduct or end-state of existence is important as it has content attributes.
- ★ It also has an intensity attribute which specifies how important the conduct or end-state of existence is.
- ★ Individual's value in terms of intensity can be ranked, which is called value system.

## **Value System**

Value system is a hierarchy based on the ranking of an individual's value in terms of their intensity. This system is identified by the relative importance assigned to such values as freedom, pleasure, self-respect, honesty, obedience and equality. Values tend to be relatively stable and enduring.

## **Significance of Values**

Values play a significant role in organisational behaviour. Values are the basis for the study of:

- ★ Attitudes,
- ★ Perception,
- ★ Motivation,
- ★ Morale,
- ★ Formation of preconceived notions, and
- ★ Satisfaction and frustration

Values indicate the preferred behaviour of the employee in the organisation over others. (see Box 3.1) For example, organisations prefer the employees to be innovative and creative on the job rather than doing the routine work. Similarly, organisations prefer the employees at work during the working hours and not in the canteen. This value system indicates how the employees should behave.

**Box 3.1 Traditional Values Keep TATAs' Going....**

The redoubtable Ratan Tata was awarded the Outstanding Businessman of the Year award by the Mumbai-based Indian Merchant Chamber. Ratan Tata not just runs one of the biggest and most professional groups in the country, but he also has managed (God knows how) to keep the legendary Tata values alive. Indeed, over the past three years, Tata has been constantly raising the bat across group companies, disbanding cliques, pushing senior executives to do better, and focusing on shareholder value. Tata has been continuing the same old values set from the very inception. The maximum concern of values include maximisation of shareholders' wealth, giving maximum value to the customers for their money, giving the society back its due share and acting as a good corporate citizen. One of the most spectacular effects of that is the turnaround at Tata Steel, which made Ratan proud by recently bagging the National Award for Excellence in Corporate Governance. Tata's maxim: Compete on a global basis.

(Source: Ratan Tata, Chairman, Tata Group, Business Today, April 21, 2001.)

Values influence attitudes and behaviour.<sup>4</sup> Normally employees view that promotions are based on either merit or seniority or merit- cum-seniority. But the employees tend to be frustrated when they know that the promotions in an organisation are based on reservations.

Thus, the values help to form attitudes, perceptions, morale and determine employee behaviour in an organisation.

**Sources of Values**

Sources of values include self, family, society, religion, culture, network of relationships and organization.

**Self:** Individuals' self is a source of values. Individuals' hereditary characters influence in forming, believing and implementing values. Individuals believe certain values as right of doing things. They follow them.

**Family:** Family is an institution where individuals share opinions, experiences, beliefs and attitudes. These sharing influence individuals in modifying the values they possess, or forming new values. Elders of the family like mother, father, grandparents, elder brothers and sisters influence in forming or modifying already held values. In fact, some times

the younger members of the family also influence in forming or modifying the existing values.

**Examine the Family Values from the following picture:**

**Influence of younger people in a western family in forming new values.**



**Source: [www.yahoo.com](http://www.yahoo.com) (acceded on 28/07/2012).**

**Society:** Society is a major institution where a number of individuals, families, castes, tribes and communities interact with each other. In fact, individuals of one caste/tribe interact with that of another and so on so forth. They learn and unlearn from each other. These interactions, learning and unlearning processes help to form values and modify already held values.

**Religion:** Religion is a critical institution that helps, enforces and re-enforces the formation and modification of already held values. A detailed analysis is presented with regard to religion and values in “Religious Values and Behaviour” section in this chapter.

**Culture:** Culture is, “the thought and behaviour patterns that member of a society learns through language and other forms of symbolic interaction — their customs, habits, beliefs and values, the common view points which bind them together as a social entity.... Cultures change gradually picking up new ideas and dropping old ones, but many of the cultures of the past have been so persistent and self contained that the impact of such sudden

change has torn them apart, uprooting their people psychologically.” Characteristics of culture are:

Culture is:

- ★ derived mostly from the climatic conditions of the geographical region and economic conditions of the country.
- ★ a set of traditional beliefs and values which are transmitted and shared in a given society.
- ★ a total way of life and thinking patterns that are passed from generation to generation.
- ★ norms, customs, art, values etc.
- ★ **Prescriptive:** It prescribes the kinds of behaviour considered acceptable in the society. It limits product choices to those which are socially acceptable. For example, consumption of alcoholic drinks is acceptable in the West, but it is not socially acceptable in India and it is socially and legally unacceptable in Saudi Arabia. Similarly, smoking is medically unacceptable even in the USA — in the recent times.
- ★ **Socially Shared:** Culture is based on social interaction and creation. In fact, it is out of necessity. For example, child marriages in India during the 18th and 19th centuries were meant to protect the teenage girls. Chinese parents, at one time preferred their female children to have small feet. The practice of the Sikhs wearing turbans and keeping a knife was originally out of the necessity of protecting themselves from the invaders from other countries.
- ★ **Learned:** Culture is acquired through learning but not inherited genetically. If a person absorbs or learns the culture of the society where he is raised, that learning is called socialization or enculturation. However, some people learn the culture of the society other than the one in which they are raised. Such learning is called ‘acculturation.’ The societies of Asian and African countries complain that their cultures are being contaminated by the Western influences.

- ★ **Subjective:** Culture is subjective in the sense that people of different cultures have different ideas about the same object. Regarding the object of marriage the parents of the bridegrooms in many countries offer money (dowry) to the parents of the bride whereas the situation in India is quite opposite. This is because, the parents of bridegrooms in other countries pay dowry as a compensation for raising the bride while the parents of bride in India pay dowry to the bridegroom to meet the expenses of establishing a new family. Japanese human resource management culture is based on employee loyalty to the organization and life-time employment and life-time employability.
- ★ **Cumulative:** Uncertainty of rains, crop and thereby income in developing countries over the years resulted in the culture of saving for to the next year. Thus, culture is based on the accumulated circumstances over the hundreds or even thousands of years.
- ★ **Dynamic:** Culture is not immune to change. It goes on changing. New ideas are added and old ideas are dropped. The present generation youth want to become slim. Therefore, they reduced fat contents in all the food items unlike the previous generations. Further, the present generation youth would like to work smart but not hard unlike their parents. Japanese tastes have been changing from rice and fish to meat and dairy products.

Indian housewife never allowed her family members to eat in hotels/ restaurants 25 years back. But the present day housewife prefers to eat outside along with the entire family at least once in a week.

**Network of Relationships:** Network of relationship among people enable for formation and modification of already held values. It works as a powerful tool in this regard.

**Organisation:** Organisation is a group of groups, teams, individuals and institutions. Interaction among these and sharing of knowledge, values, attitudes, opinions and experiences help in forming and re-forming of values.



## Types of Values

Values which influence different areas of behaviour are classified into terminal values and instrumental values by Milton Rokeach in his Rokeach Value Survey.

- ★ Terminal values refer to desirable end-states of existence. Individuals would like to achieve these values during his/her lifetime.
- ★ Instrumental values refer to preferable modes of behaviour or means of achieving the terminal values.

Exhibit 3.1 presents the terminal and instrumental values in this survey.

<b>Exhibit 3.1 Terminal and Instrumental Values in Rokeach Value Survey</b>	
<b>Terminal Values</b> A comfortable life (a prosperous life) An exciting life (a stimulating, active life) A sense of accomplishment (lasting contribution) A world at peace (free of war and conflict) A world of beauty (beauty of nature and the arts) Equality (brotherhood, equal opportunity for all) Family security (taking care of loved ones) Freedom (independence, free choice) Happiness (contentedness) Inner harmony (freedom from inner conflict) Mature love (sexual and spiritual intimacy) National love (protection from attack) Pleasure (an enjoyable, leisurely life) Salvation (saved, eternal life) Self-respect (self-esteem) Social recognition (respect, admiration) True friendship (close companionship) Wisdom (a mature understanding of life)	<b>Instrumental Values</b> <b>Ambitious</b> (hardworking, aspiring)
(Source: M. Rokeach, The Nature of Human Values (New York: The Free Press, 1973).	

It is confirmed by different studies that Rokeach Value Survey's values vary among groups. People in the same occupations or categories tend to hold similar values. Exhibit 3.2 presents mean value ranking of executives, union members and activists.

### **Shalom Schwartz's Value Classification**

Shalom Schwartz classified values under four major categories viz., openness to change, conservation, self-transcendence and self-enhancement. Openness to change implies that a person thinks differently, innovatively and creatively. The person is self-motivated, self-stimulated, excited and self-directed. Conservation is opposite to openness to change. Conservation indicates that a person prefers status quo and he/she maintains conformity to social values, norms and expectations, security (safety and stability) and tradition (preservation of status quo). Self-transcendence refers to promotion of welfare of others and nature. It indicates the benevolence (concern for others) and universalism (concern for all people and nature). Self-enhancement is opposite to self-transcendence and it indicates that a person is motivated by self-interest (achievement of personal goals) and acquiring power to dominate others. These values are applicable to individuals as well as for organizations.

### **Value Congruence**

Value congruence is the situation where the values of two units are similar. Normally, personal values of individual employees and organizational values vary. Employees under such situations have various options like tendering job resignation, modifying personal values to suit organizational values and influencing the top management/ strategic managers of the organization to change the organizational values to suit to individual personal values of majority of the employees. The last two options result in value congruence.

Mr. Pratap has joined as the procurement officer of South- Pacific International Hospital in June 2009. He is from a traditional Hindu family from Bangalore and has grown in a traditional society and developed a value of honesty and non-corruptive. In other words, he never offered bribing to others as well as he never accepted any kind of bribe, whatsoever. He faced a conflicting value situation when he imported medical equipment for his hospital from India. The operations manager, his superior, informed him the value of custom officials is that they release the medical equipment in one month, if no bribe is offered and alternatively, they release the medical equipment in 24 hours if appropriate bribe is offered. Therefore, the South-Pacific Hospital offers bribe to custom officials in the airport in order to get the medical equipment released in 24 hours in order to save the lives of patients who are in critical condition. Mr. Pratap changed his value after evaluating the nature of the company where

he is currently working and knowing a few situations where the patients died in the past when the South-Pacific International Hospital followed the value of non-corruption. This shift to suit the individual values to suit to the organizational value is called value congruence. Individual values and organizational values mostly differ. As many as 76% of executives in a study expressed that conflicts between their values and organizational values exist. The prospective managers in a study indicated that they will have to take business decisions that conflict with their individual values so as to safeguard organisational interests.

### **Values in Different Generations**

Values vary from generation to generations as the people of a particular generation carry the values that are prevalent at that time. These variations in values among people of different generations lead to value conflict in families as well as at workplace. Values among different generations are grouped under four categories by researchers. These groups include: Veterans, Boomers, Xers, and Nexters. Now, we discuss the values of these generation categories.

**Veterans:** People born during the great depression of 1929 to 1933 and during the World Wars and entered employment during 1950s are called Veterans. Work values of this group of people include hardworking, conservative, rule-minded, confronting to follow rules and standards, and loyalty to the organization.

**Boomers:** People born after the World War-II when the veterans returned to their families after the War are called Boomers. These people entered employment from mid 1960s to mid 1980s. The work values of these people include concentration on goal achievement, success, achievement – orientation, loyalty to the career rather than organizations and like autonomy and freedom rather than authority.

**Generation Xers:** These people born during 1965 to 1980 and entered employment during 1985 to 2000. These people have grown along with TV culture, computers/ information technology, globalisation, dual career parents missing parental attachment. These people have grown under free environment and team-orientation. Values of this generation include work-life balance, team-orientation, emphasis on freedom, dislike rules, loyalty to the profession and emphasis on relationships.

**Nexters:** These people born after 1980s and entered employment during 2000s. This generation is also called Millennials and Generation Yers. Work values of these people include confident, emphasis on financial success, loyal to those careers that yield high financial returns, self-reliant and team-orientation to achieve results/ organizational goals and loyalty to both self and relationships.

### **Values and Ethical Behaviour**

Values is the basic convictions that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end state of existence. Ethics is referred to as "moral, good, right, just and honest. Ethical standards are referred to as the principles or ideals of human conduct. Value is a form of ethics influencing ethical behavior. Ethics implies good character and morality and refers to generally accepted human character and behaviour considered as a desirable by contemporary society.

### **What is Business Ethics?**

What is ethical and unethical in general society may not be the same in business as the latter operates in different environments. Business ethics is "concerned primarily with the relationship of business goals and techniques to specific human needs. It studies the impact of acts on the good of the individual, the firm, the business community and the society as a whole. "Business ethics study the special obligations that a man and a citizen accept when he becomes a part of the world of commerce". Business ethics are the norms and moral values of human behaviour desired by the contemporary society exclusively and inclusively dealing with commercial transactions. These definitions on business ethics are not comprehensive but they provide an idea of what business ethics is. In fact, defining the term business ethics comprehensively is very difficult.

Criteria of business ethics include criteria of optimum, criteria of truth, criteria of charity and compassion and criteria of trust and cooperation.

### **Criteria of Optimum**

It is viewed, in the recent times, that business ethics should propose an optimum mix of values taking into consideration real life situations. The greed of human beings in general, and business people in particular, needs to be controlled.

### **Criteria of Truth**

Another universally accepted ethical principle is speaking and presenting the truth. However, Indian tradition exempts from strictly speaking the truth, if it adversely affects the greatest number of people and or the basic life of even a few people. Speaking truth, in its turn emphasize transparency in business and honesty in carrying out business transactions.

### **Criteria of Charity and Compassion**

Charity and compassion are regarded as essential ethical values by various major religions like Buddhism, Christianity, Islam and Hinduism. Though capitalist markets do not believe in these values, organizations in practice, particularly in India, are more concerned with these ethical values.

### **Criteria of Trust and Co-operation**

The values of trust and cooperation should be deep rooted and spread in all directions of the business in order to run the business prudently and with care. Adaptation of these values enhances business efficiency, trust of the customers and all other stakeholders of a business organization.

### **Conflicts Between Business Ethics and Individual Values**

Individual values and business ethics vary quite often. These variations result in conflicts in employee behavior as well as organizational behavior. For example, organizations expect employees to be loyal to the organization in order to maximize employee contribution where as the individual values of employees today are loyal to careers, loyal to professions and loyal to those careers that yield high financial returns. This situation invariably results in conflict between individuals and organization.

Individual values are influenced by the values of the religion to which an individual is affiliated. Now we study the values of major religions.

### **Religious Values and Behaviour**

Though there are a number of religions in the world, four religions are widely believed and followed by majority of the people viz., Christianity, Islam, Hinduism and Buddhism. The impact of religions on business is mostly in developing attitudes of people towards work, product/service price fixation, entrepreneurship and cost of doing business.

**Christianity:** Christianity is the major religion in the world and is the monotheistic religion (i.e., belief in one God). The major branches of Christianity include the Roman Catholic Church, Orthodox Church, and the Protestantism. According to Max Weber, there is a relationship between Protestantism and the spirit of capitalism. According to him, Protestant ethics emphasises the importance of hard work and creation of wealth as God feels happy when wealth is created. Protestants also believe in reinvesting wealth for further development of wealth rather than consume it for a long run benefit. Thus, hard work and further investment of wealth led to the emergence of capitalism and economic development in Western Europe and at a later stage in the United States of America. According to Weber, business leaders, owners of capital, high skilled labour, technically and commercially trained personnel of modern enterprises are Protestants.

Weber felt that Catholics did not contribute to the same level of economic development like Protestants as the former promise of salvation in the next World. Further, the individual religious freedom provided by Protestants paved the way for individual economic, social and political freedom and emergence of entrepreneurial behaviour.

**Islam:** Islam is the second largest religion and is a monotheistic religion. According to Islam, those who pursue riches on the earth may gain them, but those who forego worldly ambitions to seek the favour of Allah may gain the greater measure i.e., entry into Paradise. Islam is an all-embracing way of life governing the totality of Muslims. Economic Principles of Islam are pro-free enterprise. The Koran approves doing business and earning legitimate profits. Islam asserts that all property is a favour from Allah and those who hold property, are regarded as the trustees who are entitled for receiving profits. They have to use the property for righteous and socially beneficial purposes. Thus Islam reflects social justice. Islam is in favour of international business as long as these business houses do their business consistent with Islam ethics. Islam prohibits the payment or receipt of interest. But it allows for sharing of profit of the borrower or mark-up the loan amount. Thus Islam more emphasizes on trusteeship rather than behavior of personal economic gains.

**Hinduism:** Hinduism is the oldest religion in the world. Hindus believe that they should conduct themselves in an ethical way in order to protect the morals of the society called dharma. They believe in that God protects those who protect dharma. Hindus also believe Karma principle which states that how ethically a person conducted activities during his/her previous incarnations determine his/her activities in the present lifetime. According to Hinduism, an individual can eventually achieve nirvana (a state of complete spiritual perfection that render reincarnation no longer necessary). Hindus believe that one should channel all his/her efforts towards spirituality ignoring material benefits in order to attain nirvana as materialism is temporary and only nirvana is permanent spiritually. In other words material achievement cannot be carried over to next incarnation and only spiritual achievement would be carried over to the next incarnation. Material achievements are necessary only to lead normal life like food, clothing and shelter. People should be contented after achieving material for leading normal life.

Max Weber argued that ascetic principles embedded in Hinduism do not encourage the entrepreneurial activity in pursuit of wealth creation found in Protestants. According to Weber traditional Hindu values emphasise that individuals should be judged by their spiritual activities and achievements but not by their materialistic achievements. Therefore, pursuit of material well-being would be a hindrance for attainment of nirvana. As such Hindus, traditionally, were less likely to engage in entrepreneurial activity than Protestants. However, the current young generations, view a different meaning of Hinduism as Protestants of Christianity did quite earlier. This different meaning is that, 'work is worship' and one can attain nirvana through the path of Karma Yogam (by working hard and mastering the activity in which one is engaged). With this different approach, entrepreneurial activity has picked-up in India particularly after globalisation.

**Buddhism:** Siddhartha Gautama – An Indian and Hindu prince founded Buddhism in the sixth century B.C. According to Buddhism life is comprised of suffering and misery is everywhere. Buddhism suggests for systematically following the Noble Eightfold Path i.e., right seeing, thinking, speech, action, living, effort, mindfulness and meditation. Though, Buddhism does not advocate ascetic behaviour, it emphasis spiritual achievement rather than material achievement. Therefore, Buddhism also



does not support entrepreneurial activity compared to the Protestantism. However, it would provide as base for entrepreneurial activity.

**Confucianism:** Confucianism was founded in the fifth century B.C. It is popular in China, Korea, Japan and Taiwan. It emphasises on right action for attainment of salvation. Three main aspects of Confucianism include loyalty, reciprocal obligations and honesty in dealing with others. Loyalty to superiors and elders is regarded as a sacred duty and absolute obligation, which makes human resource management less complicated. Reciprocal obligations make the management to reward the loyal employees adequately. Otherwise, the loyal employees may not continue their loyalty to the superior. China's culture of Guanxi is a network relationship supported by reciprocal obligations. Japanese employees are loyal to employers and employers in turn provide lifetime employment.

Confucianism also emphasises that honest behaviour is essential in all transactions. Though the dishonesty pays in the short run, it produces negative results in the long run. Companies that trust each other and deal in honest transactions prosper in the long run. Companies under Confucianism societies honour contractual agreements and obligations. Japan gains competitive advantage partially due to the business culture embodied in the Confucianism.

### **Individual Values and Behaviour in Business Organisations**

Critical objective of almost all business organizations is profit/ wealth maximization and as such they expect employees to exhibit profit-centered behavior. But employees may have different values based on their religion and social group. For example, a multinational company in India expects employees to work efficiently to maximize job performance. But the employees belong to Orthodox Hinduism may have the value of contentment and contribute only to the extent of earning salary enough to meet basic needs. Business organizations resorting to profit maximization by any means including unethical and corrupt practices encounter contrary behavior from its employees who are strong believers of values of various religions like Hinduism, Christianity and Buddhism.

### **Values in Different Cultures**

Cultures vary from country to country due to variations in climatic conditions, economic conditions, physical security issues and the like. Culture, in turn, influences the formation, development and maintenance of



values. Since the cultures vary across the globe, values also vary accordingly.

**Exhibit 3.2 Mean Value Ranking of Executives, Union Members, and Activists (Top Five Only)**

Executive		Union Members		Activists	
Terminal 1. Self-respect 2. Family 3. Freedom 4. A sense of accomplishment 5. Happiness	Instrumental 1. Honest 2. Responsible 3. Capable 4. Ambitious 5. Independent	Terminal 1. Family security 2. Freedom 3. Happiness 4. Self-respect 5. Mature love	Instrumental 1. Responsible 2. Honest 3. Courageous 4. Independent 5. Capable	Terminal 1. Equality 2. A world of peace 3. Family security 4. Self-respect 5. Freedom	Instrumental 1. Honest 2. Helpful 3. Courageous 4. Responsible 5. Capable

**(Source: M. Rokeach, The Nature of Human Values (New York: The Free Press, 1973).**

Geert Hofstede surveyed more than 116,000 IBM employees in 40 countries about their work-related cultures. He classified the values into five categories based on his survey. They are: power distance, individualism vs. collectivism, quantity of life vs. quality of life, uncertainty avoidance and long-term vs. short-term orientation.

- ★ **Power Distance:** It is a national culture attribute describing the extent to which a society accepts that power is distributed unequally in institutions and organisations. Equal power distribution is called low power distance and extremely unequal power distribution is called high power distance.
- ★ **Individualism vs. Collectivism:** Individualism is the degree to which people in a country prefer to act as individuals rather than a member of a group. Low individualism is collectivism.
- ★ **Quantity of Life vs. Quality of Life:** Quantity of life is the degree to which values like assertiveness, the acquisition of money and material goods and competition. Quality of life is the degree to which people value relationships and show sensitivity and concern for the welfare of others.

- ★ **Uncertainty Avoidance:** It is the degree to which people in a country prefer structured over unstructured situations. People with high score on uncertainty avoidance have increased level of anxiety resulting in greater nervousness, stress and aggressiveness.
- ★ **Long-Term vs. Short-Term Orientation:** Long-term orientation is a national culture attribute that emphasises the future, thrift and persistence. Short-term orientation is a national culture attribute that emphasises the past and present, respect for tradition and fulfilling social obligation. People with short-term orientation emphasises on tradition and fulfilling social obligations. Exhibit 3.3 presents rating of these five dimensions in different countries.

Exhibit 3.3 indicates the cultural dimensions in different countries. Power distance is high in China, France, Russia, West Africa, etc. This indicates that power is distributed unequally in these countries whereas it is distributed equally in USA, Netherlands and Germany as the power distance is low.

<b>Exhibit 3.3 Examples of Cultural Dimensions</b>					
<b>Power Country</b>	<b>Distance</b>	<b>Quantity Individualism</b>	<b>Uncertainty of Life</b>	<b>Long-Term Avoidance</b>	<b>Orientation</b>
China	High	Low	Moderate	Moderate	High
France	High	Low	Moderate	High	Low
Germany	Low	High	High	Moderate	Moderate
Hong Kong	High	Low	High	Low	High
Indonesia	High	Low	Moderate	Low	Low
Japan	Moderate	Moderate	High	Moderate	Moderate
Netherlands	Low	High	Low	Moderate	Moderate
Russia	High	Moderate	Low	High	Low
United States	Low	High	High	Low	Low
West Africa	High	Low	Moderate	Moderate	Low
<b>(Source: M. Rokeach, <i>The Nature of Human Values</i> (New York: The Free Press, 1973).</b>					

People work as individuals in France, Germany and USA, as individualism is high in these countries. People work in groups in China, Indonesia, West Africa and Japan.

People prefer quantity of life in Germany and USA to quality life and the vice versa is true in case of Netherlands, Russia and China. People of France and Russia have increased level of anxiety, stress and aggressiveness and the opposite is true in case of USA, Hong Kong and Indonesia.

People in China and Hong Kong have future value thrift and persistence while people of West Africa, USA, Russia and Japan emphasise on fulfilling social obligations.

Having analysed the values in various countries, now we shall discuss the next concept, i.e. attitudes.

### 3.2 ATTITUDES

“Attitudes are evaluative statements – either favourable or unfavourable – concerning objects, people or events. They reflect how one feels about something.” Attitudes and values are interrelated.

We often listen to a number of statements like:

Our boss is highly humanistic.... Management of Southern Automobiles Limited shows unconcern towards its employees.... Treatment in Usha Hospitals is excellent.... Operations of Rediffmail.com are extremely fast.

The analysis of above statements indicates that they are evaluative of either favourable or unfavourable or good or bad of people, objects or events. This is the meaning of attitude. Now, we shall understand the formal definition of attitude.

Mr. Bhat works in the Finance Department of Ruchi Foods. He always suggests for low quality raw material in order to reduce the cost of production. This practice of the company is labelled as an unethical practice by the customers, which in turn affected the quality of products of the company, performance of production and marketing departments, sales and profitability. Then the Production Manager and Marketing Manager of the company avoided Mr. Bhat in the process of decision-making.

## Components of Attitudes

Here, the belief that “being unethical is wrong,” is the cognitive component of an attitude. Production and Marketing Managers of

Ruchi Foods did not like Mr. Bhat as the latter suggests unethical practices. This stage is the effective component of an attitude. Affect is the emotional or feeling segment of an attitude. Finally, the avoidance of Mr. Bhat in the decision-making process is the outcome which is called behavioural component of an attitude.

Thus, the components of the attitude are:

- ★ **Cognitive:** Cognitive component of an attitude is the opinion or belief segment.
- ★ **Affective:** Affective component of an attitude is the emotional or feeling segment.
- ★ **Behavioural:** Behavioural component of an attitude is an intention to behave in a certain way towards someone or something.

## Attitudes and Behaviour

The above example clearly indicates that attitudes determine the behaviour. So we can predict and understand that the behaviour of people is based on attitudes. They are comparatively less stable than values. Producing low cost product is viewed as ethical as the low income customers get the opportunity to consume it. For example, Akai and Aiwa produced colour TVs at Rs.10,000 when other companies produced at around Rs.20,000. This provided an opportunity to low income group people to buy colour TVs.

Employees follow the orders of their boss, if they have positive attitude towards their boss. Attitudes are more important as they affect and determine job behaviour. Positive attitudes result in positive behaviour and vice versa. Management should develop positive attitudes among employees in view of positive relationship between attitudes and behaviour.

**Cognitive Dissonance:** People confuse of conflicting attitudes and fail to decide and conclude of their prospective behaviour. The conflicting attitudes are formed when divergent pieces of information are presented. For example, Hindustan Machine Tools Limited-a public sector undertaking was in financial difficulties during 1980s, but was paying competitive salaries to its employees. 'Hindustan Machine Tools was in financial difficulties' and 'Hindustan Machine Tools was paying competitive salaries to its employees' are conflicting attitudes. Jobseekers were under dilemma of joining or not joining Hindustan Machine Tools due to these conflicting pieces of information. Incompatibility between these two statements leads to cognitive dissonance. Thus cognitive dissonance is the incompatibility of an individual when he/she encounters two or more conflicting attitudes and/or conflicting attitude and behavior.

Cognitive dissonance leads to conflicts between attitude and behavior. For example, the attitudes of 'retail supermarkets sell qualitative products' and 'retail supermarkets sell products at lower prices' are conflicting and therefore, customers at the initial days of establishment of retail super markets during 2000s in India didn't buy the products in these supermarkets. Thus, the normal consumer behaviour of buying more when/where the price is low didn't take place at the initial days. Thus cognitive dissonance may result in behavior that is expected.

Cognitive dissonance sometimes is a temporary phenomenon until complete information is obtained. People's normal behavior can be expected when the cognitive dissonance is vanished owing to the availability of complete information or otherwise.

**Attitudes of creative people include:** Attitudes of creative people include curiosity, seeing problems as interesting and acceptable, confronting challenge, constructive discontent, optimism, suspending judgment, etc. (See Box 3.2).

**Box 3.2 Nine Attitudes of Highly Creative People****1. Curiosity**

I've written previously on the topic of curiosity because I'm convinced that it is an essential skill to build as a blogger. Learning to ask 'why', 'what if' and 'I wonder...' are great questions to build into your life if you want to be a more creative person.

**2. Seeing Problems as Interesting and Acceptable**

One of the problems of the Western mindset is that we often see problems or obstacles in life as unacceptable parts of life. We avoid pain or suppress it when it comes and in doing so don't often see and feel symptoms that are there to tell us something important. Creative people see problems as a natural and normal part of life - in fact they often have a fascination with problems and are drawn to them.

**3. Confronting Challenge**

Many of the most creative ideas throughout history have come from people facing a challenge or crisis and rather than running from it asking 'how can I overcome this'?

**4. Constructive Discontent**

Creative people often have an acute awareness of what's wrong with the world around them - however they are constructive about this awareness and won't allow themselves to get bogged down in grumbling about it - they take their discontent and let it be a motivation to doing something constructive.

**5. Optimism**

Creative people generally have a deeply held belief that most (if not all) problems can be solved. No challenge is too big to be overcome and no problem cannot be solved (this doesn't mean they're always happy or never depressed - but they don't generally get stumped by a challenge).

**6. Suspending Judgment**

The ability to hold off on judging or critiquing an idea is important in the process of creativity. Often great ideas start as crazy ones - if critique is applied too early the idea will be killed and never developed into something useful and useable. (note - this doesn't mean there is never a time for critique or judgement in the creative process - it's actually key - but there is a time and place for it).

**7. Seeing Hurdles as leading to improvements and solutions**

This relates to some of the above - but by 'hurdles' I mean problems and mistakes in the creative process itself. Sometimes it's on the journey of developing an idea that the real magic happens and it's often out of the little problems or mistakes that the idea is actually improved.

**8. Perseverance**

Creative people who actually see their ideas come to fruition have the ability to stick with their ideas and see them through - even when the going gets tough. This is what sets apart the great from the good in this whole sphere. Stickability is key.

**9. Flexible Imagination**

I love watching a truly creative person at work when they're 'on fire'. They have this amazing ability to see a problem or challenge and it's many potential solutions simultaneously and they have an intuitive knack at being able to bring previously disconnected ideas together in flashes of brilliance that seem so simple - yet which are so impossible to dream up for the average person.

**Is Creativity tied to Personality Type or Can it be Learned?**

As I read through this list of traits of creative people - the question that I find myself asking is whether creativity is tied to personality type or whether it can be learned.

My own uneducated answer to this question is - 'yes'.

Some people are just creative - they don't train themselves to think like they do and they often don't even know that they are any different from the rest of us - it's just who they are.

However I believe that we can all enhance our ability to be creative over time.

Tomorrow I'm going to round off this mini-series of posts on creativity by suggesting a few practical things that those of us wanting to enhance our creativity might build into our lives.

<http://www.problogger.net/archives/2007/05/09/9-attitudes-of-highly-creative-people/> (Accessed on 13/08/09)

Attitudes influence behaviour by performing several functions.

Now, we shall discuss these functions.



## Functions of Attitudes

A study of the functions of attitudes is necessary as attitudes influence behaviour of employees at work.

- ★ The study of attitudes help in predicting employee behaviour at work. For example, retrenchment of one employee led to resignations of many employees in Prudential Capital and Investments Limited due to negative attitude towards retrenchment.
- ★ The study of attitudes is significant as it helps the people adapt to their work environment.

According to Katz, attitudes perform four important functions in this process.

- a. **The Adjustment Function:** Employees form positive attitudes towards their superiors when their expressed and unexpressed problems are solved by the superiors. For example, increase in salary, help in promotions, training, coaching, providing transport facilities, health facilities, counselling facilities, maintaining social and human relations. Positive attitudes help the employees to adjust to the organisation and to the jobs and vice versa.
- b. **The Ego-Defensive Function:** Attitudes help the people in defending their self-images and serve in justifying the action and defending the ego.

Mr. Iyyer, Manager of Hewlett-Packard (HP) India, always argues with Mr. Badal, his subordinate. Sometimes he picks up a quarrel with him, whenever the latter proposes innovative ideas. He tells him that his ideas are trash and irrelevant. Mr. Badal on the other hand challenges the arguments of Mr. Iyyer saying that he has outdated and traditional views when he proposes innovative ideas. These challenges and counter challenges are quite possible in HP as it provides transparency and empowerment in its administration.

Mr. Iyyer defends himself by believing and repeating his attitude that "boss is always right." Mr. Badal, on the other hand, defends himself by



repeating his attitude that, “youth is more innovative as far as information technology is concerned.”

- c. **The Value-Expressive Function:** Attitudes provide the employees with a basis for expressing their values.

Mr. Pratap’s (of Reebok) value is that the product should be designed around the desirability of the customer rather than exciting to the customer. He tells his subordinates, “the company lives for long-time and grows steadily by serving more desirable needs of the customer and not by creating excitement.”

- d. **The Knowledge Function:** Trade Union Leaders in A.P. Lighting Limited used to have a negative attitude towards management and therefore, they used to impress the workers that all management communications were false. Workers easily believed the trade union leaders, but not the management. Thus, the standard attitude of the trade union towards management frames of reference and allow the people to organise and explain the world around them.

Attitudes which perform various functions are not static, they go on changing based on the changes in culture and values. Now, we shall discuss changing attitudes.

## Changing Attitudes

We observe a few changes in the attitudes. Exhibit 3.4 presents the past and present attitudes.

The analysis of the past and present attitudes presented in the exhibit indicate that attitudes change faster than the culture. The old values protecting each economy through self-dependence is changed to self-reliance due to opening of the economy to the globe.

Managements used to believe that bureaucratic organisations only enhance organisational effectiveness and profitability of the companies. But management, of late, have realised that people use their full potentiality only when they are provided with freedom. This made managements to believe in the new attitude that organic and humanistic structures only

make the companies more productive and profitable than bureaucratic organisations. (see Box 3.3).

**Box 3.3 Shifts in Attitudes: Air India chargesheets airhostess in molestation case**

Delhi, Oct. 29 — Air India's inquiry committee has charge sheeted airhostess Komal Singh, who had levelled molestation charges against two pilots, for violating the national carrier's conduct rule. "Singh has been issued a charge sheet for violation of conduct rule and for not complying with the company policy," an Air India spokesperson said on Thursday.

Air India had constituted the panel to investigate a scuffle between co-pilot Aditya Chopra and flight purser Amit Khanna onboard a Sharjah-Lucknow- Delhi flight on October 3. Singh, who alleged that the two pilots molested her in the cockpit, had lodged a police complaint against them. "She has also been accused of insubordination and disobeying seniors," said an airline official.

The committee was formed on October 6 to investigate the mid-air scuffle between co-pilot Aditya Chopra and flight purser Amit Khanna onboard a Sharjah-Lucknow-Delhi flight IC 884.

The five-member panel is headed by a senior woman and included the member of an NGO.

The National Commission for Women (NCW) which is also investigating the allegations of the airhostess, meanwhile, is apparently drawing a different conclusion. While its report is yet to be compiled, officials indicated that Singh was not on the "wrong side".

Source: [http://in.news.yahoo.com/32/20091030/1053/tnl-ai-chargesheets-airhostess-in-molest\\_1.html](http://in.news.yahoo.com/32/20091030/1053/tnl-ai-chargesheets-airhostess-in-molest_1.html) (Accessed on 30/10/2009).

Thus, attitudes go on changing with the new knowledge derived through on research. (See Exhibit 3.4).

However, the process of attitudinal change is prevented by certain barriers.

**Exhibit 3.4. Past and Present Attitudes**

Sl. No.	Past Attitudes	Present Attitudes
1.	Economies need to be protected from the rest of the globe. As such tariffs and duties were imposed.	Economies need to be opened for enhancing the efficiency of the domestic economy. As such tariffs, quotes, etc. are removed and the concept of Globalisation is emerged.
2.	Bureaucratic organisational structures were best suitable.	Organic and humanistic structures are best suitable.
3.	Authority was centralized.	Authority is decentralized.
4.	Management by control.	Management by autonomy and empowerment.
5.	Workers work better as individuals.	Employees perform better as members of Teams.
6.	Workers try to avoid the work.	Employees create the work and take it

**Barriers to Attitudinal Change**

There are two barriers which prevent the change process of attitudes. They are:

- ★ **Prior Commitments:** Prior commitment occurs when people feel a commitment to a particular course of action and are unwilling to change. For example, Mr. Kulkarni, President of Railway Trade Union who committed to the workers that he would get 100% salary hike in 1974 was reluctant to change his attitude even after learning that the company is financially weak.
- ★ **Result of Inadequate Information:** Inadequate information does not allow the people to change their attitudes. Managers of Raymond used to say that they have changed to democratic style of working. But workers said; let the management prove it, as we do not have evidences to that effect.

However, the process of attitudinal change should be allowed to continue as world economy is rapidly changing. In fact, change is the order of the day in the 21st Century. There are certain measures which enable the change process.

Now, we shall discuss the measures those enabling measures of changing attitudes.

- ★ **Providing Additional Information:** We recall the example of A.P. Lightings Limited. Trade Union leaders created a gap between the workers and Management. Management provided additional information to the workers through a third party, i.e., Consultant and changed the workers' attitude in its favour. Thus, the attitudes can be changed by providing additional information.
- ★ **Use of Fear:** The staff of a private hospital were irregular to their duties as their attitude was: "Health facility is Seller's market." The Managing Director wanted to change the attitude of the doctors by creating terror, i.e., fear of retrenchment. Then the human resource manager suggested that staff may reject the message of retrenchment because it is too threatening. Hence, he advised the Managing Director to introduce a scheme of salary cut proportionate to the degree of irregularity. This scheme changed the attitudes of the staff. Thus, a proportionate degree of fear changes the attitudes.
- ★ **Resolving discrepancies:** Canteen employees of IPCL resisted the automation and mechanization process in their canteen as they viewed that management would retrench the excessive staff. The human resource manager resolved the discrepancies through consultation and finally transferring the excessive staff to other departments. This made the workers change their attitude and welcomed the automation and mechanization process.

The theory of cognitive dissonance says that people try to actively reduce the dissonance by attitude and behaviour change. Thus, resolving discrepancies enable the change process.

**Influence of Friends and Peers:** Mr. Satyanarayana of Hindustan Cables Limited had the attitude that "employees should exert all their energies for the company and behave ethically." He had a confrontation with many employees in the company as the behaviour of the latter were against to his attitude. His friends and peers in the company influenced him directly and indirectly and made him to change his attitude that "employees in public sector organisations do not exert all their energies for the company." Thus, friends and peers though persuasion can change attitudes.

**The Co-opting Approach:** Ms. Mayawathi was always criticizing her boss — the Purchasing Manager in IPCL – for his delay in decision-making. Then the boss co-opted her in a committee for purchasing inputs. She experienced the procedural formalities and the controlling points in the bureaucracy. Since then she stopped criticizing her boss and changed her attitude towards the boss. Thus, co-opting means involving the people who are dissatisfied with a situation to understand the things and change their attitudes.

**Job Attitudes:** Job attitudes are several and they emerge differently over the period with changing human resource policies and philosophies. The attitude of 'employees are cost centres' was relegated by the attitude of 'employees are profit centres'. Similarly, the attitude of 'human resource expenses are the cost' is relegated by the attitude of 'human resource expense is investment in human resource'. These shifts in attitudes are owing to recognition of human talents, expertise, competencies, innovative and creative skills consequent upon globalization and competition. The important job attitudes include:

- ★ **Job satisfaction:** A positive feeling or perception of jobholder with regard to job characteristics, remuneration, job and organizational environment.
- ★ **Job Involvement:** Psychological, social and physical feeling of identification with job characteristics including decision-making, decision implementation and assuming responsibility for outcome/results.
- ★ **Employee Empowerment:** Employee empowerment is a feeling of enabled with authority and ability to make decisions and implement them.
- ★ **Organisational Commitment:** A feeling of sparing/attaching all resources of an employee to a particular organization and identifying the mind and intellect to that organization.
- ★ **Morale:** It is a state of mind with regard to various aspects of job or of a willingness to work which in turn affects attainment of individuals and organizational objectives.

Human Resource is considered to be the most valuable asset in any organisation. It is the sum-total of inherent abilities, acquired knowledge and skills represented by the talents and aptitudes of the employed persons who comprise executives, supervisors and the rank and file employees. It may be noted here that human resources should be utilised to the maximum possible extent, in order to achieve individual and organisational goals. It is thus the employee's performance which ultimately decides and attainment of goals. However, the employee performance is to a large extent, influenced by motivation and job satisfaction.

### 3.3 EMOTIONS AND MOODS AND EMOTIONAL INTELLIGENCE

Emotions are intense feelings that are directed at someone or something. Moods are feelings that tend to be less intense than emotions and that often, though not always, lack a contextual stimulus. Emotions are reactions to a person's acts and the consequences of an event. Emotions include a feel of happiness, being glad, a feel of angry, a feel of surprise and a feel of suspicion. A feel of surprise when you see your childhood friend, a feel of irritation when your wife becomes crazy over purchase of a gold belt for her whose cost is beyond your current ability to buy, angry over your subordinate who is hopelessly inefficient in grasping a new technique are some examples of emotions. Moods are not the consequences of persons' actions and events. (see Box 3.4).

### Box 3.4 Emotions and Acts: Chicago Blackhawks F Kane arrested in Buffalo



Chicago Blackhawks star Patrick Kane () was charged with attacking a cab driver in his home- town Sunday, a beating that police said was triggered when the driver did not have 20 cents in change to give the player and his cousin.

Buffalo police said the 20-year-old Kane and his 21-year-old cousin, James Kane, had apparently caught a cab from the city's downtown nightclub district at about 4 a.m. The cab driver suffered cuts to his face and his glasses were damaged, police spokesman Michael DeGeorge said.

Both men were charged with felony robbery and misdemeanor counts of theft of services and criminal mischief. Patrick Kane pleaded not guilty in City Court on Sunday, WIVB-TV reported. It was not immediately clear when James Kane will appear in court.

The driver said he was punched and hit by both men because he did not have 20 cents in change to give them, according to the police report. A message left at the home of Patrick Kane's parents was not immediately returned Sunday afternoon. Relatives who answered his grandfather's phone and his mother's cell phone declined to comment and could not say whether either Kane had an attorney. A Blackhawks' spokesman said the team is aware of the allegations against Kane.

"He is a big part of our organization and a team leader and we stand behind him," spokesman Brandon Faber said. "As we are still collecting all the facts, it would be premature to comment further at this time." On Thursday, Patrick Kane was at a Buffalo ice drink where he played hockey as a child to help Mayor Byron Brown announce funding for improvements. He said at the time he was happy to have time "to hang out back home in Buffalo."

"The best thing about it is my friends treat me like I'm a regular kid," said Kane, the first overall pick in the 2007 NHL draft. "They don't treat me like a celebrity or whatever they might treat me like in Chicago."



Source: <http://www.google.com/hostednews/ap/article/ALeqM5jz7wxsbGjui3s-j8txZOOhokXO1lwD99VIQC00> (Accessed on 12/08/09)

Thus, emotions are caused by specific events. They are very brief in duration, and normally lasts for a few seconds. Emotions are specific and numerous in nature like anger, fear, sadness, happiness, disgust, surprise, etc. Emotions are normally accompanied by distinct facial expressions and are action-oriented in nature. Moods are often caused by general and unclear factors or actions. Moods last longer than emotions, normally hours or days. Moods are more general and are normally not indicated by distinct expressions. Emotions are cognitive in nature.

Affection, emotions and moods are interdependent on each other and inseparable in practice and/or experience. Affection is the broad range of feelings that people experience. Strong and deep emotions result in moods. For example, an emotion of happiness of salary hike would result in positive mood towards the job. Happiness of the salary hike may stay for some time, but the positive mood of the job would stay for longer until the change in other factors like increase in price, design of new jobs and development of new careers.

**Types of Emotions:** The result and experience of emotions can be of the following types:

- Anger
- Sadness
- Contentment
- Embarrassment
- Disgust
- Happiness
- Hate
- Surprise
- Hope
- Jealousy
- Joy
- Fear
- Frustration
- Disappointment
- Enthusiasm
- Pride



- Love
- Affection
- Wonder
- Hatred
- Desire

### **Aspects of Emotions**

The aspects of emotions include: Biology of emotions, intensity, frequency and duration, and rationality of emotions.

### **The Biology of Emotions**

Limbic system of brain is the source for all kinds of emotions. Generally, inactive state of the limbic system produces happy state of emotions like joy, happy, contentment and satisfaction. Normally, active or “heats up” state of limbic system produces the emotions like anger, jealous, and guilt. Limbic system of all people may not work in the same phase. Limbic systems of moderately depressed people and women work actively or heats up when it encounters with negative information. As such women and relatively depressed people are more susceptible to depression than undepressed men. Hence, women and depressed men are more likely to be emotionally bonded. Similarly, women are normally more depressed than men as limbic system of women works actively. It does not mean that all women are depressed and all men are free from depression.

Biological emotions, some time result some deals impulsive rather than compulsive. Consequently, some deals that are based on emotions may face the problems of sustainability and/or continuity.

### **Intensity**

Different jobs require different kinds of emotions. For example, judges, pilots, traffic controllers, police officers and human resource managers are expected to control emotions and be calm. In contrast, lecturers, receptionists, public speakers, chief executive officers, political personalities and sales people are expected to express emotions relevant to the situation. Business executives exhibit their emotions towards politicians to control and manage the impact of political decisions/environmental factors on business. Box 3.5 presents the emotions of Chief Executives of certain companies with regard to the impact of Mr. Obama’s policy decisions on their businesses. Thus, people express different emotions based on the job factors. Different people express different

emotions for the same stimuli as their personality factors influence the process of generation of emotions. The outcome of emotions is the interaction between the personality factors of an individual and the job/situational factors.

### **Box 3.5 CEOs Emotions and Moods about Obama's Performance**

To some top executives, President Barack Obama is "rapidly socializing the United States." Others see his initiatives on everything from healthcare reform to the saving of GM as crucial for sparing the U.S. from even deeper economic trouble. We quizzed numerous leaders of small, medium, and large companies on how they think the President has fared in his first six months in office. Some give him a failing grade; others, top marks. Read on to see what these business leaders think of the CEO-in-chief.

**Angela F. Braly:** CEO, WellPoint, the nation's biggest health insurer.

Employers are struggling to provide health benefits while remaining competitive in the global economy and many Americans worry an illness will devastate their financial security. Both are already bearing the brunt of an existing cost shift to private insurers from Medicare and Medicaid. Unfortunately, many in congress are proposing to shift the burden even further by expanding government-run health care. As Medicare shows us, a government-run health plan would not address the underlying issues of cost and quality. Case in point: Medicare is predicted to be bankrupt by 2017.

The President is doing the right thing by bringing in leaders from hospitals, physicians, nurses, employers, advocacy groups, and private insurers, among others. Only by working together will we be able to develop a sustainable solution for America's health care system.

**Michael S. Dell: Founder and CEO, Dell**

There are some aspects of what is in the economic recovery act around broadband, healthcare, and IT spending that we think are good things. We're concerned, like many, that one word that seems to be missing from a lot of discussions is "competitiveness." How do all of these things make America more competitive? It's a word that should be used more in Washington.

**Mohamed El-Erian:** CEO and co-chief investment officer of Pimco

The most interesting thing is the mess he inherited and the extent he has to pursue two different agendas —there's the agenda he came in with and the agenda to stabilize a rapidly imploding US economy. The big gamble is that he has tried to pursue both simultaneously. That's going to define his first term. So far the evidence is mixed. On one side he has been able to stabilize the financial centre and institute major structural reforms. And he still maintains enormous popularity with the American people.

On the negative side, the jobs picture is worse than anticipated, and unemployment itself is becoming a big policy challenge. It's going from being a lagging indicator to being a leading indicator. The major issue people are going to second guess in the next six months is his decision to pursue both agendas. Was that the right one or should have he done it sequentially?

He inherited a real mess, not just a mess, but one that requires him to make difficult decisions. I voted for Obama, and I'm a supporter. I've been impressed by how bold he has been on the political front, and how quickly he came up the learning curve in terms of the trade-offs involved.

You see it very explicitly: Three weeks ago, for example, he talked about yes, fiscal stimulus was important and it avoided bigger problems —yet there are also longer-term fiscal sustainability challenges. The notion that we get is that he understands what the issues are and he's making active choices as opposed to reactive choices.

**Robert Greifeld:** CEO, Nasdaq OMX

What I like is the fact that the President recognizes that we have a number of pressing issues and is endeavouring to attack or approach these issues with hopefully innovative solutions. The counterpoint to that is that you do grow concerned that they might try to do too much too soon or to overreach in a particular area and run the risk of rendering all efforts either neutered or ineffectual.

He's exceeded my expectations with respect to the managerial ability to craft and attempt to execute a wide-ranging agenda. I would have assumed that the natural realities of the office and what's required to move legislation would have narrowed the agenda.

Within the leadership of the business community, there is concern and I would say that the attitude is not so much wait-and-see, but wary. They're wary with respect to trade policy. They're wary with respect to tax policy and obviously are also concerned with the burden of health-care costs. There's a fair amount of trepidation in the business community and what the Administration policies might mean to their success in the future. In terms of the concern in the business community, I think, it is greater today than it was back in November.

On the stimulus package: I don't believe the stimulus has had a noticeable impact on the economy as of yet. I think it is somewhat misguided to be calling for additional stimulus. We need to get the stimulus that was approved into the economy, flowing through our different activities.

**Jeffrey Katzenberg:** CEO, Dreamworks Animation SKG

(Katzenberg was an early Obama supporter and is still very much in the President's corner.)

I don't think that any President in modern history has had to face a deeper or more difficult or more complicated set of issues from the first moment he set foot in the White House, and I think he has done an exceptional job of methodically working his way through that horrendous set of problems. He had to make a lot of decisions, and some of them will be wrong, but many, many of them will turn out right.

On tax hikes: Unfortunately, that's not been a level playing field and there has been an unhealthy concentration of wealth in this country. Those days are over.

**Jeffrey B. Kindler:** CEO, Pfizer

Obama's health-care reform is making more progress than a lot of people would have predicted. We're on the verge of a bill coming out of the House that's clearly going to happen. Right now there's some challenges in the Senate because of the potentially significant differences between the two committees there. The biggest challenge is this issue around the public plan. The other is how do we pay for it? Those are big issues. How they're going to get resolved within the time frame people have in mind, I'm not an expert on that. On any given day you'll hear harmony or disharmony. But yeah, I do sense a considerable amount of progress.

I do think that we have to accept the reality that the vast majority of the people in this country get their insurance from employers and if we create a system that provides an incentive for employers to not provide their employees with insurance, then under certain scenarios huge numbers of people under public option would move out of the employer system into the public system. That would not be a good outcome because it would impose a tremendous financial burden on the taxpayers.

**W. James McNerney Jr. :** CEO, Boeing

A level playing field for American companies and workers in international markets is more important than ever. I see clear evidence that the Administration understands the issue and its importance to U.S. economic health.

**Duncan L. Niederauer:** CEO of NYSE Euronext, operator of the New York Stock Exchange

The sense of optimism that is continuously communicated by the Administration is not only important, but necessary. The expectations for him generally speaking were so incredibly high when he took office. He's done a reasonably good job of living up to those. I have seen a number of instances where President Obama really is doing what we all hoped he would by reaching out to the stakeholders, decision-makers, potential influencers, and people who have expertise in various arenas. I know a number of people, including myself, who have been invited to the White House for various discussions. A lot of leaders wouldn't do that. The President's communication skills are very strong, as you would have expected. But he and the Administration have taken on so much, they're multitasking beyond expectations. I do like the reaching-out approach. It will serve him very well as we tackle all these rather meaty issues.

**On tax policy:** A place where I do not think they struck the right chord was on the tax proposal involving overseas earnings of multinational corporations headquartered in the U.S. The overwhelming view from that constituent group is that if that proposal were to go through, it would at best require a lot of U.S.-headquartered companies to eliminate jobs to reduce costs to make up for the increased tax burden. More challengingly for the United States, it would encourage a lot of these companies to contemplate being incorporated elsewhere and potentially moving jobs out of this country and moving headquarters and operations abroad. I hope the Administration listens to the feedback and reconsiders their position.

**On regulation:** We all know we need some regulatory reform here and to bring the opaque markets out of the shadows and into the light. But there's a real danger, in our view, that there ends up being excessive regulation that stifles creation of new business and new jobs.

**Charles R. Schwab:** Founder and Chairman, Charles Schwab, the San Francisco-based discount brokerage

We've got to restore business confidence. We've restored the individual's confidence. The banking system seems to be doing okay. What we haven't done is restore the confidence of the people who create the jobs. There are six million businesses with more than one employee. What would it take to get each one to hire one more? If I had a magic wand, I'd create some kind of incentive. The biggest uncertainty is: Where are taxes going to go? The quicker you bring certainty, the quicker you restore confidence.

**Donald J. Trump:** CEO, the Trump Organization

I would hire him. He's handled the tremendous mess he walked into very well. He still has a daunting task ahead of him but he appears to be equal to the challenge. He has kept his eye on both national and international issues and his visits to foreign countries have shown him to be warmly received, which is certainly a change from the last Administration. I believe he should pay more attention to OPEC and what's going on there, but overall I believe he's done a very good job.

Source: <http://finance.yahoo.com/career-work/article/107453/ceos-rate-obamas-performance.html?mod=career-leadership> (Accessed on 15/08/09)

**Frequency and Duration**

As indicated earlier the expressed emotion is the outcome of personality factors and job/ situational demands for a particular type of emotions. People take-up the jobs or involve themselves in such situations as and when their personality factors and situational demands for a particular type of emotion match with each other. In addition, people take-up the jobs even their personality factors don't match with the job/situational demands for a particular type of emotion if, the frequency of mismatch is relatively less and the duration of maintaining such an emotion is relatively for a shorter period. Otherwise, they can't cope-up with such a job/ situation.

**Rationality of Emotions**

Free expression of emotions sometime undermines the credibility or professionalism of the person, while it is essential for performance of certain jobs. Expression of sadness and job dissatisfaction at every situation would result in loss of job or assigning a low performance rate by the superior. Expression of extreme emotions like crying when the employee is sad and fighting when the employee is angry would harm the career goals. Non-expression of emotions would result in misunderstanding the employee's reactions to the management policies and practices. Therefore, employees should rationalize their emotions to avoid the negative consequences of expression of emotions to the extreme levels.



## **Functions of Emotions**

Emotions perform critical functions in decision-making, interpersonal relationships as well as personality development. Some argue that emotions lead to irrational decisions and actions. Emotions and feelings are the functions of mind, whereas thinking is the function of brain. Decision-making to be meaningful as well as effective should use both mind and brain as well as interaction of these two. Otherwise the decisions should be mechanical and in-human. A promotion decision, an employee-counseling process, post- performance appraisal interview, employee selection decision and a negotiation-meeting involve emotions, attachment and reasoning. Thus all these operations involve both emotions and reasoning. Therefore, emotions perform critical functions in various operations involving human element.

You need not upset, when someone says “you are emotional” as you are making a decision or acting based on humanistic principle rather than mechanically in such a situation. Research established that emotions “are actually critical to rational thinking.”

## **Sources of Emotions and Moods**

Sources of emotions and moods include: personality, work overload vs relaxation times, weather, stress, social activities, sleep, exercise, age and gender. Now, we shall study how these factors act as sources of emotions and moods.

### **Personality**

Different people experience and express different emotions at the same time and from the same input. Personality of the individuals is one of the important factors that influence them to experience varied emotions. Individuals with personality traits like reserved experience balanced emotion while people with outgoing/highly social personality trait may experience happy emotion from a situation of a social gathering involving liquor party. Similarly, people with submissive personality trait feel harassed while the people with dominant personality trait feel routine office procedure when superior communicates the low performance scores to the subordinates. Thus, personality traits act as sources of emotions.



**Gender**

As indicated earlier women express and experience emotions in a greater degree than men. In fact, women are more sensitive than men. Women experience emotions more intensively and express emotions both positive and negative more frequently than men. In addition women are more comfortable in expressing emotions and in reading nonverbal and paralinguistic cues than men.

**Age**

Some of us may feel that young people may experience happy and other positive emotions and older people may experience sad and negative emotions. But, one research study found that people between the age of 18 and 94 tend to experience less negative emotions and have positive moods for longer periods. Thus, the study concludes that emotional experience tends to be positive with the progressive of age.

**Stress**

We come across the word 'stress' everyday. Managers, financiers, government officials, administrators, politicians, students and also housewives experience stress. Stress has its effects on all walks of life. To manage stress effectively, it is important to understand nature and effects of stress. Stress can be explained basically as pressure upon a person's psychological system which arises out of complexity or intensity of one's work life. Though stress is basically upon a person's psychological set-up, it also in turn affects his/her physical and behavioural systems. The sources of stress can be individual, organisational and social. More than often stress is viewed in negative terms. In fact the negative aspect, i.e., distress is only one form of stress. But there is also positive aspect of stress which is called as **Eustress**.

People experience different emotions when they are under stressful situations compared to that under normal situations. People experience negative emotions like anger, jealousy and hatred during distress situations and positive emotions like happiness and joy. Similarly, people experience positive emotions under eustress situations. Thus, the employees under stressful circumstances experience negative emotions. Overwork and the work that causes strain also causes stress and result in experiencing negative emotions and moods. People become irresistible when they are under stress. Box 3.6 presents the emotions of irresistible men.

**Box 3.6 SEVEN Emotions of Irresistible Men**

We're not going to lie. A man boasting abs chiseled to perfection and biceps that pop just enough when flexed (without shredding shirts He-Man style) will no doubt turn our heads. And even if caught mid check-him-out glance, we're not about to look away. Fit, toned bodies are the result of hard work and dedication to a healthy lifestyle. We certainly pay homage to that. But for a man to achieve a skyrocketing score on the sexiness scale there's got to be more to him than physical assets. Throw in these seven traits and he's guaranteed irresistible.

**1. He Has Mastered The Wink.** We don't know how they learn the technique but some guys really have the Richard-Gere wink down pat. There's an art to this wink and getting it right can be tricky. It's more suave and smoky than cheeky and laughable. He's comfortable giving this signal and has the timing to the tee. Done right, this move is pure sexy. Caveat: The wink can be tricky to pull off. Practice first.

**2. He Radiates Calm.** It's sending shivers up our spine just thinking about how powerful a man's calm presence can be. Neurotic or hyper or frenzied is stressful, no matter how busy the man or what his excuse. But if he's got cool written all over his face and his gaze is pure steady and peaceful his sex appeal will shoot through the roof (think old-school James Dean). We women can unwillingly fall into the trap of over-worrying about things we can't control. A man who sets us at ease by reminding us how things always manage to work out in the end is absolutely hot. Read: 3 Secrets To Exuding Sexy.

**3. He Takes Care of Himself.** Look, we're not saying it's a certain height or build that matters. If he keeps his body in relatively good shape this shows us he knows how to take care of himself. It also clues us in that he sets health as a priority. What's more, if he's active, working out even a few times a week, the endorphins his body is producing during gym sessions are sure to keep him in good spirits and energized. The bottom line: If he takes good care of himself he's likely to take good care of his partner (or at least help keep her motivated to do so). That's a turn-on. Read: Play Together: Top Sports For Couples.

**4. He's Got Style.** We don't want to give the wrong idea here. This is not to say he has to be one certain type of style, and that mimicking a prescribed "it" style is a surefire path to sexy (whether that's clean-cut, tattooed-up or punked-out). Not at all. Rather, what's attractive in a guy is that he has a style at all, a way of dressing that reflects in some way who he is and what he's into. A guy who wakes up hum-drum and throws the same dingy shirt and pair of jeans on everyday? Not sexy. At all.

**5. He Has A Manly Scent.** Sounds so animalistic, we know. No man can control his natural scent, and it turns out our DNA compatibility dictates who smells good to us, anyway. But, every guy can augment his essence with a spritz (one will do just fine) of cologne. As long as it's not overdone, a man with a strong scent has the potential to drive women wild.

**6. He Is Affectionate.** Though we women try not to let on, affection (be it an arm around the shoulder or hand on the leg) lights us up like fireflies. Consider it your secret weapon. By affection, we do mean to include expressing your feelings through words, such as "I love you." It's amazing how many hot men fall short of sexy just for lack of articulating and showing their love. Let's put it this way: There are guys who reach out to their partner while driving, and there are guys who keep both hands on the wheel and eyes straight ahead. The lads of the former group qualify for sexy.

**7. He Laughs Loud, Hard, Often.** No news flash here. Comedy is highly enticing. It's worth noting though that there are different types of humor. The insecure comedy that's based on putting others down or calling them names doesn't gibe with us. But give us fun-loving, belly-jiggling jokes and laughter and you'll head straight to the top of the sexiness charts.

Source: <http://shine.yahoo.com/channel/sex/7-traits-of-irresistible-men-491994/> (Accessed on 02/08/2009).

## Social Activities

Social activities have their bearing on experiencing emotions. People experience positive emotions when they are in social activities like birthday parties, marriages, success celebrative parties. Similarly, people celebrate social functions when they are in good moods. For example, when an employee is in good mood due to his/her promotion tends to organize a social get together and a party to share his joy. Thus, people experience positive emotions when they are in social gatherings experiencing good moods would like to organize social gatherings to share their good moods with others.

## **Weather**

Whether is conducive when the temperature is around 25°C. The temperature during summer in most of the South Indian cities would be around 45°C. People during summer in these cities and towns are irritated even for small deviations from their comfort and think negatively and pickup quarrels with others. Thus, they experience negative moods. In fact even the University and College Lecturers and Professors who normally are in good moods get irritated during summer classes when the students pose questions. In contrast, people with temperamental and tense personality traits feel relaxed and positive moods and emotions during comfortable climate of around 25°C. Thus, the weather influences the types of emotions.

## **Sleep**

People with less than the normal sleep of eight hours would experience negative emotions like sad and unhappiness. For example, employees with less than normal sleep fail to perform the job properly the next day and they experience negative emotions.

## **Physical Exercise, Yoga and Meditation**

Physical exercises can relax the body and yoga and meditation help both body and mind relaxation. Both are used traditionally to keep body and mind fit. Some organisations have successfully introduced yoga and meditations as a technique of mind relaxation and management. Physical exercises, yoga and meditation would result in mind as well as body relaxation that would enable the people to experience positive emotions and moods so that they become more creative.

## **Overload vs. Relaxation Times**

People, particularly employees, work seriously during week- days and they get tired during such periods. They experience negative moods and emotions during the times of overload situations of week days. In contrast, people during the week-end relax to recoup and recover from the stress and overstrain. People during such period of relaxation experience positive moods and emotions.

## **Emotional Intelligence**

Knowing how to identify and manage emotions can help in building and sustaining an 'emotionally intelligent' workplace. As the rules of work are changing, people are not only being judged on their IQ and educational

qualification. A new concept of 'Emotional Intelligence' (EI) is gaining popularity among companies. Emotional intelligence means the ability to manage both personal and professional emotions and apply them for situation management and career progression.

### **What Is Emotional Intelligence?**

Emotional intelligence can be defined differently by different people. For some, it is about being a "nice guy", while others find it too hard to believe that even emotions can be intelligent. While different theories and researches have been undertaken to define emotional intelligence, in layman's terms emotional intelligence is the ability to perceive emotions, to access and generate emotions so as to assist thought. In simple terms emotional intelligence is the ability to reason with, and about emotions; it combines feelings with thinking and vice versa. And at workplace, emotional intelligence defines a set of skills, or competencies, which provides human resource professionals, managers, and anyone in the world of work, with a comprehensive tool to define, measure and modify emotions/ develop emotions based on situational requirements. Thus, emotional intelligence can be defined as the capacity to recognise our own feelings and those of others, for motivating ourselves and managing emotions well in our social and organizational interactions. Thus, emotional intelligence is capacity to regulate the mind and brain in order to balance their integrated output with the situational requirements.

### **Why is Emotional Intelligence Critical to Workplace Performance?**

It takes more than technical skills to be successful. Emotional intelligence or the ability to restrain negative feelings such as anger and self-doubt and to focus on positive ones such as confidence and congeniality are the key determinants of an individual's career growth. Not only do superiors and corporate leaders need high doses of emotional intelligence, but every job demands it too. People skills run parallel to the concept of emotional intelligence and its application at workplace. HR experts point that emotional intelligence matters twice as much as technical and analytic skill combined for star performances, and the higher people move up in the company, the more crucial emotional intelligence becomes.

A display of emotions like anxiety on new project, happiness over the promotion, fear of losing job, tension of the board meeting and alike, can take place in the workplace. The way an individual manages his/her emotions can convey critical information about his/ her performance at

work: for example, happiness indicates satisfaction levels while tension depicts nervousness, etc.

## **How to Identify and Use Emotional Intelligence?**

Here are a few steps that can help an individual identify his/her emotional intelligence and use it effectively at his workplace:

### **1. Identifying Emotions**

This is very important. One needs to be aware of his/her own feelings and emotions so that one is not blinded by emotions. Similarly being aware of other's emotions is a key to developing strong relationships with colleagues.

### **2. Understanding Emotions**

Knowing what motivates people, understanding their point of view and handling team interactions help in building the framework of emotional intelligence.

### **3. Managing Emotions**

Like the way one manages a scheduler, one can learn to manage one's emotions as well. It means being aware of those individual emotions that have valuable information and their application to solve problems. For example:

If one is feeling sad, one needs to find out the reason for this and solve the problem.

If one is angry, one needs to find out the reason for the frustration, and solve the problem.

If one is anxious, one needs to find out the reason for the worry, and solve the problem

If one is joyous, one needs to find out the reason for the happiness, and use this in future.

### **4. Using Emotional Intelligence on the Job**

Management experts opine that almost seventy per cent of management problem solving happens in the mind, and only thirty per cent through

analytical techniques. The business community has embraced the concept of emotional intelligence and its importance, but the challenge that lies ahead is to demonstrate that such competencies can be acquired and when they are, they significantly impact employee performance.

### Use of Emotional Intelligence in Career Development

Now, we study how to use emotional intelligence in career development.

Judicious application of emotional intelligence can lead to:

**Management Development:** Managers who focus on their technical skills do not manage, they're just in charge. Understanding and enhancing emotional intelligence enhances management skills.

**Team Effectiveness:** Teams are more than the sum of the individual parts. The glue, which holds teams together, can be supplied by emotional intelligence.

**Selection:** Hiring decisions can be better informed through the use of a thorough job analysis and an ability-based measure of emotional intelligence.

### Emotional intelligence and management development

Emotional intelligence, defined as a set of abilities, may assist managers in several, critical ways:

- ★ Making planning more flexible
- ★ Motivating themselves and others
- ★ Making more informed decisions

### Steps in Emotional Intelligence

Here are a few steps that can help an individual identify his emotional intelligence and use it effectively at his workplace:



### **1. Identifying Emotions**

This is very important. One needs to be aware of his/her own feelings and emotions so that one is not blinded by emotions. Similarly, being aware of other's emotions is a key to developing strong relationships with colleagues.

### **2. Understanding Emotions**

Knowing what motivates people, understanding their point of view and handling team interactions help in building the framework of emotional intelligence.

### **3. Managing Emotions**

Like the way one manages a scheduler, one can learn to manage one's emotions as well. It means being aware of those individual emotions that have valuable information and their application to solve problems. For example: If one is feeling sad, one needs to find out the reason for this and solve the problem. If one is angry there ought to be a reason for the frustration. Find out the reason and solve the problem. If one is anxious, one needs to find out the reason for the worry, and solve the problem. Likewise, if one is joyous, one needs to find out the reason for the happiness and make use of it beneficially in the future.

### **4. Using Emotional Intelligence on the Job**

Management experts opine that almost seventy per cent of management problem-solving happens in the mind, and only thirty per cent through analytical techniques. The business community has embraced the concept of emotional intelligence and its importance, but the challenge that lies ahead is to demonstrate that such competencies can be acquired and when they are, they significantly impact employee performance.

### **How Can Emotional Intelligence, be Used for Career Development?**

Judicious application of emotional intelligence can lead to management development, team effectiveness, and right selection of employees.

**Management Development:** Managers who focus on their technical skills do not manage, they're just in charge. Understanding and enhancing emotional intelligence enhances management skills.



**Team Effectiveness:** Teams are more than the sum of the individual parts. The glue, which holds teams together, can be supplied by emotional intelligence.

**Selection:** Hiring decisions can be better informed through the use of a thorough job analysis and an ability-based measure of emotional intelligence.

## **Emotional Intelligence and Management Development**

Emotional intelligence, defined as a set of abilities, may assist managers in several, critical ways:

- ★ Making planning more flexible.
- ★ Motivating themselves and others.
- ★ Making more informed decisions.

### **Flexible Planning**

Managers who are emotionally intelligent use their emotions to adapt their plans. They do not ignore uncomfortable facts. Emotionally intelligent behaviour helps managers plan better in many ways:

- ★ Change plans to meet the need of the moment.
- ★ Adapt to the situation.
- ★ Consider a variety of possible actions.
- ★ Come up with alternate plans.
- ★ Avoid doing consistently the same thing.
- ★ Avoid sticking to a plan which is not working.

### **Motivation**

Emotionally intelligent managers are able to understand their emotions, and those of others, which helps them to motivate their staff, and themselves. Emotionally intelligent managers are capable to:

- ★ Get people to keep going, even when they want to give up.
- ★ Get people to try again after failing at something.
- ★ Motivate others.
- ★ Motivate self.
- ★ Get things done.

## Decision-Making

Managers are called upon to make decisions everyday. Decisions based upon strong emotions, when the emotions are not dealt within a constructive way, can be bad decisions. Emotionally intelligent managers make better decisions in the following ways:

- ★ Use emotions to improve their thinking.
- ★ See things clearly even when feelings are strong.
- ★ Make good, solid decisions although they may be angry at the time.
- ★ Don't react out of anger.
- ★ Balance their thoughts and their feelings.
- ★ Make decisions based on their head and their heart.
- ★ Don't let strong emotions blind them.

## Emotional Intelligence and Team Effectiveness

When one works in a team environment, the skills of emotional intelligence become even more important to the job. One of the keys is to work effectively and efficiently with others. Another way in which emotional intelligence can help an individual in the teamwork is by helping to generate new and creative ideas and solutions to problems.

## Creative Thinking

All teams require its members to come up with solutions to problems. Sometimes the problems are very complex, at other times they are quite simple. Yet, all problems require creative thought to generate ideal solutions. Emotional intelligence helps an individual to think creatively in many ways:

- ★ View problems from multiple perspectives
- ★ Have many new and creative ideas
- ★ Be inventive
- ★ Generate original ideas and solutions
- ★ See new solutions

## Social Effectiveness

When one works in a team, or even with just one person, social effectiveness allows the person to accomplish goals working with other people. Emotional intelligence can help an individual to work with others in these ways:

- ★ Enjoyable to be with
- ★ Good at influencing people
- ★ Build consensus
- ★ Believable and trusting
- ★ Empathetic

### **Where Does Emotional Intelligence Fit in Terms of Workplace Success?**

Emotional intelligence is not the sole predictor of workplace success, career satisfaction, or leadership effectiveness. It is one of many important components. Part of being an educated user of emotional intelligence means understanding that it is not and should not be thought of as a replacement or substitute for ability, knowledge or job skills. Emotional intelligence — people skills — enhances one's success, but it does not guarantee it in the absence of suitable skills.

Emotional intelligence always helps the individual. It is a good thing to have. But other skills and competencies are also important. Emotional intelligence is applying intuition and emotion to problem-solving. Emotional intelligence strengthens one's self-leadership and interpersonal relationships, and fortunately, it is a skill that can be learnt. The key role and importance of applying emotional intelligence, at workplace is that it lets the individual explore how emotional forces are managed in the workplace and how the consequences of managed work performance lead to business success. It adds new layers of meaning to one's daily work experience, lending insight to personal feelings and to dealings with others in the workplace.

## **3.4 JOB SATISFACTION**

Job satisfaction refers to a person's feeling of satisfaction on the job, which acts as a motivation to work. It is not the self-satisfaction, happiness or self-contentment but the satisfaction on the job.

Job satisfaction relates to the total relationship between an individual and the employer for which he is paid. Satisfaction means the simple feeling of attainment of any goal or objective. Job dissatisfaction brings an absence of motivation at work. Research workers differently describe the factors contributing to job satisfaction and job dissatisfaction. Hoppock describes job satisfaction as, "any combination of psychological, physiological and

environmental circumstances that cause and person truthfully to say I am satisfied with my job.”

Job satisfaction is defined as the, “pleasurable emotional state resulting from the appraisal of one’s job as achieving or facilitating the achievement of one’s job values.”<sup>26</sup> In contrast job dissatisfaction is defined as “the unpleasurable emotional state resulting from the appraisal of one’s job as frustrating or blocking the attainment of one’s job values or as entailing disvalues.” However, both satisfaction and dissatisfaction were seen as, “a function of the perceived relationship between what one perceives it as offering or entailing.”

### Theories of Job Satisfaction

There are vital differences among experts about the concept of job satisfaction. Basically, there are four approaches/theories of job satisfaction.

They are: (i) Fulfilment theory, (ii) Discrepancy theory, (iii) Equity theory, and (iv) Two-factor theory.

- i. **Fulfilment Theory:** The proponents of this theory measure satisfaction in terms of rewards a person receives or the extent to which his needs are satisfied. Further, they thought that there is a direct/positive relationship between job satisfaction and the actual satisfaction of the expected needs. The main difficulty in this approach is that job satisfaction as observed by willing, is not only a function of what a person receives but also what he feels he should receive as there would be considerable difference in the actual and expectations of persons. Thus, job satisfaction cannot be regarded as merely a function of how much a person receives from his job. Another important factor/ variable that should be included to predict job satisfaction accurately is the strength of the individuals’ desire of his level of aspiration in a particular area. This led to the development of the discrepancy theory of job satisfaction.
- ii. **Discrepancy Theory:** The proponents of this theory argue that satisfaction is the function of what a person actually receives from his job situation and what he thinks he should receive or what he expects to receive. When the actual satisfaction derived is less than expected

satisfaction, it results in dissatisfaction. As discussed earlier, “Job satisfaction and dissatisfaction are functions of the perceived relationship between what one wants from one’s job and what one perceives it is offering.” This approach does not make it clear whether or not over-satisfaction is a part of dissatisfaction and if so, how does it differ from dissatisfaction. This led to the development of equity theory of job satisfaction.

- iii. **Equity Theory:** The proponents of this theory are of the view that a person’s satisfaction is determined by his perceived equity, which in turn is determined by his input-output balance compared to his comparison of others’ input-output balance. Input-output balance is the perceived ratio of what a person receives from his job relative to what he contributes to the job. This theory is of the view that both rewards — over rewards as well as under rewards lead to dissatisfaction. An under-reward causes feelings of unfair treatment while over-reward leads to feelings of guilt and discomfort among employees.
- iv. **Two-factor Theory:** As discussed earlier, this theory was developed by Herzberg, Mausner, Peterson and Capwell who identified certain factors as satisfiers and dissatisfiers.<sup>31</sup> Factors such as achievement, recognition, responsibility, etc., are satisfiers, the presence of which causes satisfaction but their absence does not result in dissatisfaction. On the other hand, factors such as supervision, salary, working conditions, etc., are dissatisfiers, the absence of which causes dissatisfaction. Their presence, however, does not result in job satisfaction. The studies designed to test their theory failed to give any support to this theory, as it seems that a person can get both satisfaction and dissatisfaction at the same time, which is not a valid proposition.

## Factors of Job Satisfaction

Job satisfaction refers to a general attitude which an employee retains on account of many specific attitudes in the following areas: (i) Job satisfaction, (ii) Individual characteristics, and (iii) Relationships outside the job. There are different factors on which job satisfaction depends. Important among them are discussed hereunder.

- i. **Personal Factors:** They include workers' sex, education, age, marital status and their personal characteristics, family background, socio-economic background and the like.
- ii. **Factors Inherent in the Job:** These factors have recently been studied and found to be important in the selection of employees. Instead of being guided by their co-workers and supervisors, the skilled workers would rather like to be guided by their own inclination to choose jobs in consideration of 'what they have to do'. These factors include: the work itself, conditions, influence of internal and external environment on the job which are uncontrolled by the management, etc.
- iii. **Factors Controlled by the Management:** The nature of supervision, job security, kind of work group, wage rate, promotional opportunities, transfer policy, duration of work and sense of responsibilities are factors controlled by management. All these factors greatly influence the workers. These factors motivate the workers and provide a sense of job satisfaction.

Though performance and job satisfaction are influenced by different set of factors, these two can be related if management links rewards to performance. It is viewed that job satisfaction is a consequence of performance rather than a cause of it. Satisfaction strongly influences the productive efficiency of an organisation whereas absenteeism, employee turnover, alcoholism, irresponsibility, non- commitment are the result of job dissatisfaction. However, job satisfaction or dissatisfaction forms opinions about the job and the organisation which result in boosting up employee morale.

### 3.5 SUMMARY

- ★ Value system is a hierarchy based on the ranking of an individual's value in terms of their intensity.
- ★ Cultures vary from country to country due to variations in climatic conditions, economic conditions, physical security issues and the like.
- ★ Attitudes are evaluative statements – either favourable or unfavourable – concerning objects, people or events. They reflect how one feels about something.
- ★ Management, of late, have realised that people use their full potentiality only when they are provided with freedom.
- ★ Emotions are reactions to a person's acts and the consequences of an event. Emotions include a feel of happiness, being glad, a feel of angry, a feel of surprise and a feel of suspicion.

### 3.6 SELF ASSESSMENT QUESTIONS

1. Define the term 'Values.' Explain the significance of values and values in different cultures.
2. What are attitudes? Explain the functions of attitudes.
3. What are the changes in attitudes? Explain the enabling measures of changing attitudes.
4. What is job satisfaction? Discuss various theories of job satisfaction.
5. Explain various factors those affect job satisfaction in an organisation.

## **REFERENCE MATERIAL**

Click on the links below to view additional reference material for this chapter

[Summary](#)

[PPT](#)

[MCQ](#)

[Video Lecture - Part 1](#)

[Video Lecture - Part 2](#)

[Video Lecture - Part 3](#)



# Chapter 4

## Personality

### Objectives

After studying this Chapter, you should be able to:

- ★ Know the meaning of Personality and Personality Traits;
- ★ Analyse the Significant Personality Traits viz., the Big Five;
- ★ Understand the Self-concept;
- ★ Explain Personality Development Theories; and
- ★ Interrelate the Personality Development and Employee Behaviour and Job Performance.

### Structure:

- 4.1 Introduction
- 4.2 What is Personality
- 4.3 Personality Traits
- 4.4 Determinants of Personality
- 4.5 Personality Development
- 4.6 Personality Theories
- 4.7 Personality and Organisational Behaviour
- 4.8 Type 'A' and Type 'B' Personalities
- 4.9 Summary
- 4.10 Self Assessment Questions

## 4.1 INTRODUCTION

### **Changing Times : Need for Changed Personality**

Until the liberalization of economies in various countries, environment was relatively static. Consequently, the jobs were secured. In other words, it was almost impossible for the companies to fire the employees.

But, privatisation, liberalization and globalisation changed this scenario. Competition caused by the economic liberalizations, led to the downsizing, de-layering, job sharing, talent management, retention, retrenchment and other massive layoffs. With this change losing a job has become a common feature in India as has been in the western world. Some public sector and private sector companies adapted the retrenchment strategies either voluntarily or compulsorily. However, the economic boom and particularly the boom in software industry, pharmaceutical and other sun-rising industries created a number of jobs. Added to this the man-made economic boom resulted in creation of a number of jobs. Thus, the economic boom opened up a number of jobs in various industries particularly in software industry during 1991 and 2007. Slowly, employees shifted to software industry by learning new skills.

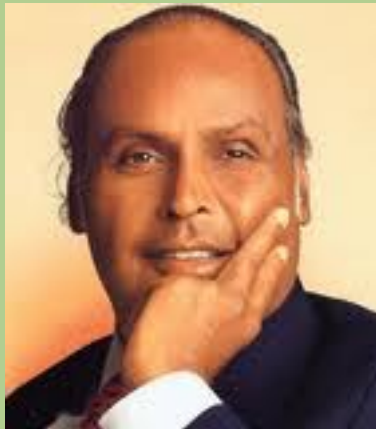
The recent economic recession in various industries after 2007 resulted in loss of jobs and issue of pink slips to the employees in significant number of companies particularly in software and retail industries. The young male and female employees were shocked of this new culture of hiring and firing.

Thus, hiring, firing and rehiring culture entered in their minds. Similarly, learning continuously in order to acquire the status of employability from time to time has also entered the young minds. Indians today learnt that the days of 'lifetime employment' have gone. They also learnt that they will get jobs only, if they learn and acquire new and employable skills continuously.

Today, we need the people with versatile personality traits. The individuals should have and develop multiple traits and need to change them depending upon circumstances.

Mahatma Gandhi designed the non-violence strategy whereas Subash Chandra Bose designed the aggressive strategy for the attainment of Independence to India. Bin Laden diverted innocent Muslim youth towards violence and terrorism in the name of God whereas Nelson Mandela directed the South Africans towards a peaceful transformation based on Gandhian principles of non-violence (Ahimsa). Dhirubhai Ambani (See Box 4.1) adopted aggressive expansion policy for Reliance whereas Ratan Tata followed the strategy of slow and steady growth for Tata. Narayana Murthy of Infosys followed a middle path silently. Even in the normal business activities, we come across several types of people. Some of them are competitive while others are contented. Some people are aggressive whereas others are quiet. Why do people vary so widely? To answer this question, we should know the concept of personality.

**Box 4.1 Dhirubhai Ambani Built India's Largest Private Sector Company**



**Achievements:** Dhirubhai Ambani built India's largest private sector company. Created an equity cult in the Indian capital market. Reliance is the first Indian company to feature in Forbes 500 list.

Dhirubhai Ambani was the most enterprising Indian entrepreneur. His life journey is reminiscent of the rags to riches story. He is remembered as the one who rewrote Indian corporate history and built a truly global corporate group.

Dhirubhai Ambani alias Dhirajlal Hirachand Ambani was born on December 28, 1932, at Chorwad, Gujarat, into a Modh family. His father was a school teacher. Dhirubhai Ambani started his entrepreneurial career by selling "bhajias" to pilgrims in Mount Girnar over the weekends.

After doing his matriculation at the age of 16, Dhirubhai moved to Aden, Yemen. He worked there as a gas station attendant, and as a clerk in an oil company. He returned to India in 1958 with Rs 50,000 and set up a textile trading company.

Assisted by his two sons, Mukesh and Anil, Dhirubhai Ambani built India's largest private sector company, Reliance India Limited, from a scratch. Over time his business has diversified into a core specialisation in petrochemicals with additional interests in telecommunications, information technology, energy, power, retail, textiles, infrastructure services, capital markets, and logistics.

Dhirubhai Ambani is credited with shaping India's equity culture, attracting millions of retail investors in a market till then dominated by financial institutions. Dhirubhai revolutionised capital markets. From nothing, he generated billions of rupees in wealth for those who put their trust in his companies. His efforts helped create an 'equity cult' in the Indian capital market. With innovative instruments like the convertible debenture, Reliance quickly became a favourite of the stock market in the 1980s.

In 1992, Reliance became the first Indian company to raise money in global markets, its high credit- taking in international markets limited only by India's sovereign rating. Reliance also became the first Indian company to feature in Forbes 500 list.

Dhirubhai Ambani was named the Indian Entrepreneur of the 20th Century by the Federation of Indian Chambers of Commerce and Industry (FICCI). A poll conducted by The Times of India in 2000 voted him "greatest creator of wealth in the century".

Dhirubhai Ambani died on July 6, 2002, at Mumbai.

Source: <http://www.iloveindia.com/indian-heroes/dhirubhai-ambani.html>

## 4.2 WHAT IS PERSONALITY?

What does personality mean? People use different terms like good, popular, strong, honest, weak, polite, etc., to denote personality. Behavioural scientists and common people define personality from different perspectives.

The word personality can be traced to the Latin words 'per sona' which are translated as "to speak through." According to Gordon Allport, personality is "the dynamic organization within the individual of those psychological systems that determine his unique adjustments to his environment."

Fred Luthans defines the term personality as, "how people affect others and how they understand and view themselves, as well as their pattern of inner and outer measurable traits and the person- situation intervention."

Robbins defines personality as, "the sum total of ways in which an individual reacts to and interacts with others."

Thus, personality devotes for the methods of affecting others, reacting to others' actions and interacting with others. These methods are chosen by individuals based on several factors. Important one among these are their traits. Now, we shall study personality traits.

## 4.3 PERSONALITY TRAITS

According to Luthans, the way people affect others as per their personality traits. Personality traits include: height, weight, facial features, colour, dimension, etc. Personality traits are enduring characteristics like shyness, submissiveness, laziness, timidity, loyalty, dynamism, aggressiveness, creativity, etc., exhibited in a large number of situations.

Allport and Odbert identified 17,953 personality traits. It is highly difficult to predict the individual behaviour based on such a large number of traits. R.B. Cattell reduced this number to 171. He further reduced them to 16 personality factors, or primary traits (See Table 4.1). The 16 factors are found to be generally steady and constant sources of behaviour. They help in predicting individual behaviour in specific situations. Box 4.2 presents personality traits of effective leaders.

**Table 4.1: Sixteen Primary Traits**

1. Reserved	Vs. Outgoing
2. Less intelligent	Vs. More intelligent
3. Affected by feelings	Vs. Emotionally stable
4. Submissive	Vs. Dominant
5. Serious	Vs. Happy-go-lucky
6. Expedient	Vs. Conscientious
7. Timid	Vs. Venturesome
8. Tough-minded	Vs. Sensitive
9. Trusting	Vs. Suspicious
10. Practical	Vs. Imaginative
11. Forthright	Vs. Shrewd
12. Self-assured	Vs. Apprehensive
13. Conservative	Vs. Experimenting
14. Group dependent	Vs. Self-sufficient
15. Uncontrolled	Vs. Controlled
16. Relaxed	Vs. Tense
(Source: Stephen P. Robbins, "Organisational Behaviour," <i>op.cit.</i> , p. 94.)	

### Box 4.2 Personality Traits of Effective Leaders

What makes an effective leader? Why are people naturally attracted to some individuals and follow their lead while others have to work hard at coalescing others behind them and in the end are not particularly effective? And are there secret ingredients that go into making effective leaders? If so, what are they and why are they so important? In this article, which is one of a two part series, we'll cover the first five of ten traits that most all effective leaders exhibit.

**Assertiveness** – Absolutely essential to being a leader, the ability to be forthright in expressing demands, opinions, feelings, and attitudes is a key component of success. Assertiveness actually helps leaders in their performance of many tasks and especially in identifying and achieving goals. To lead, you must be prepared to confront your followers about their mistakes, make legitimate demands, demand higher performance, and always set high expectations of yourself and others.

**Enthusiasm** – Leaders know enthusiasm is contagious. Others react positively to it almost instantly. They also know without it, it's virtually impossible to expect others to follow. Yet enthusiasm is one of the easiest traits to develop in yourself. People don't follow leaders who are boring and dull. Moreover, the leader knows he or she must frame his or her vision and mission in an enthusiastic way for others to want to make it their own. Enthusiasm fully developed is charisma. While genuinely rare, leaders who have transformed themselves into charismatic are able to easily enroll others to "buy in" and follow.

**Warmth** – Warmth is actually the glue that holds it all together. In fact, without warmth, a leader cannot build the rapport between himself and others that's critical to leading. Frankly, warmth is not only wanted and needed by everyone, but it's one of the key ingredients for emotional support of others that holds the group together. It's also another important component of charisma. People expect their leaders to have warmth – don't disappoint them.

**Self-Awareness & Objectivity** – Effective leaders have developed the ability to quickly assess the strengths and limitations of and others. This allows them to capitalise upon strengths, and build-up weaknesses to convert them into strengths. A good leader also recognizes that attempting to change others is not nearly as effective as simply noticing the way others are "wired" and using those already present patterns to achieve success.

**High Tolerance For Frustration** – Simply stated, the ability to cope with and quickly overcome the inevitable roadblocks that will come. Others will watch closely how you respond when frustrated. How you act when things are going well is easy. How you respond when the going gets tough is far more difficult. Many leaders have lost their followers having failed in this trait. Other leaders have actually cemented and grown their following by rising to the occasion and showing that in good situations or bad, their ability to stay focused while not become upset and frustrated is strong.

<http://www.google.co.in/search?q=personality&hl=en&sa=2> (Accessed on 12/08/09)

## The Myers-Briggs Type Indicator

This is a 100-question personality test asking the respondents how they usually feel or act in particular situations. This is one of the most widely used personality tests.

According to the answers given by individuals they are classified as:

- ★ Extroverts or Introverts (E or I)
- ★ Sensitive or Intuitive (S or N)
- ★ Thinking or Feeling (T or F)
- ★ Perceiving or Judging (P or J)

These arrangements are classified into 16 personality traits (as shown in Table 4.1).

People with **INTJ** viz., introverted, intuitive, thinking and judging have original minds, and great drive for their own ideas and purposes. Their characters are sceptical, critical, independent, determined and often stubborn.

**ESTJs** are: organizers, realistic, logical, analytical, decisive and have a natural inclination towards business/mechanics.

**ENTPs** are conceptualisers, innovative, individualistic and versatile entrepreneurs, resourceful in solving challenging problems.

A recent book reported that the persons who created successful companies (Apple Computer, Honda Motors, Microsoft, Sony, Federal Express, etc.) are intuitive thinkers (**NTs**).

## Big Five Model

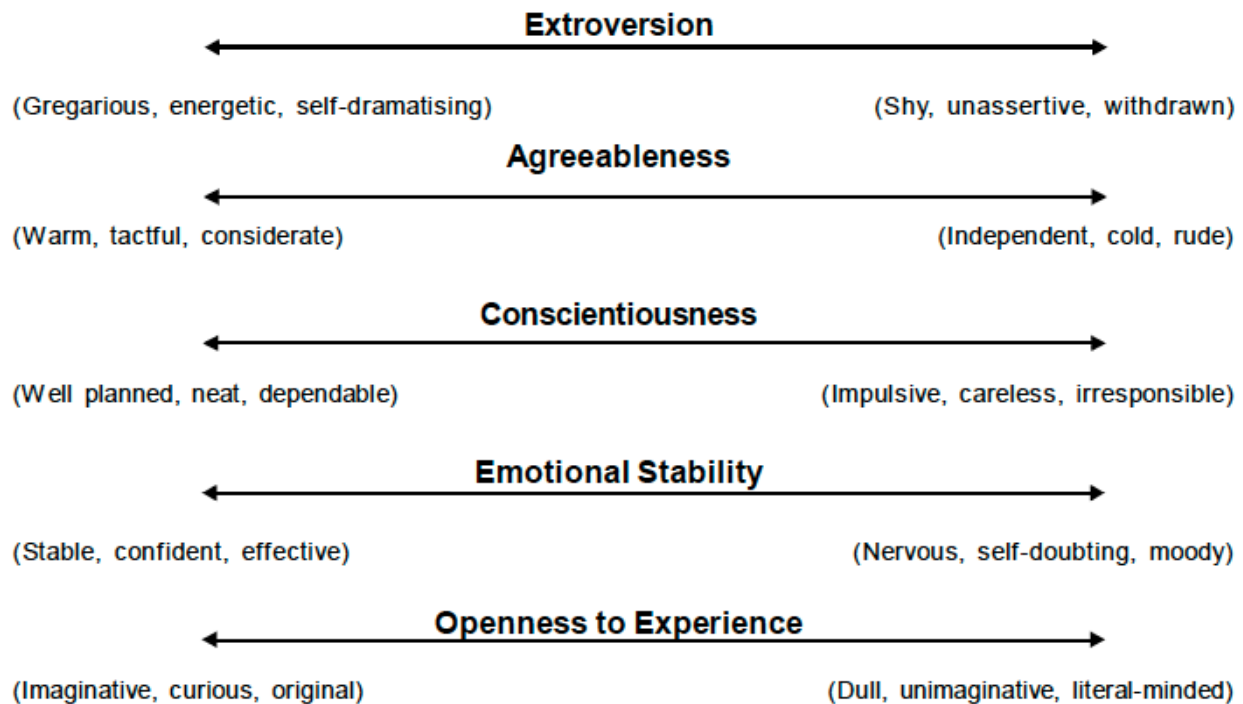
Personality traits of an executive/supervisor influences the behaviour of the employees in an organisation. Personality traits like talkative, smiling, exhibitivite in facial expressions and assertiveness are highly appropriate for executives to inspire, motivate and lead the subordinates. Similarly, traits like openness and frankness of the managers reduce dysfunctional activities and conflicts and enable the subordinates to concentrate on work related activities and increase productivity. Mr. Jayasankaran of Delta Airlines attracts and impresses his subordinates due to his impressive



height. Mr. Vasanta Rao of L&T is highly sociable. His subordinates are impressed with the way he conducts the meetings and directs his juniors.

The major personality traits which influence the job behaviour and job performance are labelled as the 'Big-Five Personality Traits.' These traits have emerged from the Research Studies. They are:

1. **Extroversion:** Sociable, talkative and assertive.
2. **Agreeableness:** Good natured, cooperative and trusting.
3. **Conscientiousness:** Responsible, dependable, persistent and achievement-oriented.
4. **Emotional Stability:** Calm, self-confident, secure, tense, insecure and nervous.
5. **Openness to Experience:** Imaginative and artistically sensitive. Extreme traits of the 'Big Five' intellectual are presented in Exhibit 4.1.

**Exhibit 4.1 Extreme Traits of the BIG FIVE**

(Source: Modified version from Don Hellriegel, John W. Slocum Jr. and Richard W. Woodman, "Organisational Behaviour," Southwestern, Singapore, 2001, p. 41).

Now, we discuss these big-five personality traits in detail.

## 1. Extroversion

People get the energy from their preference of extroversion or introversion. The people who prefer extroversion get the energy from their interactions with other people. The people who prefer introversion get energy by spending time or doing the activities by themselves. Extroversion type people develop and maintain wide-range of social network while the introversion type people narrow down their relationships to a few people.

According to Jung, even the introverts possess social skills, but prefer internal world of ideas, thoughts and concepts. In fact certain societies encourage and reward extroverts. Extroverts at workplace, prefer variety and they don't mind the interruptions at workplace by people/ coworkers. They prefer relationships over quality and quantity of output. In contrast, the introverts prefer complete concentration and least disturbances at workplace by people/coworkers and telephone calls. They prefer quality

and quantity of output over relationships. Introverts prefer to work in isolation and concentrate on performance.

Extroversion represents a person's interest in the external world. Person's interest in the external world can be exhibited through sociability, talkativeness/gregariousness and assertiveness. Thus, this dimension deals with relationships with others. Extroverts are assertive, sociable, talkative, gregarious people and introverts are reserved, timid and quiet.

- a. **Sociability:** Sociability is the ability of a person in maintaining interrelationship within a social group. Some executives possess the trait of maintaining social relations with their subordinates. They visit the subordinate's houses, enquire about the subordinates' health, financial, family, children's educational and marriage issues. They participate in various social functions organized by the subordinates.

The employees with high social skills create, nurture and develop social networks. Such employees never feel the social relations as disturbance even at the workplace. Sociability of executives and superiors tend to result in positive job behaviour and improved job performance of subordinates.

Mr. Ravi, Human Resources Manager of Nutrine Confectionary Ltd., has been highly sociable, visits the employees' families and monitors their welfare. During one summer when there was heavy demand for chocolates, employees refused to work beyond the scheduled hours despite his repeated requests. Then Mr. Ravi arranged for a social get-together of the employees' family members and explained to them the demands of the company regarding overtime work. The convinced family members influenced the employees to concede to the demand of the HR Manager. Thus, the sociability trait of Mr. Ravi resulted in positive job behaviour and enhanced the production of the company.

- b. **Talkative:** People with talkative skills are with open-mind and speak their mind to others. They disseminate and share information with others without any hesitation. They also voice various issues, ventilate employee grievances and proact on various organizational and employee issues. Many executives, with their speaking skills attract and influence the subordinates regarding their job behaviour and performance. Mr. Mahajan of Grindwell Norton is a skilled speaker. He is good at making

presentations. He talks on various issues and attracts the employees and major customers. He makes enquiries with the employees regarding their family issues, welfare, etc. His subordinates are influenced by his abilities of voicing on various issues of the company, jobs, their personal issues, etc.

- c. **Assertive:** Assertiveness is confirming one's own ideas or actions confidently or defending oneself and/or others through positive arguments, declaring strongly or laying claims. Subordinates like the assertive character of their boss and mould their job behaviour and performance to his expectations. Mr. Rajiv of Mukand Industries never counts down on his employees though they commit mistakes. In fact, he appreciates and defends them publicly. He calls them for discussions privately and makes them realize their mistakes. Similarly, he also defends himself through arguments, systematic analysis backed up with reasoning and cause-effect presentations. He attracts and influences his subordinates through his assertiveness.

## 2. Agreeableness

Highly agreeable people are cooperative, warm and trusting, whereas less agreeable people are cold, disagreeable and antagonistic. Individuals with agreeable traits think from the view- point of their employees or clients, accept the proposals, needs or requests of the employees. Employees' job behaviour and job performance is influenced with such a trait. Individuals with such a trait are good natured, cooperative and trusting.

Mr. Uday of Kotak Mahindra enters into the shoes of his employees and customers and analyses the issues and problems from their point of view. Added to this, his positive attitude towards others makes him to exhibit his trait of accepting the proposals or requests or needs of his subordinates. His subordinates are influenced positively by his trait of agreeableness.

- a. **Good Natured:** Good nature includes respecting the employees' ideas, views, opinions, values and considering them in decision-making. Further, it includes involving the employees in decision-making, helping and guiding them in their work. Good nature of the superiors influence the job behaviour and performance of the subordinates positively.

Mr. Chowdary of Voltas respects the ideas, values and opinion of each of his subordinates. He encourages their participation in various activities and involvement in decision-making. They visit the workplace of his subordinates, offers suggestions, guide them and help them in their work. Employees in Voltas are influenced by the good nature and treatment given by Mr. Chowdary.

- b. **Cooperative:** Cooperative traits regarding attitude and practice of superiors of an organization help the company in moulding the job behaviour and increasing the job performance.

Mr. Singh of Max India works jointly with his colleagues and subordinates, though, he has an independent work and independent office. Further, he shares his resources, time and expertise for the efficient performance of his subordinates and colleagues. Singh's cooperation in attitude and practice influenced the job behaviour and performance of Max India to a greater extent through positive reciprocation of employees.

- c. **Trusting:** Trust is worthiness of being relied upon or confidence in the truth of anything. It is resting on the integrity. Executives with the trait of trusting provide autonomy to the people, enable them to realize their potentialities and rise to the expectations of their boss. Executives can concentrate on strategic and policy issues.

Mr. Premji of WIPRO entrusts the work, broadly fixes the targets and gives freedom to the employees to achieve the targets. He proudly says that his employees achieve targets beyond his expectations. His employees happily reciprocate that their boss trusts them, which changed their behaviour and enhanced their performance. (see Box 4.3).

**Box 4.3 Mukesh Ambani: Trusting Personality**

<b>Trusting Personality</b>	<b>The innovative approach</b>
<p>It was not easy task for Mukesh Ambani to prove his efficiency and business acumen in a nation where parallel economy prevails. His dream of becoming famous and successful kept himself bang on to his goals. After bagging a chemical engineering degree, and an MBA degree from Stanford University, Mukesh started to work hard for business enhancements. With his unique business ideas he founded the Reliance Communications that roars in the telecom sector of India. Beside telecommunication, he eyed at the market and perceived the growing trend on the retail sector. He endeavoured to invest in retail and again established the Reliance Fresh brand.</p>	<p>Time and again with the thrust of tasting more and more success, Mukesh came up with unique business brands. He initiated in starting up a diamond jewellery business. Mukesh Ambani is icon for the guys who want to be famous and are ready to put up efforts. In the year 2006, as per the data provided by Forbes Magazine, Mukesh Ambani is considered to be the second richest person of India. In different seminars, he repeatedly pronounced the mantra of his success, and it can be a nice experience for the guys to listen to his valuable suggestions.</p>
<p><a href="http://mukeshambani.crazybillionaire.org/mukeshambani.php">http://mukeshambani.crazybillionaire.org/mukeshambani.php</a> (Accessed on 28/11/2009).</p>	

**3. Conscientiousness**

Conscientiousness refers to governing or regulating the work activity by conscience. Conscientiousness is a measure of reliability. Persons with a high level of conscientiousness are reliable, organized, dependable and persistent; while persons with a low level are easily distracted, disorganised and unreliable. The conscientiousness trait of the executive changes the job behaviour and enhances the job performance of the subordinates. The conscientiousness trait includes responsibility, dependability, persistency and achievement-oriented.

Mr. Rajesh Chowdary, an executive of Bharat Heavy Plates and Vessels Limited (BHPVL) had no real pressure of work and responsibility to spend longer hours in the company, take risks, exert his energies, etc. But he worked sincerely beyond the expectations of the organisational culture and

his colleagues. The responsive trait of Mr. Chowdary changed the work culture of his department to a considerable extent.

- a. **Responsible:** Responsible trait is responding readily to discharge one's own obligations towards others and the organisation. The responsible trait of the individuals enables them to take up the work activities with or without delegation, and makes the superiors to concentrate on policy issues. This process improves the job performance of the employees and moulds the employee behaviour towards organisational requirements.
- b. **Dependable:** Subordinates commit themselves to organizational goals, take up the responsibility and carryout the organizational activities that contribute to the strategy even they are not assigned to them. Such subordinates are dependable. Employees with dependable traits maximize organizational performance. Thus, the dependable trait of the employees improves their job performance.

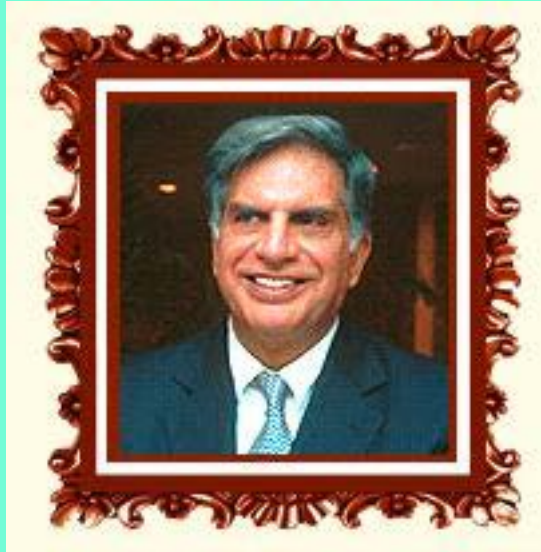
Mr. Prakash Singhal of Escorts frequently takes up the work activities of the company depending upon the situation, without being assigned to him by his boss. His boss feels that Mr. Prakash is dependable and the work he takes up or which is assigned to him need not be followed up.

- c. **Persistent:** Persistent trait refers to the behaviour of rendering the services or doing the work continuously at a steady pace without any opposition. The persistent trait influences job behaviour and performance.

Mr. John of Dr. Reddy's Lab reacts to the needs of his subordinates and organisational requirements continuously, steadily at a fast rate without any opposition. This persistent trait of Mr. John influenced the behaviour of his subordinates significantly.

- d. **Achievement-oriented:** Employees translate the objectives into achievable goals based on ground realities and conditions and achieve the goals to a large extent. The achievement oriented trait of employees improves their job performance and mould the job behaviour of others and shapes work culture. (See Box 4.4).



**Box 4.4 Achievement and Risk-oriented Traits of Ratan Tata****Risk-taker's dream: Ratan Tata**

"We need to be bolder and willing to take bigger risks abroad," Ratan Tata had said to THE WEEK in an interview in May 2005. That was at a time when the Tata group had taken a big leap abroad with acquisitions by Tata Motors and Tata Steel. It had also become the third largest player in the world in the branded tea business. Tata Motors' acquisitions in Korea and Spain in 2005 made it the world's fifth largest truck maker and the third largest bus chassis maker. Tata Steel's buy of Singapore's NatSteel did not add much to capacity, but made it a strong regional player.

Perhaps, Corus was on the Tata radar even then. Perhaps Ratan Tata had an inkling that Tata Steel would grow from being a regional player to a global one, practically overnight, when he said, "I am sure at some point we will go beyond the Tetley scale." For the Tata group, the objective of this aggressive expansion abroad is not just acquisition for the sake of acquisition. "Going into select geographies is not just to exploit commercial opportunities but where the group will have a development role in that country," Tata had said.

In all its acquisitions, local managers have remained, with Tata Sons people on hand to provide guidance and to ensure corporate governance. "We are far more tolerant of differences than many American and eastern companies," Alan Rosling, executive director, told The Week then. As the group's footprints in foreign markets have grown, Tata Sons, which owns a controlling interest in the bigger group companies, has been building a philosophy to institutionalise the process. Templates and models for institutionalising the group support for such acquisitions are now in place.



"We have created a very small group to look at our growth internationally," Tata said. An important criterion for the top team is how well the acquired company will fit into the Tata value system. "Chemistry is an extremely important issue," Tata said. "We do a lot of homework to make sure the acquired company fits into our culture and value system. If we find that a company follows practices that we are not in agreement with, we would not go into it."

As the group grows across geographies, it is getting noticed for its quality, pricing and services. Emphasis rests as much on gaining mind-share for the group as on gaining market share. "We have created a common brand and built brand discipline," said Tata, when asked about making brand Tata an international one. "Now we are spending money to promote the brand in the countries we are in.... The group now has more visibility, we are less shy of the media and we have more media coverage." That is certainly true of the Corus acquisition.

### **Ratan Tata, the soft-spoken man of steel**

Ratan Tata showed that grace, composure and nerves of steel can sit easy on the same personality, as he marked an audacious milestone in his career as Tata group chairman by winning over Anglo-Dutch steel maker Corus Group with a bid worth \$12.1 billion. In venturing into new areas, fighting corruption in his own industrial empire and in going ahead with his car plant in West Bengal despite protests over land acquisition, the 69-year-old has shown that he does not budge an inch once he has made up his mind.

After he took over the mantle of Tata Sons, the group's holding company, from legendary patriarch JRD Tata, everyone - from close lieutenants to outsiders and experts - was sceptical of his ability to manage such a large and diversified empire with around 85 companies in a salt-to-software range. His grit and determination are best epitomised in what he said in an interview. "I am unfortunately a person, who has often said: You put a gun to my head and pull the trigger or take the gun away, I won't move my head." That is a rare insight into a man who protects his privacy, integrity and patriotism in equal measures. The acquisition of Corus comes in the 100th year of Tata Steel. That should make the centenary celebrations more sweet. The Corus deal is a "defining moment for Tata Steel," Tata had said after launching a recommended bid for Corus.

Much before corporate governance became a buzzword in India Inc, Ratan Tata did not hesitate to file a criminal case against one of his perceived lieutenants and other top executives of the group for allegedly defrauding one of his companies. Throughout his career, which began as a management trainee in Tata Steel, he has displayed enormous courage in taking assignments that critics had written off even before they had taken off. The Indica Car project is a case in point.

When Indica was unveiled in 1998 in Delhi, the then Industry Minister Murasoli Maran termed it the “modern Kohinoor of India”. From there, after a series of build-outs and acquisitions, Corus could well be a logical jewel in Tata’s crown. Several observers had nearly written off the Indica project, some had even said the project could mark the beginning of the end of Tata Motors. It did not. Nobody now is questioning whether Tata Motors can live up to the promise of producing a “people’s car” in the price bracket of Rs 1 lakh. Tata is fiercely patriotic. In 1998, he stepped in immediately to douse a nationwide rumour that there was a salt shortage. Tata issued full-page advertisements, in national interest, stating that there was no supply crisis of salt and citizens need not hoard kilos of salt in their homes.

### **The man called Ratan**

Ratan Tata’s ‘Corus Conquest’ is just the beginning of the Indian industrial saga of ‘How the West was won’. There are instances in history which reveal that often the time makes the man; World War II made the man Churchill, British Raj and Indian Independence struggle made the man Gandhi. Contrary to such instances, Ratan from the days of his youth was making the man in himself and was already ‘made’ when the time came.

Ratan’s is a story of struggle, perseverance, survival and success covering a long period of more than four decades. When he was very young, a shattered Nelco was thrown in his lap. From the shambles it was, how it has survived as a company is a wonder. It was not in the best period of automobile industry that Ratan was made vice-chairman and then chairman of Telco (now known as Tata Motors). Facing him immediately thereafter in Telco was the worst of the industrial labour unrest led by Rajan Nair.

The tough, cool and calculated handling of Telco by Ratan during those turbulent times almost gave an answer to the oft-repeated question, after JRD who? Tisco and Indian Hotels, before his becoming the Chairman, were not free from controversies and once again it was after a stiff resistance and struggle that he preserved and protected the shareholders’ interest in these companies.

The Tata Group, which during those days was under a serious threat of disintegration with strong satraps like Russi Mody, Darbari Seth, Ajit Kelkar and other contenders at play, was held together singly by Ratan under his strong and visionary leadership. With Ratan's taking over as the undisputed leader of the Tata Group, he embarked upon consolidation and expansion in key strategic arrears. The opening up of the national and global economy provided the time and opportunity for which the man had already made himself.

Corus Conquest' is the culmination of this process of making the man and certainly not the end. What will hold Ratan in one good solid piece and take him further and higher are his extremely high ethical standards, a wide international vision and perseverance. All these attributes have been tested often in most disturbing times. Ratan's contribution to the Tata Group in particular and to the Indian industry in general is not less significant than that of its founder, Jamsetji Tata.

Ratan's achievements in strengthening the group in critical times and providing leadership to the Indian industry in the national and international economy are equally praiseworthy. The licence and permit raj which followed the Indian independence had harshly restricted the growth of the Tata Group and therefore, in fairness to JRD, it may be stated that his hands were tied.

But it was good fortune for the Tata Group that, when the time came, Ratan had already made himself; and he seized the challenges and opportunities, steering the group way ahead of others with enviable grace and dignity. Ratan will go down in the Indian history as one of the greatest industrialists of all times. His contribution to the Indian industry through the Tata Group is extremely valuable and everlasting. He will be long remembered for his rare and unique adherence to noble principles, astute business acumen, inner steel-like strength, inherent fairness to the shareholders and business associates and dignified demeanour all the time.

The Bombay House biz wiz

The late patriarch JRD Tata, ambitious as he was, could not have foreseen that the industrial group he had built so painstakingly would be taken to such heights by his chosen successor. The conquest of Anglo-Dutch steel maker Corus Group plc by Tata Steel under Ratan Tata's leadership is a giant achievement, even by the Tata group's standards.

About 15 years ago, when JRD decided to pass the baton on to the then 53-year-old Ratan Tata, his close lieutenants had opposed the move: Ratan Tata was too young and inexperienced, they said. The old guard at Bombay House — Rusi Mody, Darbari Seth and Ajit Kerkar, in charge of steel, chemicals and hospitality respectively — had their own vision for the company. But the suave and soft-spoken Ratan Tata was determined to take the group to new heights.

In one of the biggest gambles of his life, Ratan Tata put everything at stake at Tata Motors to give the country its first indigenously manufactured 'people's car'. At a time when foreign carmakers were confidently tightening their grip on the Indian market, Ratan went ahead with his grandiose , the ubiquitous Indica, is on Indian roads and in select export markets. It was, for Ratan, the first indication that he could take on foreign competitors.

Ratan Tata articulated his vision for the salt-to- software group with 86 companies in 3 phases over 15 years. In the first phase, he was primarily engaged in cleaning the empire's Augean stables that comprised slothful chieftains who drained resources and ran personal fiefdoms. Next, he started scouting around for management professionals. In the second phase, Tata put together a management team that combined Indian traits with a global vision.

The Tatas had a strong management cadre and were known to groom management graduates from the Tata Administrative Services. But there was need for fresh blood and thinking, which came from the likes of R Gopalakrishnan, Kishore Chaukar and Alan Rosling along with inhouse bosses: J J Irani, Ishaat Hussain, N A Soonawala and R K Krishna Kumar. "The biggest change that is happening on a continuous basis is that of distribution of leadership. "It's like someone creating a 100 -piece orchestra," says Gopalakrishnan, executive director at Tata Sons, the group's holding company into which he moved from Hindustan Lever. "Ratan Tata has the unique ability to smell the winds of globalisation much before many of us," says Krishna Kumar, vice- chairman, India Hotels. "The changes that the Tata Group has undergone is entirely in sync with globalisation.

The Chairman's initiatives are in response to the winds of change that have been blowing ever since the Berlin Wall fell," he adds. With designs on the world following the management shakeup, Ratan Tata unleashed the tiger. This was the beginning of the third phase. After 2000, the Tata empire has gone on a shopping spree across the world. The mandate was clear. Each business segment should be strong enough to survive and thrive in the global market.

Gopalakrishnan says, "Ratan Tata gives his team the licence to be bold. But no major decisions will happen without consultation." Nobody, for instance, now raises eyebrows about the feasibility of the 'people's car' in the price bracket of Rs 1lakh. Ratan Tata is a man of determination, says investment banker Uday Kotak. "Nothing he says is casual or off-hand. When he speaks, he means business." The Corus deal, adds Kotak, is the biggest example of Tata's "courage and vision, which made India proud and a force to reckon within the global canvas".

So, what makes Ratan Tata so confident? Industry observers say Tata not only preaches ethics and corporate governance, but implements them in letter and spirit. He has the ability to call a spade a spade. Much before 'corporate governance' became a catch phrase with India Inc, Tata did not hesitate to file a criminal case against one of his perceived close lieutenants and a top executive of the group for allegedly defrauding one of his companies.

New frontiers have also been nurtured. F C Kohli and JRD Tata created a hen that laid the golden eggs — Tata Consultancy Services (TCS), the country's biggest software company, which was listed on Indian bourses in 2004. Before its listing, it was a cash cow for Tata Sons. Now, Tata Sons' holding of 80 per cent in TCS, which has a market capitalisation of Rs 1,26,500 crore, is worth over ` 100,000 crore. A marginal dilution can generate enough cash for Tata Sons to gobble up many companies through a leveraged buyout route using the acquired company's assets to pay for the acquisition.

Source: <http://www.thevaryouth.com/tata.htm> (Accessed on 12/08/09)

#### 4. Emotional Stability

Some executives absorb the actions, reactions, views, feelings, attitudes, outcome of activities, etc., and maintain stability of their emotions. Consequently, they tend to be calm, self-confident and secure. People with negative scores tend to be nervous, anxious, depressed and insecure.

#### 5. Openness to Experience

Executives are expected to be open to new job experiences, learn, absorb and integrate them with their previous experiences and knowledge. This trait includes imaginative, artistically sensitive, intellectual, creative and curious people. Those with low level of openness are conventional and go along with the familiar.

- a. **Imaginative:** All the business ventures come into existence only after they cross the stage of imaginative or projective. In fact all the business activities also cross this stage and as such, all the employees are expected to possess the imaginative trait. In fact, those who imagine much, achieve much.
- b. **Artistically Sensitive:** Employees should be sensitive to all types of changes in the environment and imagination. Employees with this trait learn much from the environment and use such knowledge for the improvement of the job performance.

- c. **Intellectual:** The intellectual trait enables the individuals to think and analyse rationally and understand systematically. This trait helps the employee to make efficient decisions and enhance the job behaviour.

## Big Five Traits and Job Performance

The research studies conclude that:

- Individuals who are dependable, reliable, careful, thorough, able to plan, organised, hardworking, persistent and achievement-oriented tend to have high job performance in most occupations.
- Individuals with high conscientiousness develop higher levels of job knowledge as they exert great levels of effort on their job. This, in turn results in higher levels of job performance.
- There is a positive relationship between Personality Traits and Job Satisfaction. (See Box 4.5).

### Box 4.5 Relationship between Personality Traits and Job Satisfaction – Research Results

To understand the relationship between job involvement, job satisfaction, and personality traits among health volunteers in one Taiwan community. It is not easy to retain voluntary workers as part of health programmes even though they have been trained. Previous research has shown that in order to increase job involvement, volunteers must effectively fulfil their needs to achieve and obtain job satisfaction. Design and sample: Cross-sectional design. Surveys were mailed to 317 health volunteers at community health centres in I-lan County, northern Taiwan; 213 complete responses (67%) were received. Methods: The survey instrument included sociodemographic items and scales measuring locus of control, achievement orientation, job involvement, and job satisfaction. Results: Most respondents (94.8%) were female and their average age was 49.6 years. In terms of personality traits, most volunteers showed internal control orientation. Explainable variance for the prediction of job involvement from a combination of participation frequency, on-job training, achievement orientation, and job satisfaction was 33.6%. Conclusions: The results suggest that there is a need to strengthen cooperative relationships among volunteers by initiating well-planned volunteer training programmes and growth groups. These should involve the empowerment concept with the aim of enhancing the volunteers' interpersonal relationships and job satisfaction.



<http://www3.interscience.wiley.com/journal/118533689/abstract?CRETRY=1&SRETRY=0> (Accessed on 15/08/09)

## The Self-concept

Almost all the people try to understand themselves by virtue of their qualities, characters, actions, reactions, responses, etc. This process in personality theory is called the self-concept. This process involves the interaction of the background, one's own psychology, values, social, economic, religious and other internal factors of oneself. The concepts of self-esteem and self-efficacy are concerned with self-concept.

Mr. Michael of Human Resources Department of Lipton perceived in 1992 that he has the skills and competence of solving issues of the proposed corporate merger with Brooke Bond. This perception is referred to as self-esteem.

People's self-esteem is concerned with their self-perceived competence and self-image. When Lipton merged with Brooke-Bond, Mr. Michael perceived that he could counsel and train the employees regarding the cultural diversity issues of the former Brooke Bond employees. This is called self-efficacy. Self-efficacy has to do with self-perceptions of how well a person can cope with situations as they arise.

Thus, self-esteem is concerned with the perceived competence while self-efficacy deals with the perceived performance based on the situation.

## 4.4 DETERMINANTS OF PERSONALITY

There has been a debate whether the leaders are born or made? It has been viewed after a long debate that leaders are both born and made, i.e., heredity. Similarly, there has been an argument as to whether personality is determined at birth or is the result of individual's interaction with the environment. Added to this, it is also argued that situation is another factor that determines personality. Now, we shall discuss these three broad determinants of personality.

According to the heredity approach, the individual's personality is influenced by the molecular structure of the genes located in the chromosomes.

## **Heredity**

Certain physical and psychological characteristics like facial attractiveness, temperament, gender, muscle composition, energy level, biological rhythms, etc., either substantially or partly are inherited from one's parents. They are inherited by the parents' biological, physiological and psychological make-up.

Research studies show that traits like shyness, fear, height distress are mostly caused by inherited genetic characteristics. They also show that genetics accounts for around 50 per cent of personality differences and more than 30 per cent of the variation in occupational and leisure interests. However, it is strongly argued that personality factors are not completely dictated by heredity, but they are also determined by the environment.

Now, we shall study another determinant factor of personality, i.e., Environment.

## **Environment**

Environmental factors are those factors which encircle us and which influence our behaviour. Culture is the most important factor among the environmental factors that influence personality. Most of the Indians are humble, obedient, tolerant, non-violent, non-materialistic, non-competitive and tend to sacrifice. Hindu religious texts, saints, parents and elders teach these cultural values.

Japanese are industrious, obedient, dependent and non-violent. Buddhist religious texts and monks and elders taught these values. While the westerners are independent, competitive, industrious, ambitious and aggressive as the independent western society/culture, parents and teachers in the schools infused these cultural values in them.

Culture is the complex of beliefs, values, norms, opinions and attitudes which are shared by individuals of contemporary period and transmitted from generation to generation. Culture is learnt from the family members, friends, peers, social groups, teachers, etc.

Thus, culture is considered as the major determinant of the personality as it determines what and how an individual learns. For example, a young boy



of a family with docile nature was adopted by another family with aggressive nature. The boy turned into an aggressive guy when he grew up.

Many Indians who normally avoid the work, come late to the workplaces and are less quality conscious in Indian organisations behave quite differently in western organisations. They respond and adjust to the demands of the work environment of the companies in the west.

Thus, culture shapes the personality of an individual, in addition to heredity. Stephen P. Robbins views that heredity sets the parameters or outer limits while culture makes the individual to adjust himself/ herself to the demands and requirements of the environment.

Now, we shall discuss the third factor, i.e., situation.

### **Situation**

Situations change based on the shifts in environmental factors. The stable economic environment before 1990s has turned into a more dynamic and volatile environment due to globalization of world economies and information technology innovations. These shifts led to more competitive and challenging situations during 1991 and 2007. These situations changed into recessionary and shirking situations consequent upon economic meltdown throughout the globe after 2007. Managers changed their managing styles in crafting and implementing strategies based on these shifts in situations. Job demands vary depending upon situations and employees change their traits depending upon situational demands. Women managers have started to grow to the levels of chief executive officers of the companies and accept challenges along with men. (See Box 4.6). Managers adapt creative and growth strategies during economic boom periods and adapt retrenchment and conservative strategies during economic recession. Thus, exhibitive personality traits change based on situational demands.

**Box 4.6 Kiran Mazumdar Shaw, CEO of India's Biggest Biotechnology Company**

**Born:** March 23, 1953

**Achievement:** Chairman & Managing Director of Biocon Ltd; Felicitated with Padmashri (1989) and Padma Bhushan (2005).

Kiran Mazumdar Shaw is the Chairman & Managing Director of Biocon Ltd, India's biggest biotechnology company. In 2004, she became India's richest woman.

Kiran Mazumdar Shaw was born on March 23, 1953 in Bangalore. She had her schooling at Bishop Cotton Girls School and Mount Carmel College at Bangalore. After completing her B.Sc. in Zoology from Bangalore University in 1973, she went to Ballarat University in Melbourne, Australia and qualified as a master brewer.

Kiran Mazumdar Shaw started her professional career as trainee brewer in Carlton & United Beverages in 1974. In 1978, she joined as Trainee Manager with Biocon Biochemicals Limited in Ireland. In the same year, Kiran Mazumdar Shaw founded Biocon India in collaboration with Biocon Biochemicals Limited, with a capital of Rs.10,000. She initially faced many problems regarding funds for her business. Banks were hesitant to give loan to her as biotechnology was a totally new field at that point of time and she was a woman entrepreneur, which was a rare phenomenon.

Biocon's initial operation was to extract an enzyme from papaya. Under Kiran Mazumdar Shaw's stewardship Biocon transformed from an industrial enzymes company to an integrated biopharmaceutical company with strategic research initiatives. Today, Biocon is recognised as India's pioneering biotech enterprise. In 2004, Biocon came up with an IPO and the issue was over-subscribed by over 30 times. Post-IPO, Kiran Mazumdar Shaw held close to 40% of the stock of the company and was regarded as India's richest woman with an estimated worth of Rs. 2,100 crore.

Kiran Mazumdar Shaw is the recipient of several prestigious awards. These include ET Businesswoman of the Year, Best Woman Entrepreneur, Model Employer, Ernst & Young's Entrepreneur of the Year Award for Life Sciences & Healthcare, Leading Exporter, Outstanding Citizen, Technology Pioneer, etc. Government of India also felicitated her with Padmashri (1989) and Padma Bhushan (2005).

Source: <http://www.iloveindia.com/indian-heroes/kiran-mazumdar-shaw.html#> (Accessed on 12/11/2009).

Mr. Agarwal of IFCI normally works coolly by designing routine strategies. But, he suddenly changed his work style and started working seriously and designing innovative strategies when the market value of the equity share fell down from Rs. 45 to Rs. 11. Thus, the stable personality of Mr. Agarwal changed, consequent upon the situational demands.

Japanese started working hard, innovatively and competitively consequent upon the effect of World War II. Similarly, many business executives also started working competitively consequent upon globalisation. Thus, situational factors also influence the personality.

Different situations demand different aspects of one's personality. Therefore, individual's personality changes in order to meet the situational demands. Individual's personality changes in different situations though it is normally stable and constant. Thus, the situational requirements influence the effects of heredity and environment on personality.

Situations like temple, classroom, working place, employment interview, boss's chamber, saint's sanctuary and the like regulate the behaviour of the individuals to a greater extent based upon the situational requirements.

We may conclude that heredity, environment and situation influence personality. Heredity states the outer limits of the personality, while environment develops the personality relevant to the normal circumstances and the situation influences the individual to realise and exhibit his potential personality in tune with its requirements. Thus, the interactive conglomeration of heredity, environment and situation makes the individual personality.

## 4.5 PERSONALITY DEVELOPMENT

Various physiological and psychological stages occur in the development of the human personality. There are a number of well known stage theories of personality development. Theories provided by Sigmund Freud, Erikson, Levinson, Hall and Argyris are relevant to understand organisational behaviour.

### **Freudian Stages**

Sigmund Freud first formulated a systematic stage theory. According to Freud, childhood events have a bearing on adult behaviour and consciousness. He believes that there are five stages of psychological development which influence the personality development, viz., oral, anal, phallic, latency and genital.

#### **Stage 1: The Oral Stage**

This stage is from the birth up to the age of one year. Infants during this stage depend on others for survival. The biological drives are reduced through the mouth. Mouth remains an important erogenous zone throughout life. Excessive or insufficient amounts of stimulation during this stage may lead to the development of an oral- passive personality in adulthood, with the characteristics of exploitation and domination of others.

#### **Stage 2: The Anal Stage**

This stage is from the age of one year to age of three years. The libidinal energy is focused on the anal region during this stage. The harsh and repressive toilet training given during this stage may result in anal-retentive personality with the characteristics of punctuality, orderliness, obstinacy, stinginess and cleanliness. The other side of the toilet training will develop an anal-aggressive personality with traits like disorderliness, hostility, destructiveness and cruelty.

### **Stage 3: The Phallic Stage**

This stage starts at the age of three years and ends at the age of four. This stage focusses on psychosexual development. Freud believes that children during this stage identify themselves with the parents of the same sex. Children at this stage are generally interested in the genitals. The Oedipus complex or conflict occurs during this stage, which results in both loving and hating parents. If this conflict is unresolved, it would lead to severe anxiety and guilt feelings affecting normal personality development.

### **Stage 4: The Latency Period**

This stage occurs between the 4 and 6 years of age. The children during this stage shift their interest from sexual issues and seeking gratification of the libido to the social knowledge and skills needed for work. Children develop the interest in developing social relations with classmates and friends. Similarly, they develop the basic skills necessary for their work by understanding the basics of environments with the entry in schools.

### **Stage 5: The Genital Stage**

This stage occurs during adolescence to adulthood and sexual interest is re-emerged during this stage. Interest in and awareness towards the opposite sex increase during this stage.

Freud mostly relied on sex to explain stages in personality development. As such, this theory was criticised and paved the way for the development of other theories based on stages of personality development. Erikson's stages of personality development are important among them.

### **Erikson's Stages of Personality Development**

Erikson believed in paying more attention on the social aspects of personality development rather than sexual aspects. He felt that social issues are more important in the process of personality development and development of human relationships. According to Erikson, individuals face psycho-social crisis in each stage of personality development. Each crisis should be aptly resolved in order to have a normal and fulfilling personality. Crisis is a turning point in an individual's development. Erikson proposed eight stages of personality development.

### **Stage 1: Infancy Stage**

This stage runs up to the age of one year. Success in this stage brings pursuit of affection, gratification of needs, recognition, etc. Failure in this stage results in consistent abuse, deprivation of love, too early or hard weaning and artistic isolation.

### **Stage 2: Early Childhood**

This stage runs from the age of one year to three years. The success in this stage makes the child to view self as a person in his/ her own right apart from parents. The failure in this stage results in feeling of inadequacy, doubting the self, etc.

### **Stage 3: Play Age**

This stage runs from four years to five years of age. The success in this stage makes the individual to be initiative, imitative, anticipates the future and imaginative. Vice-versa is true in case of failure in this stage.

### **Stage 4: School Age**

This stage is from the age of six to eleven years. The successful individual during this stage is industrious, develops scholastic and social competencies, undertakes real tasks, etc. Failure in this stage develops inferiority complex, poor work culture, avoids competition, etc.

### **Stage 5: Puberty and Adolescence**

This stage occurs during the age of 12 to 20 years. The successful individual during this stage identifies himself with egos and with failure the individual experiences role confusion.

### **Stage 6: Young Adulthood**

This stage is from 20 to 24 years of age. The successful individual develops the capacity to commit himself to others. Failure to meet requirements of this stage keeps the individual in isolation. The individual avoids intimacy and seeks interpersonal encounters.

### **Stage 7: Middle Adulthood**

This stage runs between the age of 25 years to 65 years. The successful individual in this stage is productive and creative for self and others and the failing individual tends to self love, personal impoverishment and has a feeling of hopelessness and meaninglessness.

**Stage 8: Late Adulthood**

This is the stage of old age. The successful individual during this stage develop integrity. He appreciates continuity of past, present and future. The failing candidate finds no meaning in life and no faith in self and others.

**Adult Life Stages**

Daniel Levinson believed that, "the life structure evolves through a relatively orderly sequence throughout the adult years." He believed that there was little variability in the following four identifiable but stable periods.

**Stable Periods**

1. Entering the adult world (22 years to 28 years of age)
2. Settling down (33 years to 40 years of age)
3. Entering middle adulthood (45 years to 50 years of age) and
4. Culmination of middle adulthood (55 years to 60 years of age)

**Transitional Periods**

He identified four transitional periods:

1. **Age-thirty transition (Age 28 to 33):** During this period, individuals think of promotions, shift in lifestyles, developing new relationships, building networks, etc.
2. **Mid-life transition (Age 40 to 45):** During this period, individuals prefer to change jobs, broader relationships, wider the networks, and set new goals in the career as well as in life etc due to increasing responsibilities.
3. **Age-fifty transition (Age 50 to 55):** During this stage, individuals are content with their achievement. They prefer stability in career and life. However, they try to make a change before the end of career, if the environment favours them.
4. **Late adult transition (Age 60 to 65):** During this stage, individuals try to have a second career by switching over to a convenient and



tension free job with an average income. This stage is the post retirement stage.

### **Hall's Career Stage Model**

Hall has developed an overall model for career stages. There are four major career stages. These four career stages are:

#### **Career Stage 1: Exploration**

This stage includes searching for an identity, undergoing self-examination, role try outs, taking up of different jobs; unstable and less productive. This stage runs from 15 years to 25 years of age.

#### **Career Stage 2: Establishment**

This stage includes settling down, need for intimacy, growing and productive period. This stage runs from 25 years to 45 years of age.

#### **Career Stage 3: Maintenance**

Person levels off into a highly productive plateau, need for generativist, assumes paternalistic role/mentor. This stage runs from 45 years to 65 years of age.

#### **Career Stage 4: Decline**

This stage indicates the need for integrity (need to feel satisfied with his/her life choices and overall career). This stage normally takes place after the age of 65 years.

### **Immaturity to Maturity Approach**

Chris Argyris, a well known organisational behaviour theorist, has identified specific dimensions of human personality in a departure from the strict stage approach, i.e., immaturity to maturity approach.

Chris Argyris proposes that human personality progresses along a continuum from immaturity as an infant to maturity as an adult (See Table 4.2).

Argyris clarifies that all persons may not reach for all dimensions on the mature end of the continuum. He further clarifies that:



- ★ Personality depends upon individual's perception, self-concept, adaptation and adjustment in addition to the dimensions shown in the table.
- ★ The dimensions continually change in degree from infant to adult stages.
- ★ This model does not predict specific behaviour, but provides a method of describing and measuring the growth of any individual in the culture.
- ★ These dimensions are based upon latent characteristics of the personality.

**Table 4.2: The Argyris Immaturity-Maturity Continuum**

Immaturity (as an Infant) Characteristics Passivity Dependence Few ways of behaving Shallow interests Short-term perspective Subordinate position Lack of self-awareness	Maturity (as an Adult) Characteristics Activity Independence Diverse behaviour Deep interests Long time perspective Superordinate position Self-awareness and control
(Source: Fred Luthans, Organisational Behaviour, p. 188.)	

## 4.6 PERSONALITY THEORIES

Psychologists and other human behaviour theorists developed personality theories based on research studies. These personality theories are grouped into psychoanalytic theories, socio-psychological theories, trait theories and holistic theories. Now, we shall discuss the psychoanalytic theories.

### **Psychoanalytical Theory**

Various psychologists contributed to the development of psychoanalytic theory. These psychologists include: Sigmund Freud, Carl Jung, Alfred Adler, Karen Horney and Eric Fromm. Sigmund Freud made significant contributions to the theory compared to other psychologists. On the basis of his research, Freud concluded that unconscious framework motivates the man mostly. There are three aspects in the unconscious framework, viz.,

The Id, the Ego and the Super ego. These three aspects are interrelated with each other.

### **The Id**

The Id is the primary principle of all human life. It is the mental agency containing everything inherited. It seeks gratification for biological needs. It is the unconscious part of human personality.

The biological needs include: hunger, thirst and sexual needs. These needs would be the driving force for thinking and behaving throughout the life. According to the Id, the man removes the tension of unsatisfied biological needs by forming a mental image of the object which would satisfy the needs. Thus, the Id concept is related to the imaginary and illusionary world.

### **The Ego**

The ego is related to the reality principle. It is the conscious and logical part of human personality. Ego is based on the realities of the external environment through intellect and reason. The Id wants immediate pleasure through imagination while the ego wants a real pleasure. For example, a fresh management graduate develops a mental image of a General Manager's position in a multinational company. This is the essence of the Id concept. The job market, competition from other candidates like CAs, ICWAs, MHRM, CFAs, etc., and recession in the industry make him to realize the reality and aspire for a junior management position. This is the essence of the ego concept. The interactive functioning between the Id and the Ego results in many conflicting situations like the fresh management graduate aspiring for a General Manager's position and forced to accept a junior management's position by the environment. Super ego provides necessary support to the ego in resolving the conflict.

### **Super Ego**

Super ego represents a system of personal and societal values, norms, ethics and attitudes. It acts as an ethical constraint on behaviour. This can be treated as conscience. Super ego acts as a norm to the ego in order to determine which behaviour is right and which behaviour is wrong. For example, expressing the individual employee's opinions and ideas is wrong in the public sector while the same behaviour is right in the private sector based on their respective norms and culture.

Thus, the super ego judges whether the behaviour/action is correct or incorrect based on the culture, norms and values of the society concerned.

Though this theory makes significant contributions, it is criticised as:

- ★ It suffers from scientific verification;
- ★ It does not give total picture of the behaviour emerging from personality; and
- ★ It does not take the social factors into consideration.

The personality theory which is developed by taking the social factors into consideration is the socio-psychological theory of personality.

### **Socio-Psychological Theory**

The personality of Late Dhirubhai Ambani of Reliance Industries had been shaped by the society's needs for petroleum products at competitive prices, telecommunications needs for fast communications at the lowest prices and his psychological needs like achievement, involvement etc. Similarly, the personality of Dr. Anji Reddy of Dr. Reddy's Laboratories is shaped by the society's need for qualitative medicines at the affordable price by the people of third world countries and his psychological need for achieving something different from others. Thus, the society's needs and psychological factors of the individual shape the personality. The individual and the society cannot live in isolation. These two interact with and are interdependent on each other. The individual contributes to the achievement of society's needs. Similarly, society assists the individual in fulfilling his needs.

The psychological factors of the individual and the sociological factors of the society interact with each other. Thus, this theory is inclusive of social factors and psychological factors. Contributors to this theory include: Adler, Fromm, Horney and Sullivan. Social variables are significant factors in this theory while biological factors are significant in psychoanalytical theory. Behavioural motivation is conscious according to socio-psychological theory.

The contributions of the socio-psychologists are as follows:

**Fromm** stressed on the importance of social context. These contributions include: building social relations, making the work more social relevance, making the employee to have the feel of social sets in his work and output.

**Sullivan and Horney** stressed on interpersonal behaviour. These contributions include: developing transactional abilities, viewing the people positively, developing positive attitude, etc.

**Adler** emphasised on different variables. These contributions include: career, networking, religious beliefs, balancing family and work requirements, etc.

**Horney** stressed on predominant interpersonal behaviours like being compliant, aggressive and detached. Compliant people are dependent on others, aggressive people are motivated by the need for power and detached people are self-sufficient.

Managers have to shape the personality of their employees through the interaction and interrelation of social and psychological needs. Now, we shall study the trait factor theory.

### **Trait Factor Theory**

Allport and Cattell contributed to the development of trait factor theory. Allport differentiated common traits from personal dispositions. Common traits are used to compare people. He identified six types of values, viz., religious, social, economic, political, aesthetic and theoretical. Personal dispositions are completely unique from individual to individual. This uniqueness emphasises the psychology of the individual. Cattell developed similar set of traits, viz., surface traits and source traits.

### **Surface and Source Traits**

Surface traits include wise-foolish, affectionate-cold, sociable- seclusive, honest-dishonest, etc. Individuals keep their actual feelings inside and exhibit the traits desirable by the situation. Individuals would like to be good to others at their own cost. Similarly, individuals maintain social relations, develop friendship and networks.

Source traits include Maturity-realism, good nature and trustworthiness, critical-suspicious, etc. Individuals with source traits possess characteristics

like maturity of mind, judgmental, analysing and understanding people and situations more accurately.

Trait theory helps to find out relationship between traits and behaviour. This theory recognises continuity of behaviour.

Now, we shall study the holistic or self-theory of personality.

### **Holistic/Self-Theory of Personality**

The personality theories discussed earlier, deal with the personality from one or the other aspect only. Self-theory deals with the personality from all aspects and as such it provides the holistic approach. It emphasises on the totality of the human behaviour. This theory is also known as organismic theory. This theory treats the organism as a whole. The contributors to this theory include Alfred Maslow, Herzberg and Lewin. Carl Rogers is the major contributor to this theory. According to him, there are four factors in self-concept, viz., self-image, ideal self, looking glass-self and real self.

### **Self-Image**

Self-image is the way one sees himself/herself. Self-image is the set of beliefs of oneself who or what he is. Mr. Vijay K. Rekhi, CEO of Spirits Division of UB Group sees himself as a leader who brings the skills of each individual member of his team to the forefront.

### **Ideal Self**

Ideal self is the way one would like to be. The self-image is the reality of a person while the ideal self is the ideal position as expected/perceived by him. The ideal self motivates the person. Mr. Vijay of UB Group would like to be the leader who manages the overall environment of his company. This view of Mr. Vijay is called the ideal self.

### **Looking Glass-self**

Looking glass-self is the perception of an individual about how others perceive his/her characteristics and qualities. Looking glass-self is perception of others' perception and is the outcome of face-to-face interaction with others from the very beginning of life. Ms. Kalpana, Executive Director of ICICI, perceives that her followers perceive her as intellectual and has the ability to satisfy the customers. This act is called 'looking glass-self.'

### **Real Life**

The real life is what one actually is. In other words, real life is the real characteristics, values and attitudes of one self. The person adjusts and readjusts himself based on the responses of others and the environmental influences.

Self-concept helps the person in perceiving others, other things and himself. The person cautiously behaves as the average person is not particularly well acquainted with himself. Self-concept helps in perception and overall behaviour.

Thus, personality influences behaviour of the people in organisations. Now, we shall study the influence of personality on organisational behaviour.

## **4.7 PERSONALITY AND ORGANISATIONAL BEHAVIOUR**

The CEO of Gillette India says, he retains the employees with originality, confidence, dependency and self-dramatizing traits even during recessionary periods as they perform better even in adverse situations. He also says, he fires the employees with irresponsibility, self-doubting, uncommunicative, rude and unassertive traits even in boom conditions as their behaviour does not match the organisational expectations. His views indicate that personality has direct influence on behaviour and performance of the people. Even the research findings indicate the same. Hence, we should study the influence of personality on organisational behaviour. Specific personality traits, among others, influence the behaviour significantly. They are: locus of control, self-monitoring, machiavellianism, Fundamental interpersonal relations-oriented behavior and action-oriented personalities.

### **Locus of Control**

Locus of control refers to the degree to which people believe that they plan, direct and control their life and career. People generally believe that they have control over their own lives. Locus of control is the extent to which people believe that they can control the events affecting them. Locus of control may be internal or external.

Internal locus of control refers that the people believe that they plan, direct and control their lives and career to the complete extent. External locus of control refers that the people believe that their lives and career is planned,

directed and controlled to the complete extent by external factors and forces. The newly appointed CEO of Visakhapatnam Steel Plant of Steel Authority of India Limited (SAIL) believed that his traits could basically turn around the sick plant while the CEO of Hindustan Cables Limited (HCL) believed that the financial assistance from the Government of India could turn around the sick company in 2001. The former one is the internal locus of control whereas the latter refers to the external locus of control.

### **Internal locus of control**

Internal locus of control is the belief of an individual that his/her behaviour determines many of the events in his/her life. People with moderately strong internal locus of control are successful in their jobs, career and lives. They also perform their job better, cope better in stressful situations and are satisfied with the challenging jobs and performance-based rewards.

### **External locus of control**

External locus of control is the belief of an individual that chance, luck, fate or other people determine what happens to him/her. People who believe in the external locus of control view that external environment or god or fate determines what should happen to them and it will happen. People with moderately strong external locus of control may not be successful in their jobs, career and lives.

Research studies reported that the executives with the internal locus of control formulated innovative strategies compared to those with external locus of control. They invested more in R&D, introduced new products ahead of the competitors and changed product lines drastically. They formulated aggressive strategies for the future.

## Self-Efficacy and Self-Monitoring

### Self-Efficacy

Confidence in one's own abilities and capacities in carrying out a task to the levels of specific performance successfully is referred to as self-efficacy. People with high self-efficacy take-up the activity with confidence, plan appropriately, and implement the activities with full confidence and normally complete the activity to the specific level of performance successfully. Judgments of self-efficacy consists of three aspects, viz.,

- ★ Magnitude – the level of confidence of the individual in his/her own confidence.
- ★ Strength – the degree of confidence that the individual can do the activity to the level of desired performance level.
- ★ Generality – the extent to which the magnitude and strength of one situation or task is extended to other situations and tasks.

**General Self-Efficacy:** People acquire general beliefs/ expectations about their abilities and capacities, cognitive resources and strengths needed to achieve their goals as well as events and situations. Such beliefs/ expectations are known as general self-efficacy. These beliefs are stable over period.

Self-monitoring is the sensitivity and ability of an individual to adapt to the situational demands or cues. High self-monitors change their behaviour easily based on the situational requirements while the low self-monitors reveal their moods and personal traits which may contradict situational requirements.

Employees with high self-monitoring tend to be better conversationalists, better leaders, work efficiently with people of different departments (boundary-spanning positions), are more likely to be promoted/selected for better jobs.

The CEO of LG realised that the sales of the company were declining due to the cultural change. He immediately changed his leadership style and created empowered teams. This change in behaviour enabled the



employees to develop a new refrigerator which could store the traditional Korean food. This product turned the company into a profit-making company. Adjustment of the behaviour of the CEO of LG is called self-monitoring.

### **Machiavellianism**

Machiavellianism has its origin to Niccolo Michiavelli, who wrote in 16th century on how to gain and use power. Profile of a Machiavellian is someone who views and manipulates others purely for personal gain. Some people manipulate others in the social settings, while some others view manipulation as sinful and deceitful. Some other people view manipulation as an essential strategy to succeed in career. Psychologists have developed instruments to measure a person's Machiavellian orientation. A personality high in Mach:

- ★ Tends to behave in consistent with the basic principles of Machiavellianism;
- ★ Tends to approach situations logically and thoughtfully and possess the ability to lie to achieve personal goals;
- ★ Tends to be reluctant to be swayed by loyalty, friendship, past promises, and opinions of others; and
- ★ Tends to influence others.

Thus, personalities high in Mach manipulate more, win more are persuaded less and persuade others more. The performance/outcome of high Machs is superior when situation is based on (1) face-to-face interactions rather than indirect interaction, (2) autonomy rather than based on bureaucratic rules and regulations, and (3) emotional involvement with less details.

High Machs would be suitable for jobs that require negotiation skills like marketing, project managers and labour contract negotiators subject to the presence of the situations mentioned above. However, the success of high Machs poses ethical challenges of means adapted to achieve the goals.

## **Fundamental Interpersonal Relations Orientation- Behaviour (FIRO-B)**

Fundamental Interpersonal Relations Orientations-Behaviour (FIRO-B) assesses the impact of individual's social traits on others. It also examines individual's adjustment and compatibility with others. FIRO-B measures the degree to which a person associates with others in terms of inclusion viz., moving towards and moving away from people. It also measures the extent to which a person controls himself as well as others. Its measurement regarding affection reflects the degree to which a person emotionally involved with others.

Thus, this instrument measures a person's characteristics with regard to:

1. Inclusion in social settings for satisfying the needs like belongingness and recognition; (I- Score)
2. Control others in a social setting by influencing, assuming responsibility, making decisions affecting others, leading others and dominating people; (C-Score)
3. Affection in terms of emotional bondage, closeness, warmth and sensitivity.(A-Score)

### **This instrument also measures:**

1. A person's expressed and manifested behaviour that can be observed by others in the areas on inclusion, control and affection; (E-Scores)
2. A person's wanted behaviour that refers what a person wants from other people in terms of inclusion, affection and control, which is less directly observable by others.(W-Scores)

**This instrument's scores present the results as follows:**

1. Low E(I) score indicates that a person is uncomfortable around people and tends to move away from them. Such people are termed as 'under social'.
2. High E(I) score indicates that a person is comfortable in social settings and tends to move towards others. Such people are termed as 'over social'.
3. Low W(I) score indicates that a person is selective about with whom he/she associates.
4. High W(I) score indicates that a person has a strong need to belong and be accepted.
5. Low E(C) score indicates that a person avoids of making decisions and assuming responsibility.
6. High E(C) score indicates that a person can and does take on responsibilities involved in leadership roles. Such persons are termed as 'autocrats'.
7. Low W(C) score indicates that a person does not want others to control him/her and does not want others to make decisions for them.
8. High W(C) score for women indicates that women are learned to tolerate the men's dominance.
9. High W (C) score for men indicates that men have dependency needs and expect others to make decisions for them.
10. Low E(A) score indicates that person is cautious about initiating the development of close and deep relationships. These persons are called 'under social'.
11. High E(A) scores indicate that persons can readily become emotionally involved in relationships and they develop deep relationships with others. These persons are termed as 'over personal'.

12. Low W(A) scores indicate that a person is very selective about with whom he/she forms deep relationships.
13. High W(A) scores indicate that persons want others to initiate close and deep relationships with them.

### **Action-Oriented Personalities**

Action-oriented personalities are of four types viz., proactive personality, reactive personality, No-Action-Talk-Only (NATO) and More-Action-Less-Talk (MALT) personality.

**Proactive Personality:** Some people scan the environment, extrapolate the past environment and forecast the future environment, decide the action appropriate for the future environment and implement the action even before it is warranted. Such personalities are called proactive personalities. For example the proactive human resource manager, understand the current salaries of employees, salary levels in comparable companies, employees' performances/ productivity, salary level-performance linkage, employees satisfaction levels, financial position of the company, take a decision to increase salary levels, if company has enough profits to increase salaries, even before trade union/ employees demand for increase salary levels. Proactive personalities act before the situation demands for the action appropriate for the situation.

**Reactive Personality:** Some people though they take a decision wait for others who will be affected by it to demand to take a decision and implement. Such personalities are called reactive personalities.

Reactive personalities, sometimes wait for others/situations to demand to make a decision and implement. In other words, these personalities sometimes don't think of the environment that affect them. For example, the human resource manager does not realize that the company has been paying low salaries and makes a decision to increase salaries until trade union organizes a strike to demand for salary hike.

**No-Action-Talk-Only (NATO) Personality:** Some people always make promises, talk too high, speak always, forget about it and don't think of acting upon it. Such personalities are called No-Action-Talk- Only (NATO) Personalities. Politicians in developing countries are grouped under this category.

**More-Action-Less-Talk (MALT) Personality:** Some people are silent of their ideas, plans, programs, but act in time without making fanfare. This category of people works silently and they are action-oriented. These personalities are called 'More-Action-Less-Talk (MALT) Personalities'.

## 4.8 TYPE 'A' AND TYPE 'B' PERSONALITIES

Mr. Ramana Rao of Hindustan Beverages Limited is excessively competitive towards his rival company, takes his office work home, never enjoys leisure time, and experiences a chronic sense of time urgency. His personality is termed as Type 'A' personality. The personality with opposite traits is called Type 'B' personality.

### **Type A Personality**

Type A personality is "aggressively involved in a chronic, incessant struggle to achieve more and more in lesser and lesser time, and, if required to do so, against the opposing efforts of other things or other persons." This type of personality is treated as positive personality in North American culture and an undesirable personality in the Indian culture.

Profile of Type A Personality is:

- ★ Always moving, walking rapidly, talking and eating rapidly
- ★ Impatient
- ★ Doing two things at the same time
- ★ Not coping up with leisure time
- ★ Obsessed with numbers
- ★ Measuring success with quantity
- ★ Aggressive and competitive and
- ★ Always under time pressure.

### **Type B Personality**

Type B personalities are exactly opposite to Type A. These personalities are "rarely harried by the desire to obtain a widely increasing number of things or participate in an endless growing series of events in ever-decreasing amount of time."

Profile of Type B personality:

- ★ Is not concerned about time, patient, mild mannered and never in a hurry
- ★ Does not brag
- ★ Plays for fun and not to win
- ★ Relaxes without guilt
- ★ Has no pressing deadlines.

### **Types A and B and Job Performance**

Normally, it is viewed that Type-A persons are superior to Type- B people. Type-A people produce more even under distractions and disturbing situations than Type-B people. In addition Type A perform more difficult and challenging jobs. Type A employees are highly competitive and poorly creative. They suit to the routine activities. Their behaviour can be easily predictable. These people concentrate on quantity and results rather than quality. Type A people fail to perform the jobs those require patience and judgment. Type-As are too hurry to complete the work ahead of time. Thus, Type-As are suitable for time bound jobs, rather than creative, administrative and managerial jobs.

Type B personalities can reach higher positions as promotions, “usually go to those who are wise rather than to those who are merely hasty, to those who are tactful rather than to those who are hostile and to those who are creative rather than to those who are merely agile in competitive strife.” Surveys reveal that most of top executives are Type-B category rather than Type-A category.

We can't conclude that Type-Bs are superior to type-As as both these two categories have their own strengths. Type-As are suitable for jobs involving time pressure and solitary work, whereas Type-Bs are suitable for jobs involving complex judgment and creativity. Therefore, organizations have to select either Type-A or Type-B depending upon job-candidate fit.

### **Type-'A's Burn themselves, but Provide Light to the Company**

Type-A employees are aggressive and competitive, overwork for the company and work even under critical and crisis situations. There are certain situations when the employees forget their conveniences and trouble themselves to meet the deadlines and conveniences of customers and other company's stakeholders. Type- A employees in the process of meeting the challenges of the company on time and sometimes even

before the deadlines burn themselves in the sense that their health as well as causing inconveniences to their family members. (See Box 4.7).

#### **Box 4.7 Life is to Live, but not Burn for Others!**

Six software professionals under the age of 33 have died and 2 top executives from renowned software companies have become paralyzed because of stress-related heart ailments in the last six months in Chennai, says a study by Mitran Foundation, a Bangalore-based voluntary association of practising doctors. "All the six who died, and the two who became invalid, had no family history of heart attacks or any pre-history of heart ailments or paralysis. They were all in their prime, between 27 and 33 years, and handled challenging projects at work in their respective companies. They worked long and continuous hours. The end struck them very suddenly, and it looked as if their hearts refused to take any more stress," said Dr Dwarakanath, director of Mitran Foundation, who has studied stress components in 40 software companies in Chennai during the last six months.

The study, conducted at a cost of Rs 45 lakh, covered more than 4,000 software professionals from 80 companies who were in service for a minimum of three years. The e-mail responses were scientifically tabulated and the findings were ready in 2002. Dr Dwarakanath, who was the late Dhirubhai Ambani's personal stress management consultant, said questionnaires extracting every minute detail were sent to the respondents. The personal background, family history and personal characteristics of these individuals were assessed and it was found that the stress in these professionals was only due to work pressure. All other factors were eliminated. "Our study confirmed that the number of suicides, divorces, heart ailments, BP and diabetes patients and mental depression are the highest in the software industry. The fancy salaries of software professionals are no longer something to rejoice about," Dr. Dwarakanath said.

We found that the software industry has simply no routine. Deadlines hang before them and everyday they chase new problems. During weekends more than 60 per cent of the vehicles are found parked in the office complexes. There is no physical exercise and new food habits favoured by pizza culture fuel the problem. Cervical spondilitis and wrist problems due to uncomfortable handling of the computer mouse, eye problems and discomfort in bowel movements are common. The stress for couples where both are employed in the IT industry is the worst. The simple step of taking time off from work for three months allowed an IT couple wanting a child for years to conceive one," Dr Dwarakanath said.



M.T.R. Venukopalan, senior training coordinator, Covansys India, acknowledged that “IT professionals were the most stressed individuals. Even if the company sponsors a movie or self-care lecture, not many attend them,” he said. Jyothsana, a travel coordinator for Temenos India Pvt Ltd, expressed concern for the young employees who complain of back and knee pains.

She acknowledged that IT professionals require a specific eating and physical exercise routine to ease their stress. “Our lives are becoming mechanical, guided only by deadlines,” she said.

So think again if you are staying late in the office regularly. Think again about your family. Think again about your social life and health. Work is essential. Your contribution to the goal should be great. But, please don’t make it a habit to stay late.

Don’t skip your breakfast/lunch/dinner. None of these are equated by Pizza, breads/Biscuits/ Wafers/ Chat items. This will save your life, as life is not worth living without the eyes. During a recent visit to an optician, one of my friends was told of an exercise for the eyes by a specialist doctor in the US that he termed as 20-20-20. It is apt for all of us and also for people who spend long hours in front of the computer for various activities.

Source: <http://akssara.blogspot.com/2006/10/about-professionals-health.html> (Accessed on 15/08/09)

### **Type-Bs Relax Themselves, but Cost to the Company**

Type-B employees relax without guilt, enjoy life and don’t meet the deadlines. Therefore, such employees meet their goals rather than contributing to the company’s goals and meeting the needs of the customers. Type-B employees spend more than enough time with their family members and friends. They also relax and enjoy music and never in hurry in meeting deadlines. In fact, they feel that situations and events wait for them rather than otherwise. Thus, they enjoy themselves even at the cost of the company and its stakeholders and particularly the customers. (See Box 4.8).

**Box 4.8 Type-Bs: Care Themselves, Not the Customers/ Company!**

Ms. Jennett has been working as an airhostess of XYZ Airlines. She attended a party and spent time leisurely and reported for duty 30 minutes late, but fifteen minutes before the departure the flight. Later she found that she forgot to bring her passport and coolly informed the pilot about the same. Then the pilot asked her to go home and get her passport as it is most essential for her to complete her duty. She came with her passport after an hour and the flight took off after 1 hour fifteen minutes of the scheduled time. The flight landed at the destination one hour fifteen minutes late. Consequently, some travellers missed their connecting flights. She never felt that she committed a mistake or caused inconvenience to the customers. But of course, the airlines incurred heavy expenditure for providing hotel accommodation to the travellers, who missed the connecting flights.

**Types A and B and Interpersonal Relations**

The tasks of managers involve getting things done by others and as such they have to maintain sound interpersonal relations. Type-B employees are relaxed and therefore maintain sound relations with subordinates. Type-A employees are impatient, irritable and always in hurry and as such they also push their subordinates towards completions of jobs based on time. In addition Type-As lose temper and lash out at subordinates. As such Type-As may more involve in inter-personal conflict. Research studies also suggest that Type-As are more aggressive, and involve in dysfunctional conflicts and counterproductive behaviour.

Therefore though the Type-A would turnout more volume of work than Type-Bs; they disturb the interpersonal relations. So Type- As are best fit for the jobs that can be performed in isolation. Type- Bs are suitable for supervisory and executive positions.

**Globalisation, Competition and Personalities A and B**

The economic liberalizations along with the strides in information technology led to competition. Competition in its turn placed the customer at the significant place and the companies compete among themselves to win over the customer by providing the high qualitative product at the place and time of the convenience of the customer. Consequently, the companies started pressuring the employees to perform their jobs based on the time and convenience of the customers. Employees of Type-A personality category meet the deadlines of the companies and as well as

customers. Thus, the companies prefer Type-A employees to meet the targets. (See Box 4.9)

#### **Box 4.9 Personalities A and B and Competitive Situations: Research Results**

Friedman & Rosenman identified a pattern of behaviour that they believed contributed to heart disease; they called it Type A behaviour. Type A behaviour is characterized as the behaviour pattern of individuals who are competitive, impatient, hostile and always striving to do more in less time. Type B behaviour is the pattern exhibited by people who are calmer, more patient, and less hurried less competitive. Three of the most common characteristics of an individual who exhibits Type A personality are time urgency, competitiveness, and achievement striving. An individual with Type A behaviour tends to be impatient, hurries under pressure and is prompt and often early for appointments. Though past literature inferred that in a competitive situation, Type A individuals would perform a task with greater speed than Type B individuals, the results were inconsistent with the hypothesis because they did indeed correspond with previous research as was expected. It was hypothesized that Type A personalities will have faster recall speeds in competitive situations whereas the recall speed of Type B personalities should be the same as Type A personalities in non- competitive circumstances. The results are in agreement with my hypothesis such that personality type does affect recall speed and that depends on whether the task is competitive or non-competitive. The results also showed a main effect for competition between Type A and Type B individuals with an interaction. The interaction exhibits that recall scores depend on the personality level and competition. Though past literature inferred that in a competitive situation, Type A individuals would perform a task with greater speed than Type B individuals, the results were inconsistent with the hypothesis because they did indeed correspond with previous research as was expected. It was hypothesized that Type A personalities will have faster recall speeds in competitive situations whereas the recall speed of Type B personalities should be the same as Type A personalities in non-competitive circumstances. The results are in agreement with my hypothesis such that personality type does affect recall speed and that depends on whether the task is competitive or non-competitive. The results also showed a main effect for competition between Type A and Type B individuals with an interaction. The interaction exhibits that recall scores depend on the personality level and competition.

Source: <http://web.sbu.edu/psychology/lavin/carolyn.htm> (Accessed on 12/08/09)

Most of the executives during economic boom used to be aggressive, fast in decision-making, formulating and implementing strategies. In fact, such executives could exploit the opportunities provided by the environment and win over their competitors like Richard Branson (see Box 4.10). Most of the CEOs of sun rising industries like software companies, pharmaceutical companies and biotechnology companies used to be dynamic, fast and hurry in making and implementing decisions as well as acting. Even the executives of other companies also acquired the traits of personality-A in order to be competitive and exploit the opportunities of the growing markets. In other words, they used to be situational in adapting to personality-A characteristics. Thus, Personality-A is more apt for economic boom situations. Box 4.10 provides the suitability of personality of Mr. Richard Branson, CEO of Virgin Group of companies, to the economic boom situations. He has been dynamic, hurry and fast in carrying out the activities and to exploit the opportunities by breaking the traditional management practices followed by business giants like British Airways and Qantas Airways.

Thus, Personality-A type of the people are more appropriate during the economic boom periods even for executive positions as they proact and react faster than Personality-B type of the people. However, economic recessionary situations would be different that of economic boom situations. There would be competition among companies to reduce the cost of operations in order to save the cost and to achieve the survival and sustainability strategies of the companies during economic recessionary periods. Executives of various companies have started making-decision fast and act dynamically even during recessionary periods. Thus, executives of Personality-A traits perform fast to meet the competition under varying conditions. Thus, personality-A is appropriate when the economic situations are volatile.

**Box 4.10 Richard Branson's Personality and Competition**

Richard Branson at Virgin Atlantic Global Flyer planned

**Born:** 18 July 1950

**Birthplace:** Surrey, England

**Best known as:** Founder of the Virgin business empire.

A billionaire businessman with a taste for derring- do, Richard Branson is the founder and CEO of the mega-corporation known as the Virgin Group.

Branson's first business was music: he began selling records by mail order in 1970, opened a shop in London in 1971, and in 1972 added a music studio. Virgin Records was launched a year later and soon became force in the music business, signing hot 1970s and '80s acts like the Sex Pistols, Phil Collins and Boy George. Rather than rest on his laurels, Branson branched out into a dizzying array of businesses bearing the Virgin name: Virgin Atlantic Airways, Virgin Megastores (sellers of music and books), Virgin Mobile (phone service), along with cosmetics, car sales, health clubs, and many other concerns. Jovial, aggressive, and never shy about self-promotion, Branson put himself at the forefront of the Virgin publicity machine and made himself one of the best-known businessmen in Britain and the world.

Branson also has made a hobby of record-breaking travel adventures: in 1986 he made the fastest-ever crossing of the Atlantic Ocean on his boat Virgin Atlantic Challenger II and a year later became the first to cross the Atlantic in a hot air balloon in his Virgin Atlantic Flyer. In the 1990s he also joined fellow-businessman Steve Fossett in several failed attempts to circle the globe non-stop in a hot air balloon. In 2006 he made headlines by pledging to devote all personal profits from his transportation companies for 10 years to developing renewable energy technologies. Branson's autobiography, *Losing My Virginity*, was published in 1998. He was knighted by Queen Elizabeth II in 1999.

**Extra credit:** The first artist to sign with Virgin Records was Michael Oldfield, whose album *Tubular Bells* was featured on the soundtrack of the movie *The Exorcist* and subsequently sold over 15 million copies... According to his autobiography, Branson is dyslexic... Virgin Music was sold to Thorn EMI in 1992; Branson started a fresh label, V2, in 1996.

Branson formed Virgin Atlantic Airways in 1984, launched Virgin Mobile in 1999, Virgin Blue in Australia in 2000. He was 9th in the Sunday Times Rich List 2006, worth just over £3 billion. Branson wrote in his autobiography of the decision to start an airline:

"My interest in life comes from setting myself huge, apparently unachievable challenges and trying to rise above them...from the perspective of wanting to live life to the full, I felt that I had to attempt it".

In 1992, Branson took what many saw as being one of his riskier business exploits by entering into the railway business. Virgin Trains won the franchises for the former Intercity West Coast and Cross-Country sectors of British Rail. Launched with the usual Branson fanfare with promises of new high-tech tilting trains and enhanced levels of service, Virgin Trains soon ran into problems with the rolling stock and infrastructure it had inherited from British Rail. The company's reputation was almost irreversibly damaged in the late 1990s as it struggled to make trains reliably run on time while it awaited the modernisation of the West Coast Main Line, and the arrival of new rolling stock.

Virgin acquired European short-haul airline Euro Belgian Airlines in 1996 and renamed it Virgin Express. In 2006 the airline was merged with SN Brussels Airlines forming Brussels Airlines. It also started a national airline based in Nigeria, called Virgin Nigeria. Another airline, Virgin America, began flying out of the San Francisco International Airport in August 2007. Branson has also developed a Virgin Cola brand and even a Virgin Vodka brand, which has not been a very successful enterprise. As a consequence of these lacklustre performers, the satirical British fortnightly magazine *Private Eye* has been critical of Branson and his companies (see *Private Eye* image caption).



After the so-called campaign of “dirty tricks” (see expanded reference in Virgin Atlantic Airways), Branson sued rival airline British Airways for libel in 1992. John King, then chairman of British Airways, counter-sued, and the case went to trial in 1993. British Airways, faced with likely defeat, settled the case, giving £500,000 to Branson and a further £110,000 to his airline and had to pay legal fees of up to £3 million. Branson divided his compensation (the so-called “BA bonus”) among his staff.

On 25 September 2004, Branson announced the signing of a deal under which a new space tourism company, Virgin Galactic, will license the technology behind Spaceship One—funded by Microsoft co-Founder Paul Allen and designed by legendary American aeronautical engineer and visionary Burt Rutan—to take paying passengers into suborbital space. Virgin Galactic (wholly owned by Virgin Group) plans to make flights available to the public by late 2009 with tickets priced at US\$200,000 using Scaled Composites White Knight Two.

Branson’s next venture with the Virgin group is Virgin Fuels, which is set to respond to global warming and exploit the recent spike in fuel costs by offering a revolutionary, cheaper fuel for automobiles and, in the near future, aircraft. Branson has stated that he was formerly a global warming sceptic and was influenced in his decision by a breakfast meeting with Al Gore.

Branson has been tagged as a “transformational leader” in the management lexicon, with his maverick strategies and his stress on the Virgin Group as an organization driven on formality and information, one that is bottom-heavy rather than strangled by top-level management.

Source: <http://www.infoplease.com/biography/var/richardbranson.html> and [http://en.wikipedia.org/wiki/Richard\\_Branson](http://en.wikipedia.org/wiki/Richard_Branson) (Accessed on 08/08/2009)



## 4.9 SUMMARY

- ★ Personality devotes for the methods of affecting others, reacting to others' actions and interacting with others.
- ★ Personality traits of an executive/supervisor influences the behaviour of the employees in an organisation.
- ★ People get the energy from their preference of extroversion or introversion.
- ★ Good nature includes respecting the employees' ideas, views, opinions, values and considering them in decision-making.
- ★ It has been viewed after a long debate that leaders are both born and made, i.e., heredity.
- ★ Environmental factors are those factors which encircle us and which influence our behaviour.
- ★ Erikson believed in paying more attention on the social aspects of personality development rather than sexual aspects.
- ★ The psychological factors of the individual and the sociological factors of the society interact with each other.
- ★ Locus of control refers to the degree to which people believe that they plan, direct and control their life and career.
- ★ People acquire general beliefs/ expectations about their abilities and capacities, cognitive resources and strengths needed to achieve their goals as well as events and situations.
- ★ Type A personality is aggressively involved in a chronic, incessant struggle to achieve more and more in lesser and lesser time, and, if required to do so, against the opposing efforts of other things or other persons.
- ★ Type B personalities are exactly opposite to Type A.

- ★ Type-A burns themselves, but provides light to the company.
- ★ Type-Bs relax themselves, but cost to the company.

## 4.10 SELF ASSESSMENT QUESTIONS

1. What is Personality?
2. Explain the personality traits. State in detail the big five personality traits.
3. What is self-concept? Explain with examples.
4. Analyse various personality development theories
5. Who do you interrelate the personality development and employee behaviour and job performance?
6. What is locus of control? Discuss the characters of persons having internal and external locus of control.
7. What is FIRO-B? Analyse the personality characters of people with varied scores of expressed and wanted behaviours.
8. What are the different characters of people of personality A and personality B types?

## **REFERENCE MATERIAL**

Click on the links below to view additional reference material for this chapter

[Summary](#)

[PPT](#)

[MCQ](#)

[Video Lecture - Part 1](#)

[Video Lecture - Part 2](#)

[Video Lecture - Part 3](#)

[Video Lecture - Part 4](#)

# Chapter 5

## PERCEPTION AND LEARNING

### Objectives

**After studying this Chapter, you should be able to:**

- ★ Know the meaning of perception and differentiate perception from sensation;
- ★ Analyse the perceptual process, viz., perceptual inputs, perceptual throughputs and perceptual output;
- ★ Understand the perceptual throughputs like external and internal environmental factors;
- ★ Understand the relationship between personality and perception;
- ★ Know how the perceptual output leads to behaviour;
- ★ Identify various factors those hinder the perception accurately;
- ★ Discuss how to perceive accurately;
- ★ Analyse why and how people impress others; and
- ★ Explain the meaning of learning and various learning theories.

**Structure:**

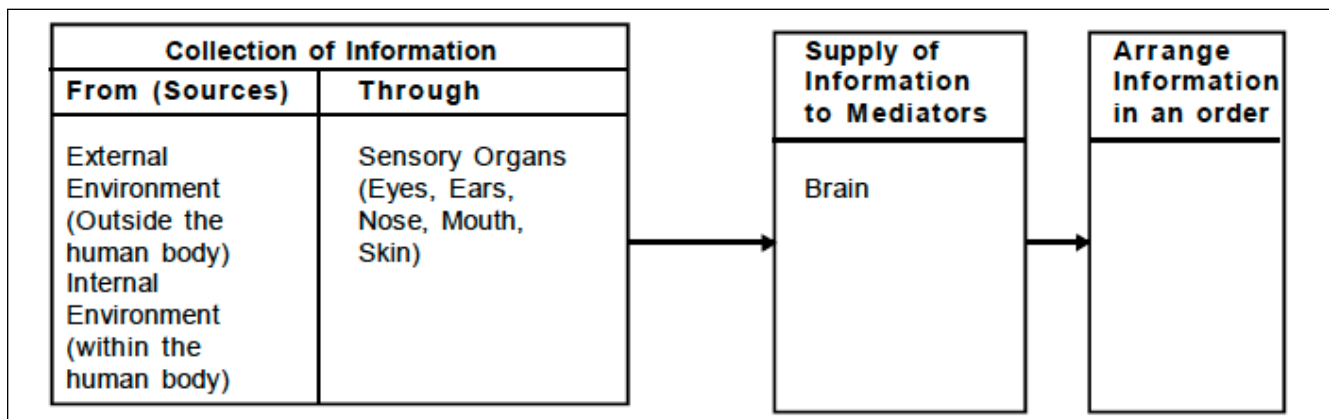
- 5.1 What is Perception?
- 5.2 Perceptual Process
- 5.3 Perceptual Inputs
- 5.4 Perceptual Selection
- 5.5 Perceptual Organisation
- 5.6 Interpretation
- 5.7 Perceptual Output
- 5.8 Individual Behaviour
- 5.9 Barriers to Perceptual Accuracy
- 5.10 Perception: Organisational Applications
- 5.11 Learning
- 5.12 Summary
- 5.13 Self Assessment Questions

## 5.1 WHAT IS PERCEPTION?

Cognition and cognitive process precede perception. The study of these two terms make the understanding of perception easy and systematic. Therefore, we discuss the two terms viz., cognition and cognitive process before we study the meaning of perception.

Cognition is the act of knowing an item of information. Cognition precedes behaviour. It provides input into a person's thinking and perception. Information can be known from the stimulus like overt and covert physical factors, social and cultural factors, technological and mechanical factors, environmental factors and the international factors. Information can be known through the sensory organs like eyes, ears, nose, mouth and skin.

Cognitive process is a complex one as it involves the collection of information from many sources and through different sensory organs, supply this information to the cognitive mediators, arranging the information in a sequential order. (See Fig 5.1).



**Fig. 5.1: Cognitive Process**

Perception is not necessarily just what one sees with his own eyes or what one listens with his own ears. Perception is a unique interpretation of the situation, not an exact recording of it. Fred Luthans defines the term perception as a very complex cognitive process that yields a unique picture of the world, a picture that may be quite different from reality.

Having discussed the definition on perception provided by Fred Luthans, we shall now discuss other definitions for further clarity.

Uma Sekharan defines perception as, “the process through which people select, organise and interpret or attach meaning to events happening in the environment.”

Stephen P. Robbins defines perception as “a process by which individuals organise and interpret their sensory impressions in order to give meaning to their environments.”

Udai Pareek et al define perception as, “the process of receiving, selecting, organising, interpreting, checking and reacting to sensory stimuli or data.”

We will further discuss the meaning of perception with the help of a case example for further clarity. Mr. Prakash is Personal Assistant of the General Manager of Federal Express. It was 4th August 2009 and Mr. Prakash attended the office at 9.45 a.m. and he went directly to the production department to get the production records to place it before the meeting scheduled to be held at 10.30 a.m. on the same day at the General Manager’s Chamber. He completed his business in the production department by 10.20 a.m. and returned to the General Manager’s chambers.

The General Manager came to his office at 10 a.m. He wanted to have a discussion with Mr. Prakash regarding the arrangements for the day’s meeting. He was thinking that Mr. Prakash has not yet (i.e., 10.25 a.m. of 4th August, 2009) come to the office.

The General Manager was very much angry with Mr. Prakash and scolded him for being late to office and he immediately went to the meeting without giving any scope to Mr. Prakash to answer. What is your view in this case? Your view is your perception. The General Manager did not see Mr. Prakash in his office or he did not hear from anybody that Mr. Prakash has come to the office before 10.25 a.m. Therefore, his cognitive process provided him the picture that Mr. Prakash was not available in the office on time. Thus, it yielded this unique picture to the General Manager. In fact, the reality was that Mr. Prakash had come to the office even before 10.00 a.m. and he had been on duty up to 10.20 a.m. in the production department. Therefore, the unique picture that the General Manager’s cognitive process yielded is quite different from the reality. Thus, perception is the picture, yielded by the cognitive process which need not be the reality or the correct one.



Some people may be confused with the meaning of perception with that of sensation. Therefore, now we discuss the differences between sensation and perception.

**What do you perceive from the following picture?**



Clues:

1. Is it the car dealer handing over the keys to the buyer?
2. Is it the insurer handing over the car keys to the insuree?
3. Is it the owner of the car giving the keys to the driver?
4. Is it the car owner giving the keys to his friend?

### **Sensation vs. Perception**

Sensory organs like eyes and ears collect the data from the environment. The physical senses are vision, touch, smell, taste and hearing. These are the five senses. Some of us believe in the sixth sense — “intuition.” The physical senses are bombarded by numerous external and internal stimuli.

### **Stimuli**

Stimuli is an enabling or disabling factor to act or not to act within an individual. Stimuli is of two types viz., external stimuli and internal stimuli.

**External stimuli** include heat waves in the summer, cold waves in the winter, light waves in the day time, sound waves of a factory, smell from the kitchen/garden.

**Internal stimuli** include food passing through the digestive system, internal comfort or discomfort and actions and reactions caused by the physiological functioning.

Sensation is the experience we get by touching a baby, seeing a picture or an incident, listening to a conversation, smelling a flower or tasting food.

For example, yesterday you saw your subordinate sharing information with your boss in the latter's chamber and overheard the former referring your name in their conversation. In this example, sensation is observing your boss and the subordinate and listening to their conversation. Perception is more than seeing and listening, it is broader than sensation.

Perception is a complicated interaction of selection, organisation and interpretation. Now, we extend the same example. The addition to this example is that, yesterday you have warned your subordinate regarding his inefficiency in achieving the targets. Therefore, you perceived that your subordinate is lodging a complaint against you with your boss.

Thus, the perceptual process is broader and complex. It organises and interprets the raw data collected by the senses both from internal and external sources. Further, perceptual process adds to and subtracts from the data collected by the senses as per your imagination. Thus, sensation is part of the perceptual process. And perceptual process is broader and complex than sensation.

With this background of the meaning of perception and the difference between sensation and perception, we shall now discuss the perceptual process.

## 5.2 PERCEPTUAL PROCESS

Before we study the perceptual process, we present H. Joseph Reitz's definition of perception as it helps us to study the perceptual process.

According to Reitz, "Perception includes all those processes by which an individual receives information from his environment — seeing, hearing, feeling, tasting and smelling. The study of these perceptual processes shows that their functioning is affected by three classes of variables — the objects or events being perceived, the environment in which perception occurs and the individual doing the perceiving."

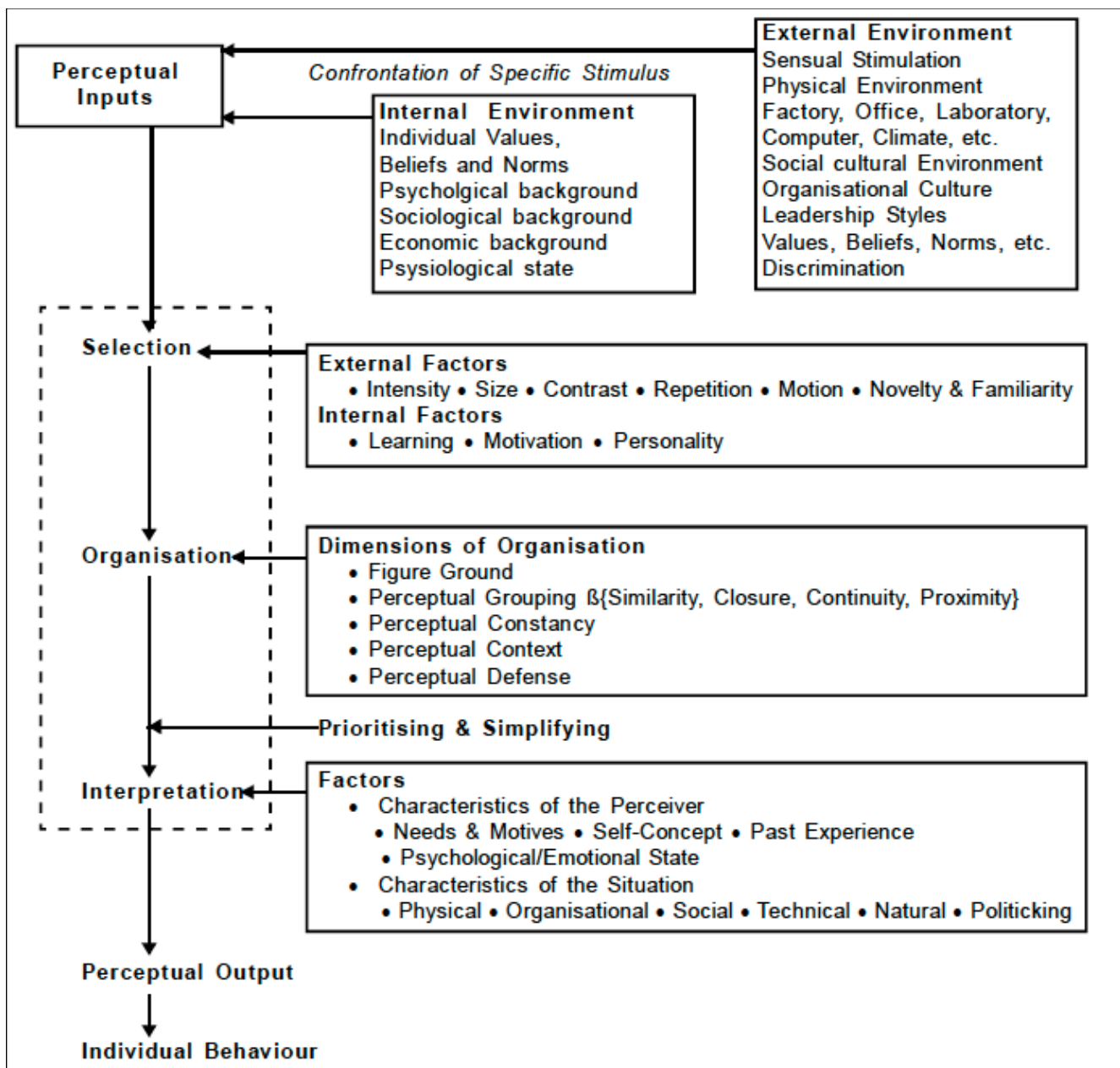
Thus, perception is a process of receiving, selecting, organizing, interpreting one's own sensory stimuli and data from the environment that

results in yielding a picture of the environment that may vary between the reality and its opposite.

### **Elements in Perception**

Elements involved in perception are:

- ★ Involvement of an individual;
- ★ Process;
- ★ Receiving, selecting and organising sensory stimuli and data;
- ★ Yield a picture of the environment;
- ★ That picture varies between the reality and just opposite to the environment.



**Fig. 5.2: Perceptual Process**

The information we receive from the environment like objects, events and people are the perceptual inputs. These inputs are transformed through the perceptual mechanism like selection, organisation and interpretation as the output. The transformation mechanism is called throughput. The output is the perception. The perception may be the opinions, feelings, values, attitudes, conclusions, etc. These influence the decisions and behaviours. Fig. 5.2 presents the perceptual process model.

## 5.3 PERCEPTUAL INPUTS

Perceptual inputs include all stimuli that exist in the external environment like classroom, laboratory, Socio-cultural environment, Technological environment, Economic environment, Political/physical environment, International environment and Natural environment (STEPIN). We might have learned (or will learn) these environmental factors in the course on “Business Environment.” Business environment provides inputs for the perceptions regarding business/organisational decisions and behaviours. And the general environment provides the inputs for the perceptions regarding general decisions and behaviours. (See Box 5.1).

### Box 5.1 What Americans are Perceiving?



Nearly a year after the presidential election, the national mood takes a turn, a poll shows. Jobs, health care, war

Gas prices, supply up  
New home

#### **The Wall Street Journal**

Americans are growing increasingly pessimistic about the economy after a mild upswing of attitudes in September. But Republicans haven't been able to profit politically from the economic gloom, according to a new Wall Street Journal/NBC News poll.

The survey found a country in a decidedly negative mood, nearly a year after the election of President Barack Obama. For the first time during the Obama presidency, a majority of Americans sees the country as being on the wrong track.

Fifty-eight per cent of those polled say the economic slide still has ways to go, up from 52% in September and back to the level of pessimism expressed in July. Only 29% said the economy had “pretty much hit bottom,” down from 35% last month.

But a dark national view of how everybody in Washington is conducting the public’s business appears to be preventing Republicans from benefiting from concerns about the direction of the country or the Democrat-led government’s handling of the economy, as the minority party often does.

In fact, disapproval of the Republican Party actually has ticked upward, along with the public’s general pessimism. Asked which political party should control Congress after next year’s mid- term elections, Democrats now hold a clear edge over the GOP, 46% to 38%, a month after the Republicans were nearly as popular. In September, the Democratic edge was 43% to 40%.

“There was a bounce-back surge for Republicans, and that’s stalled,” said Bill McInturff, a Republican pollster who conducted the Wall Street Journal/NBC News poll with Democratic pollster Peter Hart.

Source: <http://finance.yahoo.com/banking-budgeting/article/108035/gloom-spreads-on-economy-but-gopdoesnt-gain> (Accessed on 20/12/2009).

As stated earlier, perceptual throughputs comprise selection, organisation and interpretation. These throughputs transform the inputs into output.

## 5.4 PERCEPTUAL SELECTION

Mr. Prakash — the dynamic executive under the competitive environment is always bombarded by numerous stimuli like factory noise, conversations of his subordinates, movement of a number of people, outside noises from cars, trains, planes and his internal initiative to outperform his competitors, etc. Yet, he selects his computer to know the strategies of his competitors through the internet.

Similarly, we are also confronted by numerous stimuli every time. The stimuli below our conscious threshold is called ‘subliminal perception.’ Though numerous stimuli affect us, some of us select the food based on the smell, some select summer due to heat, and so on. Why do people select different stimuli. The answer for this is found in perceptual selectivity.

The perceptual selectivity is based on the external and internal environment factors. Now, we shall study the influence of external environmental factors on selectivity.

### External Environmental Factors

The external environmental factors influencing selectivity are discussed below:

- i. **Intensity:** We select the stimuli from the numerous environmental stimuli based on the intensity. The intensities include loud noise, bright light, strong odour over the soft noise, dim light and weak odour.

The audio advertisers use intensity to gain the attention of the prospective customers. The superiors use loud voice to caution/warn the subordinates. Sometimes the teachers raise the pitch of their voice to make the students attentive during the post-lunch sessions. The principle of intensity, though a small one, plays significant role in perceptual selectivity. Mr. Kiran – a supervisor was walking around the factory. He was bombarded by the machine's sound, the discussions of the workers in the factory, etc. But he was attracted by the huge cry made by the workers who were demanding six hours of work rather than the present eight hours of work a day. This was due to intensity of the sound.

- ii. **Size:** The perceptual selectivity principle here is that, "the larger the object, the more likely it will be perceived." We normally see and get attracted by the large size objects rather than smaller objects. Normally, the human resource manager perceives a 6 foot and 90 kgs trade union leader over the 5 foot and 50 kgs trade union leader. A large size bus rather than a bicycle is perceived by a traffic policeman or a striker. Larger companies prefer to issue full-page advertisement rather than a few lines in the classified category as the large sized advertisements are more perceived by the customers than those in the classified category.
- iii. **Contrast:** Recently we watch the advertisements like the following on TV:

"Are you tired due to heavy mental work?" Yes!



"Do not use the foods like these as they are not enough for your child. Our food is complete and planned. Therefore, use our food for your child."

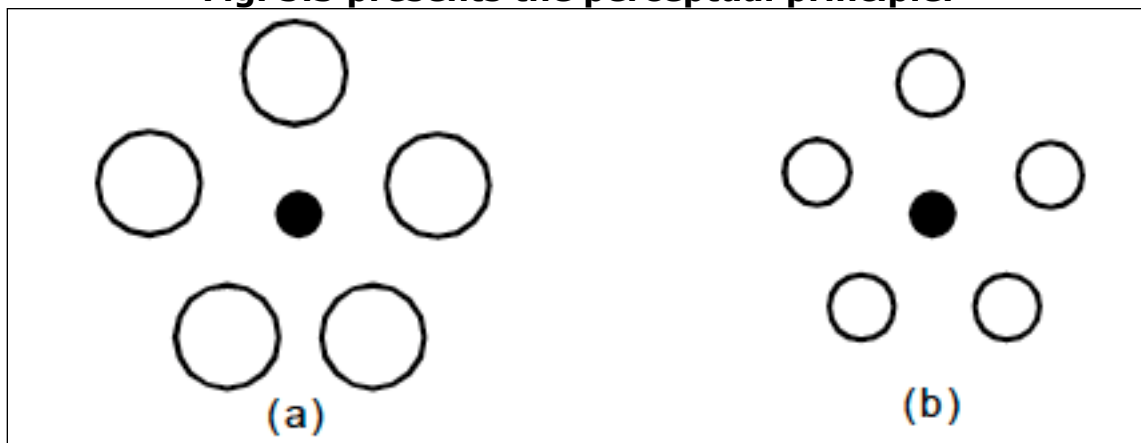
"You are not expected to see, taste and use this product...."

Companies present this type of advertisement as the people perceive external stimuli which they do not expect.

Companies present this type of advertisement because customers select the stimuli of the product against the background of other products.

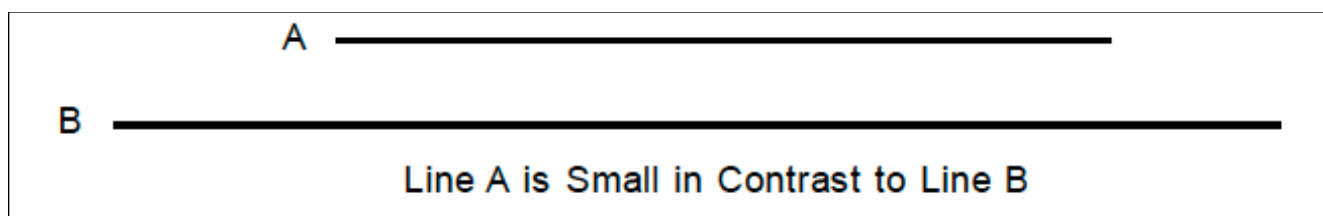
Thus, the contrast principle states that, "external stimuli which stand out against the background or which are not what people are expecting will receive their attention."

**Fig. 5.3 presents the perceptual principle.**



The black circle in Fig. 5.3 (a) seems to be larger than that of Fig. 5.3 (b) from a naked eye. But, in reality on measurement, both the black circles in Fig. 5.3 (a) and 5.3 (b) are of the same size.

This is due to the varying size of the background white circles in both the figures. White background circles of Fig. 5.3 (b) are smaller than those of Fig. 5.3 (a) and this makes us feel that the black circle of Fig. 5.3 (a) is bigger than that in Fig. 5.3 (b). But the black circles in both the figures are of the same size. This is due to the difference in the contrast.



**Fig. 5.4: Line is Made Small**

Fig. 5.4 above shows two lines A and B. Line A is smaller in contrast to line B.

These lines can be perceived in two different ways

- a. Line B is viewed as long because of the presence of line A
- b. If you see the above figure without line B, Line A cannot be viewed as short.

Bank of Baroda employed 1,000 clerks in 1971 to meet its manpower requirements due to the massive expansion. The IQ level of these 1,000 clerks varied widely. The Bank of Baroda Training College planned to train these clerks in a batch of 50 each. It divided the batches based on the regions ignoring the IQ level. In each batch, 8 to 10 clerks used to learn at a fast rate and 10-15 clerks used to learn at very slow rate and felt that they were insulted. Faculty of the training college had the feedback from the trainees regarding this issue.

The Principal and faculty of the training college divided the batches based on the selection score (written test score + interview score) of the trainees in the second phase of the training. The second phase of the training programme proved to be successful as the high IQ trainees used to learn at a fast rate. The low IQ trainees also had a homogeneous group and therefore, the feeling of being insulted was avoided. Thus, avoidance of contrast helped the trainees and the training colleges. Similar principle is also followed in dividing the sections for 'Intermediate Course' students in residential junior colleges in Andhra Pradesh.

- iv. **Repetition:** The repetition principle is that a repeated external stimulus is more attention-getting than a single one. Trade unions include the significant demands in the agendas of the collective bargaining meetings frequently to draw the attention of the top management and the human

resources manager. Similar examples include frequent instructions by the superiors to the poor performers and frequent advertisements by the fast moving consumer goods manufacturing/marketing companies.

Mr. Michael Benson, an MBA student at the School of Business Administration, University of Papua New Guinea was not initially selected for internship by any company in Port Moresby. The convener of MBA Programme informed Mr. Benson that the internship would be arranged for him in a premier company in a couple of weeks. But Mr. Benson used to meet the MBA Convener at least twice a day to remind him of the internship placement. When the convener asked Mr. Benson, "Why do you meet me frequently despite my assurance of placement?", his answer was that he was using the repetitive principle taught by the Organisational Behaviour professor to get the convener's attention to get placement as soon as possible.

- v. **Motion:** During the periods of strikes and agitations, agitators mostly destroy the moving buses and vehicles as moving objects draw the attention rather than stationery objects like parked vehicles and houses. Similarly, the moving production processes, conveyer belts, moving trucks in the factory receive the workers' attention very much rather than the stationary equipment and its maintenance. The principle here is that, moving objects receive more attention of the people in the field of vision than the stationary objects do.

The companies follow this principle in their advertisements and incorporate mostly moving parts and objects in the advertisements. (See Box 5.2).

### Box 5.2 Fail: Redskins' Ladell Betts has Name Misspelled on Back of Jersey



**By Chris Chase**

Four months after the Washington Nationals sent two players onto the field with "NATINLS" written across their jerseys, the NFL team in the nation's capital is following suit. Washington Redskins running back Ladell Betts played last night's preseason game in Baltimore with his last name misspelled on the back of his jersey:

Hmm ... Maybe it wasn't as much of a mistake as it was a Freudian slip by the Redskins equipment staff. As evidenced by the 2008 stats that were displayed on screen, Betts could certainly stand to be more like Jerome Bettis.

After the game, Betts was informed of the error and told Dan Steinberg of the DC Sports Bog:

"Actually, I do like Jerome Bettis, but I don't prefer to have his name on my back," he said. "I wasn't upset or anything. I think the equipment people felt bad, but I wasn't mad at them."

With his "I ain't mad at cha" attitude, Betts is like a modern day 2pac. Perhaps his understanding will result in a nice thankk ewe noat frum tha ekwipment staff.

Source: [http://sports.yahoo.com/nfl/blog/shutdown\\_corner/post/Fail-Redskins-Ladell-Betts-has-namemisspelled?urn=nfl,183018](http://sports.yahoo.com/nfl/blog/shutdown_corner/post/Fail-Redskins-Ladell-Betts-has-namemisspelled?urn=nfl,183018) (Accessed on 15/08/09).

- vi. **Novelty and Familiarity:** Novelty and familiarity principle is that either a novel or a familiar external situation can serve as an attention drawer. Both novelty and unfamiliarity would fail to draw the attention as nothing can be drawn out of it. It is said that the efficient managers do the same thing differently. Example for novelty and familiarity is the job rotation. Here, employee is familiar one whereas the new job is the novel one. Computerisation of many jobs in commercial banks resulted in novelty in doing the familiar job. Talapatra Paper Mills Employees' Union had been demanding the management for the payment of dearness allowance due to increase in cost of living since 2007. Management did not concede to this demand of workers despite the frequent demands until 2009. The Union resorted to a novel technique of representing the problem by the employees' wives in September 2009. Then this issue had drawn the attention of the top management when their wives explained their problems in managing the family budgets. The management immediately accepted the demand and paid the dearness allowance. In this example, the demand of dearness allowance was familiar but representation of the demand by the employees' wives was novel which had drawn the attention of the management.

Computer aided teaching also brings the novelty in teaching and learning the familiar courses and topics/subjects.

### **Environmental Factors**

So far we have discussed various external factors which influence perceptual selectivity. Now shall we discuss the internal factors influencing the perceptual selectivity. Individual's physiological and psychological makeup influence their learning, motivation and personality. Learning, personality and motivation of an individual, in turn, influence the perceptual selectivity. Internal factors include:

### **Learning and Perception**

Dr. P. S. Rao had been teaching the course on 'Organisational Behaviour.' He used to write the following on the board:

**“which bind them to get her as a social entity.”**

Nearly 80 per cent of the students used to read the sentence as “which bind them **to get her** as a social entity.”

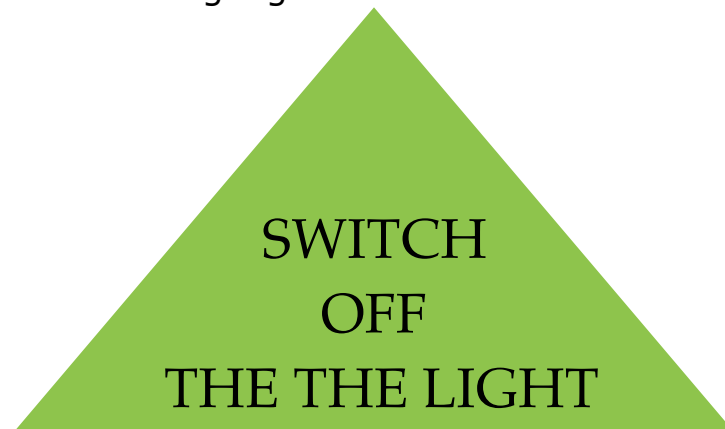
While remaining 20 per cent of the students used to read the sentence correctly as

“which bind them **together** as a social entity.”

It took a few seconds for the 80 per cent of the students to realize that there are two unnecessary gaps (in fact, it is something wrong).

The 20 per cent of the students who got it right used to read it correctly as ‘together’ due to their familiarity with the sentence from prior learning. Thus, these students are perceptually set to read the three independent words as a single word as: ‘Together.’

Read the matter in the triangle given below.



So, What did you read?

**SWITCH OFF THE LIGHT**

If yes, read the matter given in the triangle again.

Did you notice any difference?

The matter given in the triangle is:

SWITCH OFF **THE THE** LIGHT

There are two “THE” in the sentence.

Most of us read this spontaneously as ‘switch off the light,’ without realising that there is something wrong. The mistake is the word ‘The’ which is printed twice. This is due to our familiarity from prior learning, that we are perceptually set to read as ‘switch off the light.’

These two examples show that learning affects set by creating an expectancy to perceive in a certain manner. Expectancies play a vital role in the cognitive explanations of behaviour. In essence, we see and listen what we expect to see and listen. This can be further understood by pronouncing the following word very slowly.

### **M-A-T-H-E-M-A-T-I-C-S**

If we pronounce this word as ‘**Mat-He-Mat-Ics**’ we are caught in a verbal response set. A number of similar examples are as follows:

### **O-F-F-I-C-E**

If we pronounce the word as ‘Off-Ice’ we are caught in a verbal response set.

### **M-A-N-A-G-E-M-E-N-T**

Similarly, if we pronounce the word as ‘**Man-Age-Ment**’ we are caught in a verbal response set.

The most classical example for explaining the impact of learning on development of perceptual set is ‘young lady-old lady experiment’ as presented in Fig. 5.5.

#### **Observations from figure 5.5(a), (b), (c).**

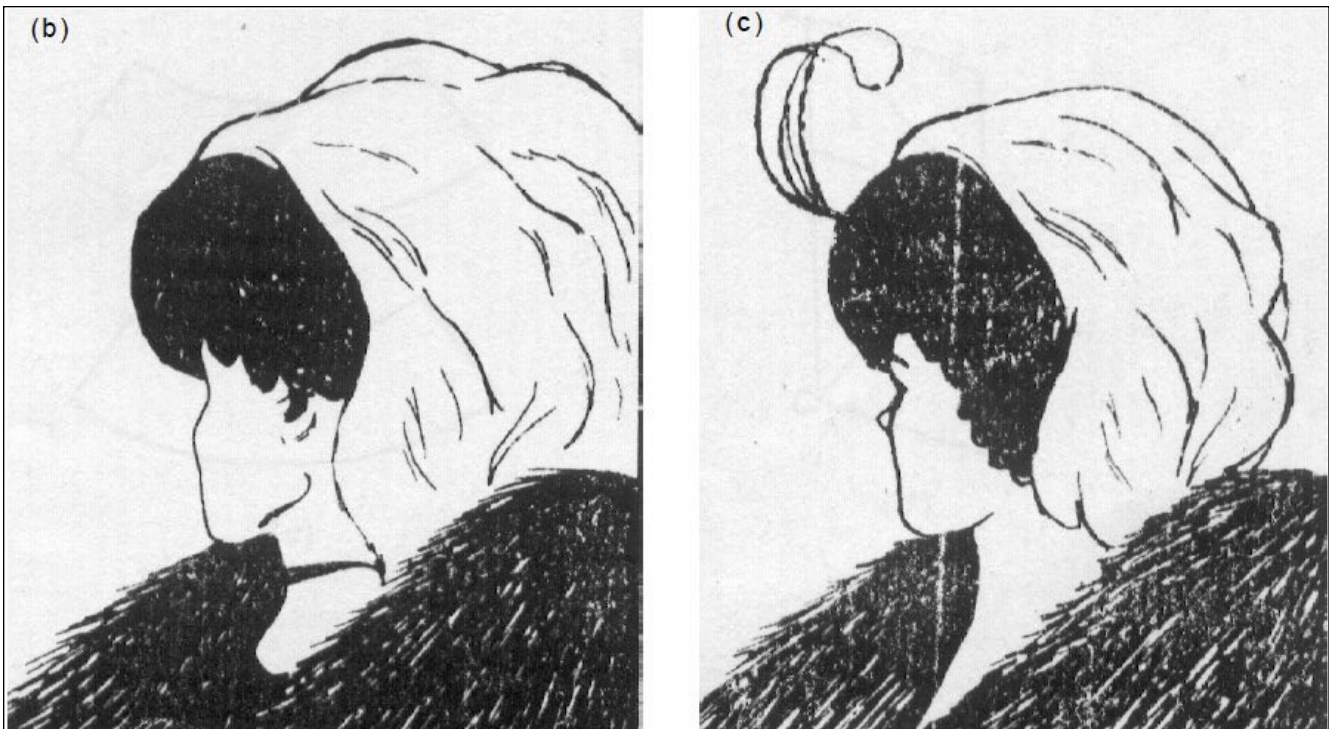
1. If we see only figure 5.5(a), we perceive that it is a figure of a young lady.
2. If we compare figure (a) with (b), we perceive that lady in figure (a) is young and the lady in figure (b) is old.



3. If we compare figure (a) with figure (c), we perceive that lady in figure (a) is old and the lady in figure (c) is young.



**Fig. 5.5 (a): Ambiguous Picture of an Young Woman**



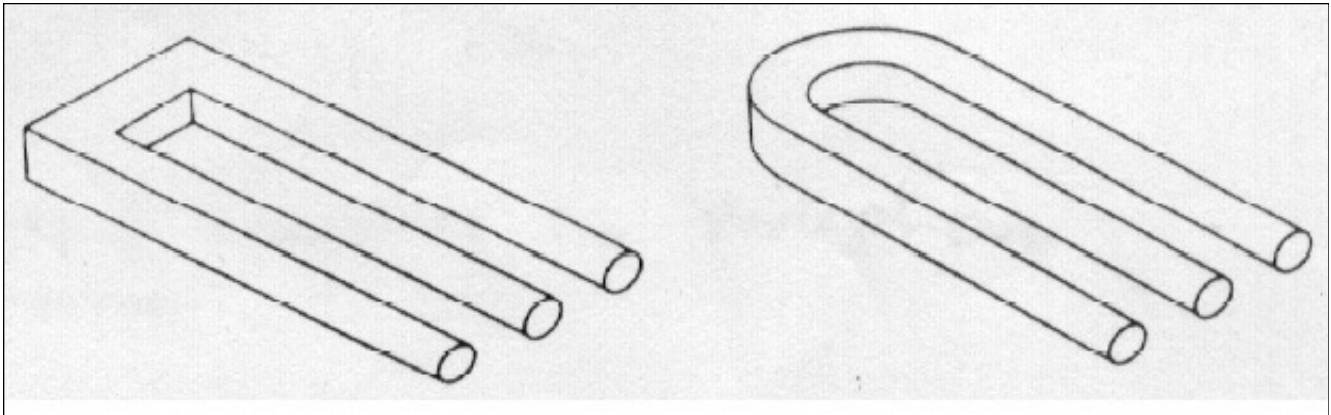
**Fig. 5.5(b)(c): Ambiguous Picture of a Old Woman and a Young Woman**



4. If we compare figure (c) with (b), we perceive that lady in figure (c) is young and the lady in figure (b) is old.
5. If we compare all the three, then we perceive that lady in figure(a) is a mix figure of young and old ladies; lady in figure (b) is old lady and lady in figure (c) is young lady.

If we see the figures independently, we cannot make the distinction as stated earlier. Therefore, it is clear that perceptual set, i.e., comparing one against another gives us a picture close to reality. Thus, learning plays a significant role in developing perceptual set.

Now, we present other varieties of commonly used illusions to present the impact of the learned set on perception. Fig. 5.6 presents the two-three-pronged objects.

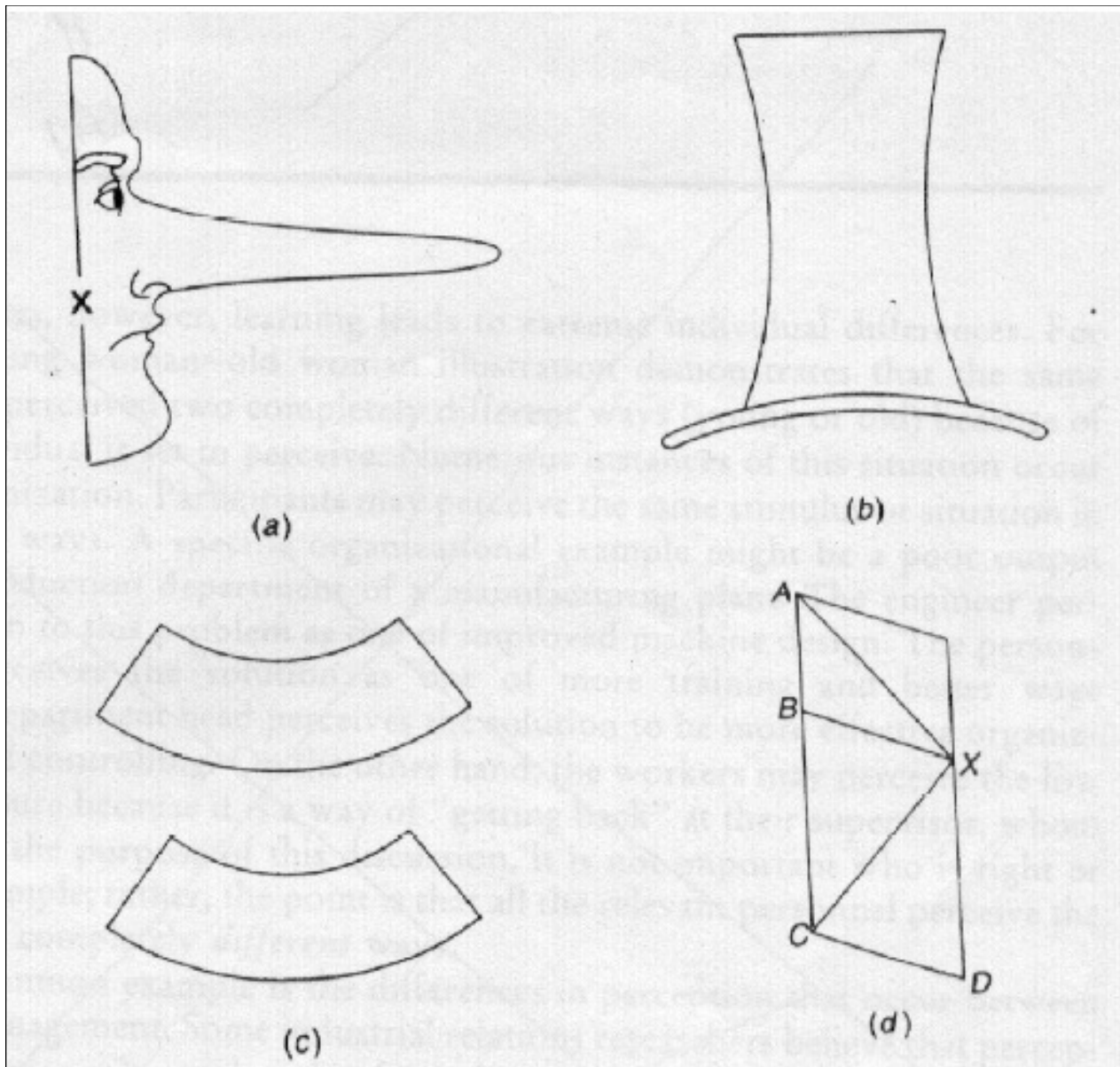


**Fig. 5.6: The Two-Three-Pronged Objects**

Our perception:

1. If we see the above figures spontaneously, we perceive that there are three pronged objects.
2. If we see the above figures closely and calmly, we observe that there are only two pronged circles, which is correct.

These objects are drawn in contrary to common perceptions of such objects.



**Fig. 5.7: Common Perceptual Illusion**

Fig. 5.7 also presents common perceptual illusions. Illusion may be a form of perception that badly distorts reality.

### **On observing the Figure 5.7(a)**

1. We perceive from the figure(a) that the length of nose is larger than the height of the face.
2. But, when these dimensions are measured with the scale, you will find that length of nose is equal to the height of the face.

**On observing the Figure 5.7(b)**

1. Most of us feel that the height of the hat is more than the width of the brim.
2. But, when these dimensions are measured you will find that both the dimensions are the same.

**On observing the Figure 5.7(c)**

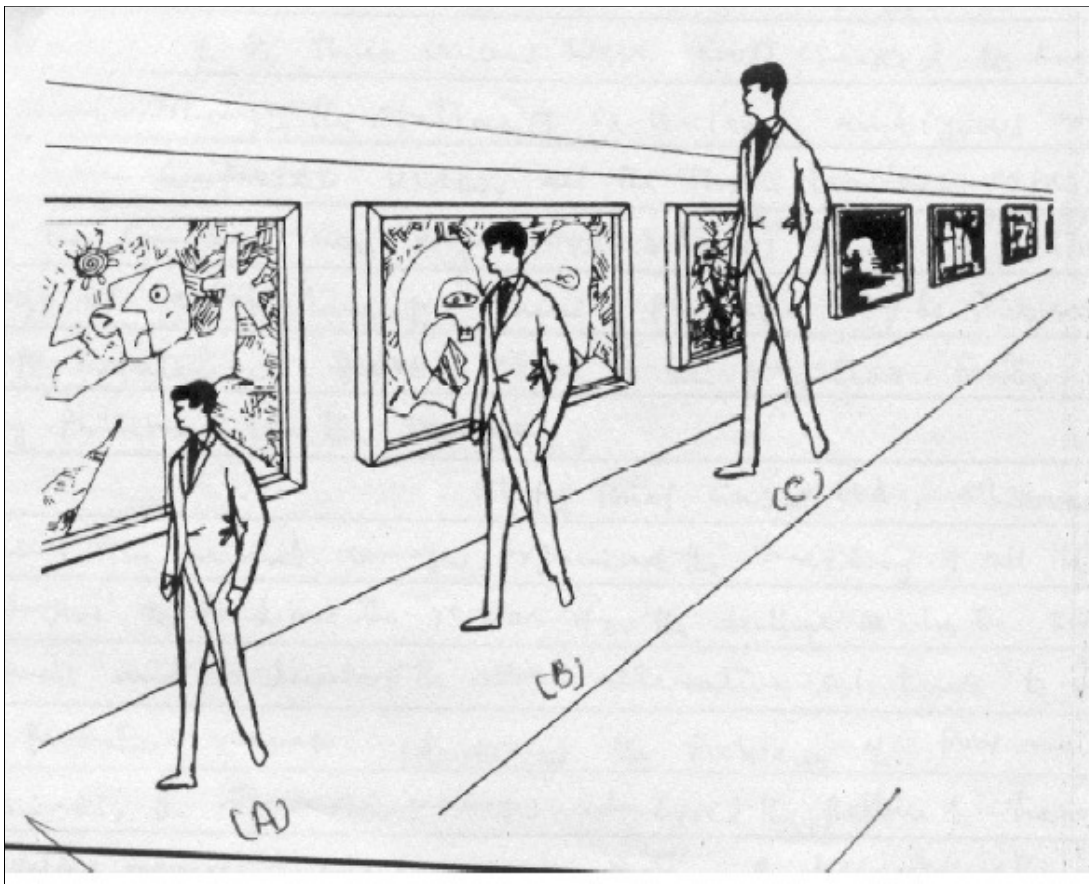
1. Most of us feel that the dimensions of the upper figure are larger than the lower figure.
2. But, when these dimensions are measured with the measures of scale, you will find that both the dimensions are the same.

**On observing the Figure 5.7(d), we feel the following:**

1. The length of line CX is more than that of the line XD
2. The length of line XD is more than that of the line AD
3. When these dimensions are measured, you will find that the dimensions of the lines CX, XD and AD are identically equal.

**On Observing the Figure 5.8, We Perceive the Following:**

1. Person (c) in the figure is the tallest
2. Person (b) in the figure is tall
3. Person (a) in the figure is short
4. When you measure the height of these three figures, you will find that the heights of all the three are same.



**Fig. 5.8: Role of Learning in Perception**

We perceived differently from the actual in the above figures due to the strong role played by the learned set in perception process. This figure presents the role that the learned set plays a more stronger role in perception compared to the previous figures.

### **Perceptual set in the workplace**

Normally, different employees perceive either differently or on the same line from the same set of real things at the workplace. The chief executive officer of the newly established company told the leaders of the three unions, "The Company cannot pay the bonus to you."

The leaders of the three unions were cross-checked to know their perception. Though the statement is unclear, ambiguous and indicating negative view, all the three leaders expressed positively that the company now pays good salaries though it cannot pay bonus as it is in the initial stage of establishment. Thus, perception may be favourable and positive

but the statement seems to be negative. Further, all the people may perceive in the same way.

Strong Brief Cases Ltd. observed the decline in sales. The General Manager organized the meeting of all the functional managers to find out the reason for the decline in the sales of their products and to develop the alternative strategies to improve the sales. The production manager identified the problem of poor maintenance of machines, the finance manager identified the problem of heavy working capital, marketing manager identified the problem of less promotional efforts and the human resources manager identified the problem of obsolete skills of the employees. Thus, the different managers perceive the same situation/problem in completely different ways at the workplace.

### **Motivation and Perception**

Similarly, workers and management perceive the company's financial position quite differently in collective bargaining meetings while meeting the workers' demands.

The concept of motivation is explained in the chapter on 'Motivation.' Maslow's hierarchy of needs include: physiological needs, security needs, social needs, esteem needs and self-actualisation needs. The motives play a significant role in perception.

The physiological needs like sex, food and shelter play a dominant role in perception. The Indian culture suppresses sex and hence, sex is the unfulfilled need for many teenagers in this society. As such, visual/audio deal with sex acts as an attention-drawer. This is more so in eastern countries compared to the western countries. Food and consumer goods were a major attention drawer in India before the 1970s. But, food and consumer goods lost appeal as an attention getter after 1990s in our country due to increase in incomes and living standard.

The Indian culture of living together in a social set-up satisfies the social needs of the people even in business and industrial organisations. Therefore, this is a fulfilled need for many people at the workplace in India unlike in the western countries. As such, this need does not have any appeal as an attention-getter.



The preachers of Hindu religion reduce the desires/needs of esteem like high need for power, achievement and recognition. But, modern Indian culture is slowly tending towards the departure from the Hindu religion dominated Indian culture. Therefore, the mention about esteem needs started acting as an attention-getter.

## **Personality and Perception**

Information technology, computerization, officeless offices, home- cum-offices, paperless offices and business process reengineering and enterprise resource planning brought radical changes in the line of thinking and personalities between the young managers and the senior managers.

The senior managers view that the young managers change at a fast rate unnecessarily resulting in wastage in resources and methods. Whilst the young managers perceive that the old managers resist change, if not, move very slowly resulting in becoming the back number in these days of severe competition.

Similar personality differences can also be perceived between male executives and female executives and between the old generation and the younger generation people. Thus, the people of different age groups, sex, backgrounds and values perceive the world around them quite differently.

**Professional Experience and Knowledge:** Professional/ occupational experience and knowledge also play a vital role in developing perceptual set. Further, they also help in attracting the attention of the perceiver. For example, the chief medical officer of a chemical company went to the production department to see the production manager who is a friend of the former. The personal assistant of the production manager informed him that his boss is in the factory. He went into the factory and met the production manager. Later, the production manager was explaining the new technology that the company adopted recently to the Chief medical officer. He identified the areas in the new technology that would cause lung disease to the operators out of his professional knowledge. All the other employees could not identify this.

**Paranoid Perception:** The person who is the victim of a situation or an event cannot perceive the events like most others who are not the parties to it. For example, the one who is denied promotion can perceive that injustice was done to him and his cognition won't select any other factor which would give him the indication that he is less qualified or less experienced or less efficient than the one who was promoted. Thus, the perceptual field of the emotionally disturbed person differs from that of the others. The disturbed person suffers from excessive repression, projection, distortion of reality and highly individual based interpretation such persons behave in an inflexible manner due to the feeling of insecurity.

## 5.5 PERCEPTUAL ORGANISATION

After selecting the inputs from the external environment, based on the influences of the internal environmental factors, we have to organize the inputs in a logical and sequential manner. Therefore, perceptual organisation is the next logical step in the perception process.

The data and information have to be organised in a logical and sequential way in order to get a meaningful whole. For example, Mr. Chandra, a superior, receives the following information and data from internal and external stimuli regarding his subordinate Mr. Surya.

- ★ Mr. Surya reported late to office today by an hour and half. This is the third time he has reported the office late.
- ★ He started from home much earlier than he normally does and went to the other office to hand over an envelope in person.
- ★ Mr. Prakash, Mr. Chandra's boss, gave an envelope to Mr. Surya yesterday and asked him to handover the envelope before coming to this office was not known to Mr. Chandra.

Mr. Chandra cannot draw any conclusion unless he organizes these data and information. After organising these data and information, Mr. Chandra concludes that Mr. Surya was on official duty today, and therefore, he was not late to the office.

The dimensions of the perceptual organization include:

## Figure-Ground

We organise information and data based on the figure-ground principle. This principle states that the perceived object or person or event stands out distinct from its background and occupies the cognitive space of the individual. The perceived objects stand out as separable from their general background.

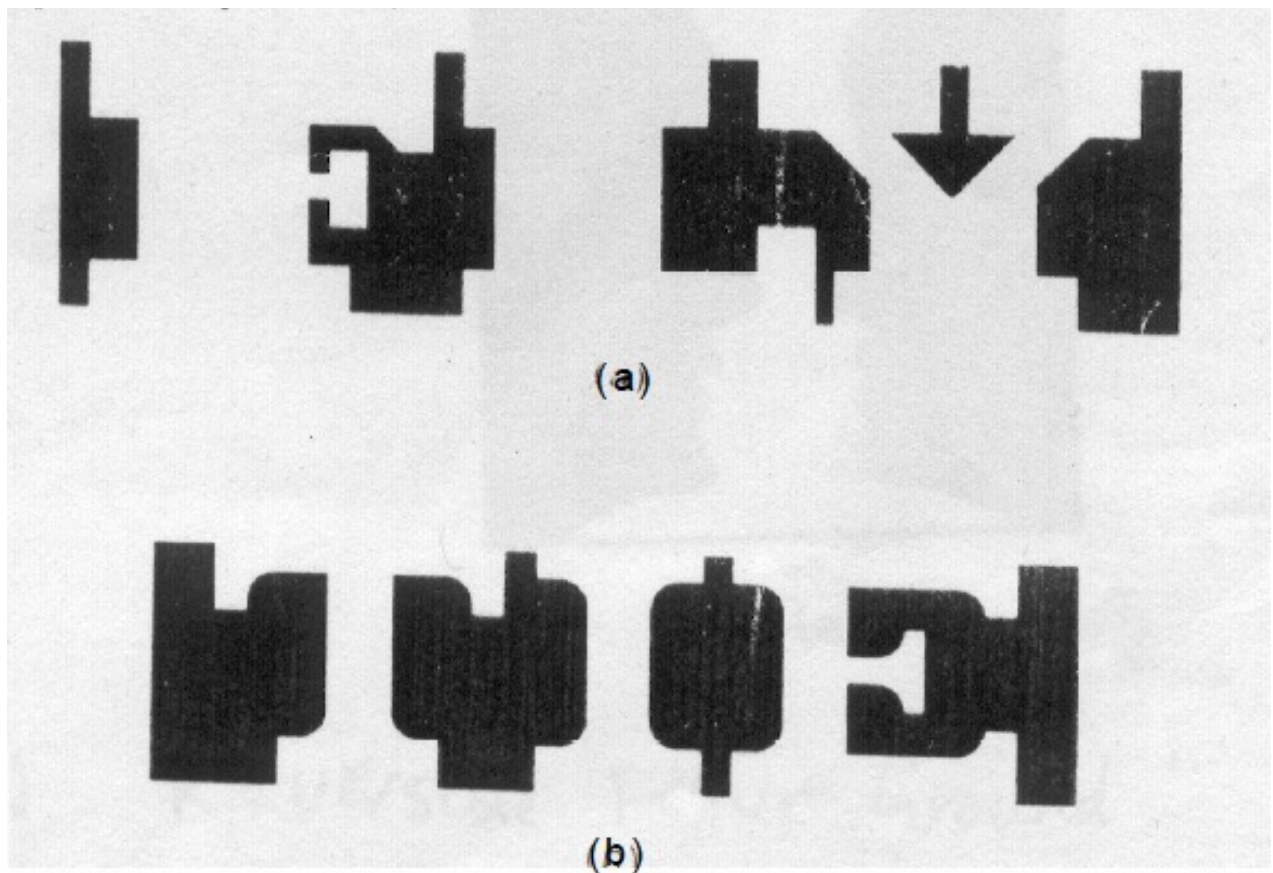
For example, the employees during their probation give top priority for their performance rating given by their superiors rather than on the other activities including their relations with their colleagues.

Fig. 5.9 presents another figure-ground example.

### **Observations from the Figure 5.9 include:**

1. We perceive an irregular shape of black portion against the white portion.
2. If we close the white portion around (not within) each of the upper figures and read the white portion within each figure, we can get the word FLY
3. Similarly, if we close the white portion around (not within) each of the lower figures and read the white portion within each figure, we can get the word TIE.

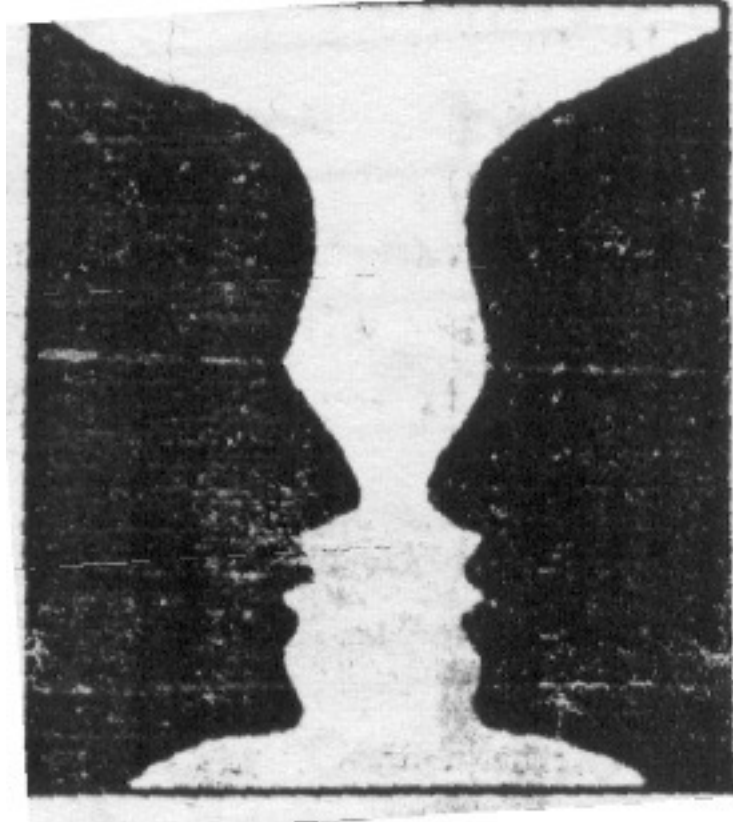




**Fig. 5.9: Figure-Ground**

We perceive an irregular shape against a white background at the first glance. If we closely observe the black background and the white portion within the black background, we can observe the words 'FLY' and 'TIE.' This example presents that perceptual selectivity will influence perceptual organization. Normally, we find the black letters against the white background in the books. But it is opposite in Fig. 5.9 because the letters are in white and black is the background.

Fig.5.10 presents reversible figure ground.



**Fig. 5.10: Reversible Figure-Ground**

**Observations from the figure 5.10 include:**

1. We observe a rough picture of black and white portions
2. If we observe the black portion by closing the white portion, we see two rough profiles: one of a male and other of a female.
3. If we take the white portion by closing the black portion, we see the shape like a white vase.

**Perceptual Grouping**

Perceptual grouping is the tendency to join/club individual stimuli together into recognisable and meaningful patterns. If we perceive objects of people with similar characteristics, we tend to group them together. For example, if we see the students at the University Canteen, discussing the concepts of organisational behaviour, we tend to group them as 'Management

Students.' We tend to group the constellations of stimuli together by the following factors:

- i. **Similarity:** Principle of similarity states that we perceive the objects of stimuli as one group or a common group, if there is greater similarity of stimuli among them. When we see the children with the same uniform, we group them as the students of a single school. Similarly, we can also group the employees of B.H.E.L. based on their uniform. We can group those who wear the turban on their head as 'Sikhs.' Fig. 5.11 presents the similarity principle.

A	B	C	D	E	F
X	X	X	X	X	X
÷	÷	÷	÷	÷	÷
?	?	?	?	?	?
\$	\$	\$	\$	\$	\$

**Fig. 5.11: Similarity Principle**

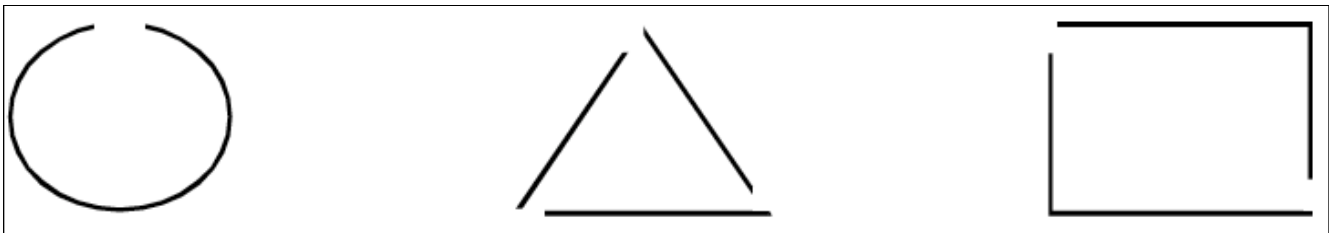
**Observations from the figure 5.11 include:**

1. On the first impression, we immediately see the horizontal arrangement (columns) of the letters or symbols due to their similarity like ABC... or XXX.. but we do not observe the vertical arrangement (rows) as they are dissimilar to each other and also difficult to comprehend them
  2. Thus, similarity of objects plays vital role in grouping the objects.
- ii. **Closure:** The principle of closure states that we sometimes perceive a whole when one does not actually exist. People connect and link the information, data and knowledge that are close to each other to make a meaning for the whole of the linked data, information and knowledge. People bridge the gaps by using the background, previous experiences, established norms, traditions, principles and theory. Our perceptual process will close the gaps which are unfilled

from sensory inputs. For example,  $3 \ 3 = 6$ . We easily perceive that it is  $3 + 3 = 6$ , even when the symbol '+' is missing here. It is quite common that members of an informal organisation see a whole that does not exist.

Highly specialist managers or technical experts often fail to integrate their activities with other employees/experts in the same department or line. Hence, shift towards generalisation took place in the recent times and under business process reengineering.

Most of the modern art, movie making and cartoons need us to close the gaps and make the whole unlike traditional art. Observe Fig. 5.12, which clearly shows that the perceiver perceives the whole circle, triangle and rectangle.



**Fig. 5.12: Principle of Closure**

### **Observations from the Figure 5.12 include:**

1. We observe gaps in the circle, triangle and rectangle;
2. With our previous experience, we perceive that the first figure is a circle, second a triangle and third figure as a rectangle on closure of gaps; and
3. The closing-up of the gaps is due to our past experience.

Mr. Chaitanya had been working as an Assistant in the Marketing Department of Southern Footwear Ltd. The Marketing Manager asked Mr. Chaitanya on 10th December 1999 at 4.00 p.m. to go to the Production Manager of Quality Leathers Ltd. and handover an envelope before 5 p.m. on the same day before going home. The firm Quality Leathers Ltd. is situated in one of the suburban areas of the city. Mr. Chaitanya went to the firm, handed over the letter and went into a liquor shop around 5.30 p.m. due to heavy rain on his way back to home. The liquor shop was housed in

a hut. The hut collapsed due to heavy rain and wind. He along with 8 others died.

The management of Southern Footwear Ltd. consulted the lawyer to know whether the company should pay compensation? The lawyer advised the company that it need not pay any compensation as Mr. Chaitanya died in the liquor shop most probably after consuming liquor. But the marketing manager recommended for the payment of compensation as Mr. Chaitanya never drinks, and therefore, he went into the hut seeking shelter only.

Here, the marketing manager perceives the whole incident, even when the information regarding the alcohol consumption by Mr. Chaitanya is not available.

Thus, we say that the perceiver perceives the whole.

- iii. **Continuity:** Some of us may confuse continuity with closure. There is a little but clear difference between continuity and closure. Closure provides missing stimuli while the continuity principle says that we will tend to perceive continuous lines or patterns. We observe the following numbers:

2, 4, 6, 8, 10, 12,....

The continuity principle says that the number after 12 is 14. This type of continuity is normal in mathematics. But it leads to inflexible or non-creative thinking on the part of the members of the organisation. Therefore, we can view that continuity can greatly influence the system design of organisational structure. However, continuity limits the innovative ideas or designs or creative flow of information.

- iv. **Proximity:** The principle of proximity indicates that a group of stimuli which are close together will be perceived as a whole pattern of parts belonging together. Thus, all the managers' performance is perceived as a single whole and similar to each other.

The Chief Marketing Manager of Software Exports (India) Ltd., organised a meeting of the marketing managers. Twenty marketing managers attended the meeting. Out of the 20, two managers did extremely well and achieved 120% of the targets and the performance of the remaining 18 regional marketing managers was quite discouraging. The Chief Marketing Manager while addressing the members expressed his dissatisfaction saying that: "I am very much unhappy with the performance of the regional marketing managers...." The chief marketing manager grouped all the regional marketing managers into one due to proximity of nature of jobs, though the performance of a few regional managers was really good.

## **Social Identity Theory**

Social identity is determined by complex combination of various factors like gender, demographic, income level, social status based on community, ethnicity, race, organization and the like. It is distinguished by the uncommon factor in the group. For example, teacher is distinguished himself/herself when he/she is among the students in a classroom setting. Similarly, a medical doctor is distinguished himself/herself in a hospital setting.

Social identity theory is based on the idea that how we perceive the world depends on how we define ourselves in terms of our membership in various social groups. For example, we have a social identity as Indians in Papua New Guinea and as academic staff of the University of Papua New Guinea. We have a number of social groups in a country like citizens, employees, students, politicians, doctors, lawyers and the like.

We adopt different personal and social identity depending upon situation. For example, we identify as Indians, if we are in a foreign country, identify as students in a university, identify as player in a play-ground situation. Individual identity dominates when unique accomplishments of an individual are distinctive. For example, the President of India Association of Papua New Guinea prefers to be identified individually among Indians in Papua New Guinea.

Social identity theory explains how we perceive ourselves as well as others in a social setting. This theory explains how and why people categorize others into homogeneous into social categories based on certain traits. For example, we categorize the youth as dynamic, students as aggressive and

old as emotionally stable and judgmental. People view more favourable features of their group rather than other group. People perceive themselves as favourable and based on certain traits and others as less favourable. We perceive the favourable traits of young people, when we are young and we perceive favourable traits of old people when we attain old age.

### **Perceptual Context**

Organisational culture, structure, mission, objectives and strategies are the context in which employees and customers perceive the company activities, policies and objectives. In addition, company products, services, activities, social responsibilities and business ethics also form a basis for forming perception of employees, customers as well as general public. Our perceptions regarding quality of the services of Air India — a public sector transport corporation — in contrast to the private sector transport organisations and other public sector organisations are perceptually set accordingly.

Mr. Kishore Bajaj was leaving for Paris from New York by Air India flight. He came to J.F.K. Airport just 30 minutes before the check-in time. He verified his bag and other attaches for his ticket and passport. He could get the passport, but failed to locate his ticket. He recollected at the moment that he placed his ticket in the cupboard in the hotel.

He spontaneously took a decision to go back to the hotel and go to Paris the next day, rather than requesting the officer concerned to permit him to travel by the scheduled flight simply due to the assumption that officers of Air India work by rules like bureaucrats.

The context of the public sector organisational culture and organisational structure of Air India influenced the perception process of Mr. Kishore Bajaj. This is what is called perceptual context.

### **Perceptual Defence**

We may build a defence (i.e. a block/a refusal to recognise) against stimuli or situational events in the context that are personally or culturally unacceptable or threatening. Perceptual defence is closely related to perceptual context.



Mr. Joshi has been working as a subordinate of Mr. Pandey in Pure Chemicals Ltd. Mr. Joshi had a problem regarding his working hours. He approached the trade union leaders for solving the problem rather than his superior. Trade Union leaders referred the issue to Mr. Pandey for settlement. Mr. Pandey was surprised at the act of Mr. Joshi for not informing him of the problem first.

Mr. Pandey called Mr. Joshi and asked him the reason for not expressing the problem to him first. Mr. Joshi replied, "I had enough experience with you regarding the grievance redressal, when I informed you first." The block developed by Mr. Joshi against stimuli/situational events can be referred to as 'Perceptual Defence.'

### **Prioritising and Simplifying**

Managers every day receive lot of queries, demands, clarifications and information from superiors, colleagues, employees, customers, public, government departments and the like. They will not attend to all these queries and demands with equal attention due to limited time, resources, talents and abilities. Therefore, they prioritise the queries, demands, clarifications and rank them in the order of importance and urgency and select an issue to act upon it. This process simplifies the activities to be performed. Then they attend to and perform them with ease. Dr. Ramana Murthy, Human Resources Manager, Pinakini Soft Drinks Ltd. receives a number of representations from employees, problems from the trade union leaders, memos from production manager, requests from marketing manager and orders from the general manager. He arranges all these as per the importance and urgency of each item and makes a priority list. Thus, he simplifies the complex data and information and perceives the important and urgent issues by keeping the other issues as pending. This is prioritising and simplifying.



## 5.6 INTERPRETATION

The perceiver after selecting and organizing the stimuli/information has to interpret them in order to make a sensible meaning. The sensible meaning, thus arrived will help the perceiver to make decisions or to act in the situation. The perceiver cannot draw any meaning without the interpretation. The perceiver uses his/her assumptions of people, things, objects and situations. He/she makes attributions, uses his/her judgmental skills, distorts information, adds/deletes information, brings his/her own subjective feelings, opinions and emotions in interpreting and drawing the meaning. Sometimes, the perceiver tries to fabricate the meaning based on his/her biases. The perceiver should be emotionally free to interpret and to draw bias-free meanings. Bias and absence of seriousness on the part of the perceiver tend to distort/ignore some stimuli/information which is unpleasant to him/her. Therefore, our perceptions based on cognitive preferences could not reflect the reality.

Dr. Ramesh has been working as a scientist in Sital Refrigerators Ltd., Mumbai. His wife forgets many things. She dumps many vegetables and other things in the refrigerator and forgets to utilise them later. Consequently, they get spoiled. He warned his wife many times but in vain. He organised this information, used his judgmental skills and abilities and interpreted the information in such a way that this is not only the problem (forgetfulness) of his wife or other housewives, but the problem with the limited functions of refrigerators available in the market. Then he started researching on how to develop new functions to the existing refrigerators, which would indicate the housewives regarding the expiry time of the articles stored in it. Ultimately he succeeded in his research and his company released the new product. Dr. Ramesh interpreted the information through his judgmental skills before actually perceiving the problem.

Thus, a number of factors affect the interpretation process. These factors also influence the perceptual thought process. Having discussed the core system of perceptual process (or perceptual throughput process), now we shall discuss various subsystems (or factors affecting perceptual throughput process) of perceptual process.

## Factors Affecting Interpretation Process

Various factors that affect perceptual thought process are:

- ★ Characteristics of the perceiver, and
- ★ Characteristics of the situation.

### Characteristics of the Perceiver

Perceiver's characteristics significantly influence his thought process. The perceiver's thought process, in turn, help the perceptual thought process. The characteristics of the perceiver which influence this process include:

- Needs and Motives:** Needs and motives of the perceiver play a significant role in perceptual process or in perceiving things. In other words the perceiver is influenced by his/her needs and motives in perceiving the objects. The employees who have the strong power prefer to see the promotional opportunity from the power perspective whereas the employees with the need for money perceive the promotion from salary perspective.

S. K. Institute of Management (SKIM) offers dual specialisation in its MBA programme. Mr. Chaitanya and Mr. Prasanth did their MBA with specialisations in Marketing Management and Human Resources Management in 2006 from SKIM. Mr. Chaitanya was interested in taking up marketing job while Mr. Prasanth was interested in taking up human resource job.

Both of them got the jobs in July 2006 as Marketing Executives in Natco Pharma Ltd. The Chief Marketing Manager in the Marketing Executives' Meeting told Mr. Chaitanya that the target for him was increased from 1,00,000 units in 2006 to 1,50,000 units in 2008. He accepted the new target. In fact, he was confident of achieving the new target as his needs and motives were to be recognised by the boss as the high achiever.

The Chief Marketing Manager told the same thing to Mr. Prasanth also, who immediately reacted negatively and informed his boss that it would be impossible to achieve the new target. This reaction was mostly due to his needs and motives of leading a peaceful and comfortable life without any challenges and risks.

Mr. Chaitanya could perceive the new target as a possible and achievable one and Mr. Prasanth perceived the same thing quite differently and negatively. This difference was due to the variation in needs and motives of these two executives.

- b. **Self-Concept:** Self concept explains how we perceive ourselves. Some of us, perceive ourselves as high achievers and we can perform and attain anything. Others view themselves as low achievers. Our self concept determines how we perceive others. Those who feel themselves to be high achievers, perceive the others, as encouraging and opportunistic. The vice versa, i.e., perceiving the outside world as discouraging and threatening is true in case of those who perceive themselves as low achievers. Those who perceive themselves in a realistic manner can also perceive others, situations and the outside world close to reality.
- c. **Past Experience:** Past experience provides knowledge and sets the mind to do things in a certain way. In addition, it builds relationships with several people and institutions. These derivatives of past experience influence the perceiver to perceive the things as they happened in the past.

Mr. Madhu Joshi has been working in a public sector commercial bank. He offered suggestions frequently to the general manager (advances) regarding following the guidelines in sanctioning loans to the industries in which politicians are the directors of the company. The general manager did not care for them. Then he decided that bosses do not listen to their subordinates and therefore, better not to offer any suggestions in future. Later, the general manager sought the advice of Mr. Madhu. But Mr. Madhu refused to offer suggestions.

Thus, our past experiences mould the way we perceive the present situations, persons and the world.

- d. **Current Psychological/Emotional State:** The current psychological/emotional situation of a person influences his perception process very much. For example, if a person is not given promotion, but in turn his junior is given promotion, he feels distressed accompanied with insecurity. Then he perceives even opportunities as threats. Similarly,

employees facing the problems at home perceive negativity at the work place and vice versa.

### **Characteristics of the Situation**

Managers behave differently in different situation based on situational characteristics. Leaders assume autocratic style when the situation is urgent as well as routine. In other words leaders perceive the routine situations as those that do not require additional inputs and thus assume autocratic style. The strategic situations need additional and talented inputs from managers as well as their subordinates in the process of decision-making. Therefore, leaders assume democratic style during the strategic situations. Thus, the characteristics of the situations influence the leaders to perceive the styles.

Mr. Pillai is the Human Resources Manager of Pragati Chemicals Ltd., Chennai. He receives the workers' grievances like a bureaucrat at office and just like a friend at home. Therefore, trade union leaders meet him at his home, and present their problems. He promises them to redress the issues. In fact, he solves them and fulfills his promises.

The home environment brings the congenial social, psychological and physical situation to Mr. Pillai, whereas the organisational physical setting makes him to assume organisational formal roles. Thus, the characteristics of the situation like physical, social, organisational etc. influence the perceptual thought process.

## **5.7 PERCEPTUAL OUTPUT**

The information selected from the external environment through the stimuli is organised and interpreted by one cognitive process. This interpretation turns into the perceptual output. In other words, it is the perception. Perception is in various forms like attitude, opinion, view, feeling and the like. For example, a superior expresses his opinion regarding his subordinate. Employees express their view about their working conditions. Customers express their attitude towards the quality and utility of the products/services.

## 5.8 INDIVIDUAL BEHAVIOUR

Perception in the form of attitude, opinion, feeling, etc., influence the behaviour. Employees who feel satisfied regarding their job contribute maximum to their job. Job satisfaction results in the maximum contribution to the job. In other words, maximum contribution to the job is the behaviour.

## 5.9 BARRIERS TO PERCEPTUAL ACCURACY

The analysis of perceptual process indicates that perception is a complex process and it is influenced by a number of factors. Added to this, cognitive process plays a vital role in interpreting the information. Since, human nature is complex they cannot be objective regarding their judgments where environment is involved. A number of factors, objects and situations hinder our judgment about other people. We can perceive accurately, if these hindering factors are either eliminated or controlled. These hindering factors are also known as barriers to perceptual accuracy. They are:

### **i. Stereotyping**

We normally tend to classify/categorise people and events into already known or perceived categories. Such tendency is termed as 'Stereotyping.' We have certain pre-established categories with certain characteristics and attributes based on the occupational/professional characteristics. We approach doctors, judges and teachers with most positive and obedience attributes, whereas policemen with fear and submissive attributes. When a drug addict or an alcoholic approaches us, we perceive them most negatively.

Mr. Srinivas, a newly appointed Accountant in the Department of Finance of Bharat Cables Limited entered the Department of Finance of the company. He saw a gentleman dressed in a full-suit and tie, carrying a brief case entering the room of the Chief Finance Manager. Mr. Srinivas perceived that the gentleman is the Chief Finance Manager as we normally perceive that the managers are in full-suit and necktie. But that gentleman was a cashier and carrying cash in the brief case and he was on his way to the bank.

The perception of Mr. Srinivas was based on stereotype impressions.

The other stereotypes are:

- ★ Age stereotype, and
- ★ Sex role stereotype.

**Age Stereotype:** Age is one of the stereotypes which influences the organisational environment. We presume physical qualities, psychological qualities and intellectual qualities based on the age. The stereotypes of the young people include:

- ★ Dynamic and dashing
- ★ Quick decision-making
- ★ More creative and innovative ideas
- ★ More physical capacities
- ★ Highly interested in new techniques and new methods
- ★ Highly active.

The stereotypes of the older employees, as found by Rosen and Jerdee, are as follows:

- ★ More resistant to organisational change
- ★ Less creative and innovative
- ★ Less likely to take calculated risks
- ★ More conservative in nature
- ★ Lower in physical capacity
- ★ Less interested in learning new techniques
- ★ Less capable of learning new techniques
- ★ Gray hair.

**Sex-Role Stereotypes:** We normally stereotype men and women into separate and distinct categories. The stereotypes of men include:

- ★ Tough leadership
- ★ Task centred leader rather than human relationist
- ★ High self-confidence
- ★ High competitiveness
- ★ Highly ambitiousness
- ★ Detailed analytical ability.

Stereotypes of the women employees include:

- ★ Highly emotional
- ★ Highly impulsive and submissive
- ★ Highly human-relationists and inter-personal relationists
- ★ Low self-confidence
- ★ Less ambitious
- ★ More commitment and loyalty
- ★ Highly tolerant.

These stereo types dominate/influence us to perceive the objects/ people/ incidents in a pre-categorised or predetermined structure. Hence, stereotyping hinders us from perceiving the objects as objectively as possible.

## **ii. Halo Effect**

Halo effect is the tendency of perceiving a person/object or situation on the basis of a single trait/characteristic. For example, Mr. Raman of Industrial Finance Corporation attends the office on time every day while all other colleagues attend the office at least 15 minutes late. But Mr. Raman is not efficient in job performance. But the manager of the branch ranked his performance as the best simply based on his punctuality in coming to the office.

The halo effect is likely to be related to our own self-image. The managers who are also technically competent, would view his/her subordinates more favourably who are technically competent than those who are not. The one trait of the subordinate influences us in perceiving. Halo effects may be positive or negative. They act as a screen blocking the perceiver from perceiving or judging the objects/ people/situations as objectively as possible.

## **iii. Selective Perceptions**

Selective perception is to single out certain aspects of the environment due to defence mechanisms and other human limitations. Selective perception is also due to the reinforcement of values and beliefs.

Normally, we observe that the production manager perceives the organisational problem from the point of view of the production activities while the marketing manager perceives the same problem from the point of view of the marketing activities. The selection perception hinders us to analyse the problem from the multi-dimensional and comprehensive view. Hence, we fail to perceive the total environment from the multidimensional point of view.

Mr. Chakravarti, Chief Marketing Manager of Global Exports Limited had been very much concerned with the Exports to the Middle East. He organised a meeting of all General Managers (Marketing). Mr. Chakravarti discussed all the issues with the General Manager, who was in-charge of Middle East ignoring other general managers. This situation is due to selective perception.

#### **iv. Attribution**

Attribution is the way/method of explaining the internal and external causes/factors for another's behaviour or their own behaviour. We explain the causes for our success like intelligence, presence of mind, competence etc., and causes for others' failure as unfavourable environmental factors. Thus, attribution is the process by which people draw conclusions about the internal and/or external factors/ causes that influence our own or another's behaviour.

We tend to attribute certain factors as responsible for occurrence of an event or outcome. These factors can be internal or external. Internal factors include intelligence, dynamism, skill, practical, efficiency, trusting, etc., of an individual. Customer satisfaction may be attributed to the dynamism and practical of the sales person. This attribution is called internal attribution. In contrast customer satisfaction may be attributed to the external factors like deployment of more resources by the company or the customer does not have need for additional service. Thus, we tend to attribute the success of the sales person in satisfying the customer to the external factors. Such attribution is called external attribution. So, people tend to attribute internal factors perceive the success due to the intelligence of one's own and those tend to attribute external factors perceive the success due to luck or availability of resources.



Attribution is of two types viz., (a) dispositional attributions and (b) situational attributions. Dispositional attributions refer to internal factors for one's own or others' behaviour. These internal factors include personality traits, motivation, intelligence, ability, etc. Situational attributions refer to external factors for one's own or other's behaviour.

Attributions play an important role in perception at the workplace and organisational situations. People behave as they do. Why determine several reasons for the behaviours of the people. Harold Kelley proposed a model, which tends to explain how people determine about the other's behaviour. This model suggests three major factors on which people focus while making casual attributions. These factors are:

- a. **Consistency Cues:** If a person behaves in the same way in different situations that behaviour is viewed as consistently similar. The reasons for such behaviour can be considered as internally generated. Otherwise, the varying behaviour from poor to excellent may be viewed as the outcome of the external factors.

Mr. Mohan has been working as a recovery manager in Central Bank since 1974 and his recovery performance has been consistently below average. Mr. Naveen of Research and Development department of Natco Pharma Limited has been consistently developing innovative products. Thus, the performances of Mr. Mohan and Mr. Naveen have been consistent though, it is positive in case of the latter and negative in case of the former.

- b. **Consensus Cues:** Consensus is behaving in the same fashion as others behave in the same situation under the same circumstances. Private sector employees normally work seriously and with commitment and as such behaving in a private sector company is viewed as consensus behaviour. In contrast employees in public sector with relatively less commitment and employees working in public sector with relatively less commitment are viewed as consensus. Thus, consensus is behaving like most of the others in the same or similar organizations behave including carrying out activities, following organizational work culture, values and ethics.

Mr. Phani Kumar, Senior Production Manager of TELCO took his subordinate and immediately admitted him in emergency ward of the company hospital when the latter met with an accident in the factory. Thus, Mr. Phani Kumar behaved as others behave in such situations. This is called consensus.

Mr. Sharma committed himself to his job and the organisation when almost all of his colleagues resorted to moonlighting. Thus, he behaved differently from other people. This might be due to his self motivation generated by his internal factors. Thus, an employee behaves differently from other employees of the same organisation or behaves differently than expected, when the expectations are based upon the expected behaviour of other employees. Then this behaviour is viewed as revealing the employee's true motives and these motives are considered to be internally generated.

- c. **Distinctiveness Cues:** Distinctiveness refers to the extent to which the same person behaves in the same way in different circumstances. Different circumstances may be highly positive, negative, challenging, crisis, critical, growing business, decline business, boom and recessionary. To behave in the same way in different circumstances, the person should have full commitment, intelligence, adaptability, presence of mind and vigour.

Mr. Chaitanya of Wadia Industries Limited performed his job as Marketing Manager extremely well. When the employees' morale came down, he was transferred to Human Resources Management Department. His performance was extremely well in this department also. Thus, he did his job with the same level of performance as the Head of R&D Department of the same company. Thus, he behaved in the same level in different situations.

**Fundamental Attribution Error:** We tend to measure the behaviour of other people through their internal characteristics rather than the external environmental factors. This is called fundamental attribution error. The attribution error is defined as "the tendency to underestimate the impact of external causes of behaviour and to overestimate the impact of internal causes when trying to understand why people behave the way they do."

**v. Distortions**

As explained earlier, we use perceptual defence mechanism. Sometimes we distort what we see. Sometimes we totally avoid viewing or seeing what actually exists. We avoid viewing the reality when we don't like the situation or the situation is quite contrary to our expectations or the situation is against our values/accepted social and ethical values or when we don't dare to involve ourselves in such a situation.

Mr. Prakash expected 'excellent' rating (self concept) while his boss rated him as 'poor.' Mr. Prakash viewed that his boss is partial (possible distortion of facts). There is direct relation between the perceived threat to a person's self-concept and the likelihood of a defensive response to perceived data.

**vi. Projection**

The superior who is a hard worker assigns the same character of hard working to his subordinates in appraising them. The American superiors assign punctuality to their subordinates while the Japanese bosses assign the character of working together to their subordinates in appraising their performance.

Projection takes place when one's own personal attributes are assigned to others.

**vii. Similar-to-me Effect**

People tend to perceive others similar to them when others have one or a few characteristics similar to them. These characteristics include work habits, values, beliefs, intelligence, skills, demographic factors and the like.

**viii. First Impression Error/Primacy Effect**

We form an opinion about others, when we meet and interact with them for the first time. This is called first impression. First impression influences some people very much and they perceive other areas also based on first impression, may be positive or negative. This is because, such people draw the conclusions based on the information that the senses send to brain, without giving time to the mind to interact with the brain, analyse the information based on various other issues that the senses can't provide and draw a balance opinion/ perception. Thus impulsive behavior of people makes them to draw opinions based on brain and such impressions are not necessarily close to reality. First impression/ primacy effect mostly may not pose the correct and total picture of others due to various factors — both

internal and external — that influence momentarily. Thus primacy effect hinders the people from perceiving close to reality.

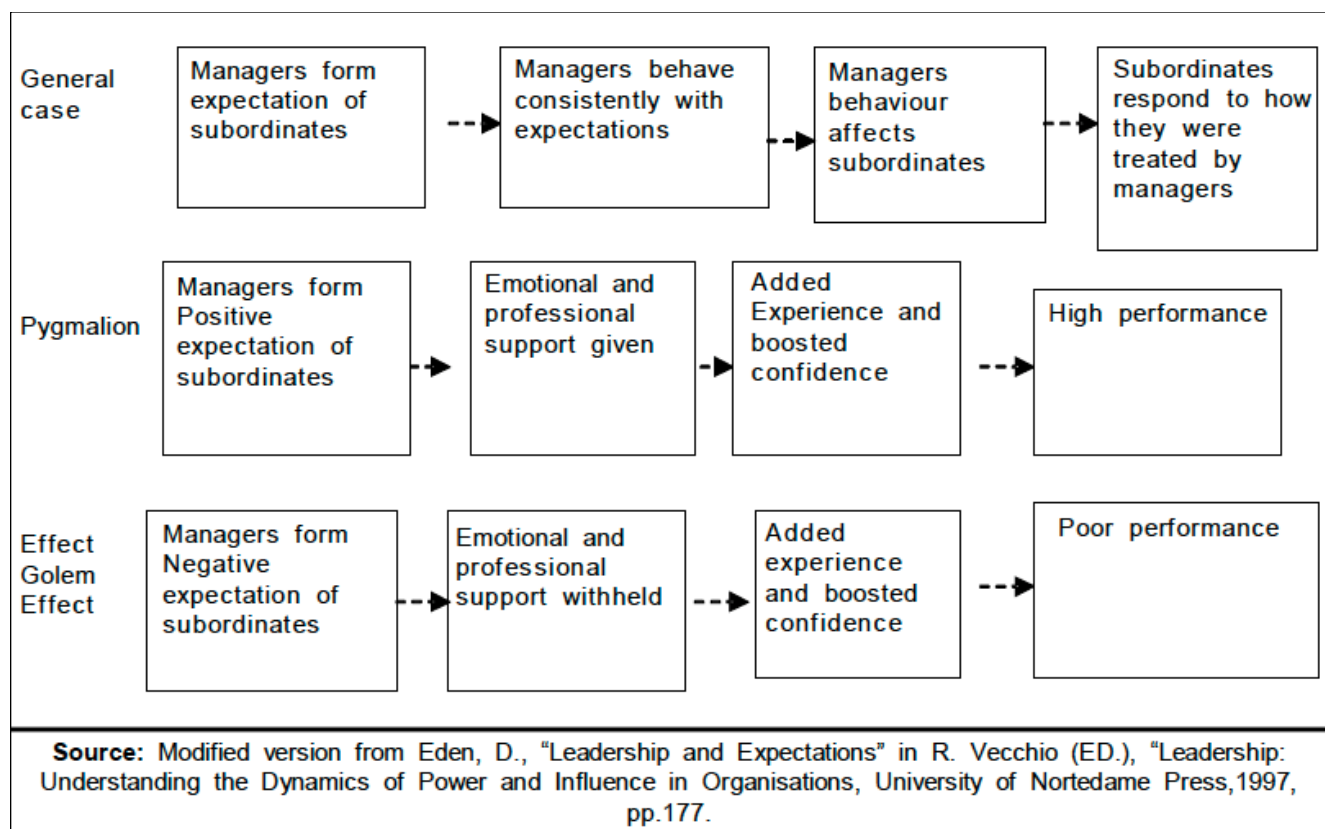
### **ix. Self-Fulfilling Prophecies: The Pygmalion Effect and the Golem Effect**

Perceptions influence behaviour in the real world. Self fulfilling prophecy is behaving towards others in consistent with expectations about them. For example Mr. Michael — a superior forms a positive view of the potentialities of a particular subordinate Mr. Johnson and thereby forms high job expectations. Mr. Michael starts motivating and supporting Mr. Johnson in his job performance including providing training and empowering. This practice, in turn enables Mr. Johnson to achieve highest performance. The opposite is also true in the sense that if Mr. Michael forms a negative view about the potentialities of Mr. Thomas, and thereby forms low job expectations, the former starts discouraging and disabling the latter at the job that would result in poor job performance of Mr. Thomas.

Thus, self-fulfilling prophecies can mostly be two forms, i.e., positive and negative. Sometimes it can also be neutral. Positive and high expectations would result in high job performance of the subordinate. This is known as Pygmalion effect. This effect was demonstrated in a study of Israeli soldiers who were taking a combat command course in a training programme. All the four instructors were told that certain trainees, who were selected at random, have high potentialities whereas all other trainees have normal or low potentialities. This resulted in taking special attention, providing encouragement and support of the selected trainees by the instructors. At the end of the programme, the selected trainees achieved highest performance/test scores.

As explained earlier, the negative view of potentialities and low expectation of performance would result in poor job performance. This is referred to as Golem effect. Researchers found that the instructors were informed that certain paratrooper has poor potentialities compared to others and the ultimate end performance of these paratroopers in the training programme was poor.

Fig 5.13 depicts the summary of Golem effect, Pygmalion effect and general case of self-fulfilling prophecy.



**Fig. 5.13: The Self-Fulfilling Prophecy-A Summary**

## Other Perceptual Errors

Other perceptual errors include recency effect and projection bias. Now we shall discuss these errors.

**Recency Effect:** People normally remember the recent events, happenings and information and perceive the things, people and events based on the recent remembrances. Thus, they ignore the total information or events that should have been taken in perceiving. Therefore perceiving things based on recent remembrances hinders from perceiving accurately.

**Projection Bias:** Some people believe that others also view, imagine, behave and act in the same manner as they do under similar situations or circumstances. Thus, they defend their views, beliefs, behavior and actions. This bias is called projection bias and hinders in perceiving accurately.

These barriers reduce the accuracy of perception. This in turn deviates the behaviour from the expected behaviour. Hence, we should perceive the objects/people/situations as accurately as possible.

### **How to Perceive Accurately?**

Perceptual barriers can be minimized and the accuracy of the perception can be enhanced by enhancing perceptual skills. Perceptual skills can be enhanced by adopting the following measures:

- ★ Knowing oneself more accurately
- ★ Assessing and knowing the others more exactly
- ★ Being empathic
- ★ Having positive attitudes
- ★ Enhancing one's self-concept
- ★ Taking a conscious effort to reduce the perceptual barriers
- ★ Open and two-way communication with the employees
- ★ Develop the habit of analysing the incidents/people/objects from the multi-dimensional point of view
- ★ Avoid attributions
- ★ Get complete information from multi-sources regarding an object/incident/a person and organize, interpret and perceive from the data.
- ★ Be in the adult ego state, so that you would be a rational decision-maker. It does mean that your internal factors would be in control.
- ★ Avoid other perceptual distortions that bias our perception
- ★ Avoid inappropriate attributions.

These measures help us to perceive other people, objects and situations as accurately as possible. But most of the subordinates working in various companies are concerned about how their superiors perceive them? In fact most of us also think, how our friends perceive us, how our colleagues view us and the like. In turn, we prefer to behave appropriately to others' preferences in order to impress them.

## 5.10 PERCEPTION: ORGANISATIONAL APPLICATIONS

Perception is applicable not only in social settings, but at organizational settings and workplaces also. In fact, it produces or damages employee performance, customer service, product design, product quality, financial performance, building corporate image and the like. It affects various human resource management functions and customer service functions directly and some other functions indirectly. To be specific, perception affects performance appraisal, impression management and corporate image.

### **Perception and Performance Appraisal**

Performance here refers to the degree of accomplishment of the tasks that make up an individual's job. It indicates how well an individual is fulfilling the job demands. Performance appraisal is a method of evaluating the behaviour of employees in the work spot, normally including both the quantitative and qualitative aspects of job performance. Often the term is confused with effort, but performance is always measured in terms of results and not efforts. Some of the important features of performance appraisal may be captured thus:

- ★ Performance appraisal is the systematic description of an employee's job-relevant accomplishments and failures.
- ★ The basic purpose is to find out how well the employee is performing the job and to establish a plan of improvement.
- ★ Appraisals are arranged periodically according to a definite plan.

Perception affects the measurement and comparison of it with the standards. Expectations of superiors in terms of performance standards rather than actually set standards influence the performance appraisal. Research studies found that superiors' expectations rather than actual performance standards were considered in appraising the performance of bank tellers. In addition performance is measured depending on the characteristics of the perceived.



The perceiver's characteristics affect performance appraisal in the form of rating biases. The problem with subjective measure (is that rating which is not verifiable by others) has the opportunity for bias. The perceiver's biases include: (a) halo effect, (b) the error of central tendency, (c) the leniency and strictness biases, (d) personal prejudice and (e) the recency effect.

- a. **Halo Effect:** It is the tendency of the perceiver to depend excessively on the rating of one trait or behavioural consideration in rating all other traits or behavioural considerations. One way of minimising the halo effect is appraising all the employees by one trait before going to rate them on the basis of another trait.
- b. **The Error of Central Tendency:** Some perceiver follow play safe policy in rating by rating all the employees around the middle point of the rating scale and they avoid rating the people at both the extremes of the scale. They follow play safe policy because of answerability to the management or lack of knowledge about the job and the person he is rating or has least interest in his job.
- c. **The Leniency and Strictness:** The leniency bias crops when some perceivers have a tendency liberalise their rating by assigning higher rates consistently. Such ratings do not serve any purpose. It should be noticed that is assigning consistently low rates also is equally damaging.
- d. **Personal Prejudice:** If the perceiver dislikes any employee or any group, he may rate them at the lower end, which may distort the rating purpose and affect the career of the employees concerned.
- e. **The Recency Effect:** The perceivers generally remember the recent actions of the employee at the time of rating and rate them on the basis of these recent actions — favourable or unfavourable — rather than on the whole activities.

The other areas of perception those affect performance appraisal include various problems of perception like: attribution, similar-to-me effect and first impression effect.

## Impression Management

The purpose of impression management or self-presentation is to regulate or monitor what others perceive of us. We mostly tend to try to present ourselves in a socially desirable or acceptable way in order to impress others. The employees tend to present themselves in an acceptable way to their superiors in order to be rated high in the performance appraisal or to be considered for continuation of employment or promotion or salary increase and the like.

The impression management strategies (See Table 5.1) include enhancing the positive behavioural outcomes and reducing the negative behavioural outcomes. In addition, the employees would like to give the impression that they are capable of more than what they really are. In addition, they use other strategies like hiding the weaknesses, dissociation with the trouble-makers, apologising for their mistakes, associating with the positive impression-makers and the like.

Impression Management Technique	Description	Frequency of using Technique
Self-promotion	Directly describing oneself in a positive manner of the situation at hand (for example: I am a sincere employee).	100%
Personal Stories	Describing past events that make oneself look good (for example: I used to work until 8 p.m. in my previous job).	96%
Opinion Conformity Entitlements	Expressing beliefs that are assumed to be held by the target (for example: I agreeing with you-interview panel member).	54%
	Claiming responsibility for successful past events (for example: I was responsible for profits of my company in 2010).	50%
Other Enhancement	Making statements that flatter, praise or compliment the interviewers (for example: Your company earned profits only because of your efforts)	46%

Source: Adapted from Jerald Greenberg and Robert A. Baron, "Behaviour in Organisations", Prentice Hall of India (P) Ltd., New Delhi, 2007, p. 54.

**Table 5.1: Impression Management Techniques Used by Job Interviewees**

### **Impression Management and Employment Interviews**

Normally, most of the candidates try to impress the interview panel and market themselves in one way or the other. The impression techniques that the candidates use include dressing, speaking and elaborating acts. A study summarized the impression techniques by interviewees in a campus recruitment interviews (See Table 5.1). In fact the interviewers also responded favourably to these techniques. Thus, the candidates became successful in interviews by following these techniques.

### **Impression Management by Organisations: Corporate Image**

Like individuals, corporations also impress their stakeholders with respect to different aspects. For example, companies use recruitment advertisements to impress prospective employees, use issue of share advertisement to impress upon the prospective shareholders and use marketing advertisements to impress current and future customers.

Companies also use their annual reports to impress all kinds of stakeholders. Companies publish annual reports projecting their image with highly attractive material, good photographs, success stories, significant achievements and data.

Another impressive management technique used by companies is creating employer brand. Employer brand carries various human resource management aspects in particular and business — both internal and external — aspects in general in order to attract, utilise and retain talent. Thus, employer brand creates employee friendly image of the employer, builds healthy working relationships between employer and employees, enhances self-esteem and organisational loyalty of the employees and there by creating a perception of stability in production and growth.

### **The Best Employer Brands**

**Business Today Mercer-TNS Survey:** The Business Today Mercer-TNS Survey identified the top 10 best employers in India for the year 2006. They are:

Rank	Name of the Company
1	Infosys
2	MindTree Consulting
3	Satyam Computer Services
4	Dr. Reddy's Labs
5	Sapient
6	Agilent Technologies
7	Johnson and Johnson
8	Covansys
9	HCL Comnet
10	HSBC

The fast growing information and knowledge make learning as the order of the day not only for individual but also for the organisations. People learn not only information but the behaviour. Therefore, we should understand the concept of learning in order to understand the behaviour of the individuals, groups and the organisation.

## 5.11 LEARNING

### **Need for Learning in Organisations**

Human resources play a critical role in implementing organizational strategies and achieving goals. Different strategies need different kinds of employee behaviour. For example, the growth strategies need transformational leadership styles, employee empowerment and adult-adult ego states. Retrenchment strategies need parent-child ego states and autocratic leadership style. Thus, efficient achievement of different strategies desire different behaviours. Employees are expected to acquire the desirable work behaviour based on strategies to achieve organisational goals. In other words, employees change their behaviours depending up on shifts in strategies. Employees change their behaviours by learning new competencies, knowledge, beliefs, values and the like.

## Meaning

Learning is a relatively permanent change in knowledge or observable behaviour that results from practice or experience. People acquire new competencies, skills, knowledge, values, beliefs, norms, cause and effect relationships, and the like based on either one's own experience or others' experience or research output.

This learning influences the individuals to change their knowledge or wisdom and/or observable behaviour. All learning may not result in observable behaviour as all learning may not result in performance. Performance need motivation and commitment to use the learned knowledge and acquired competency on to the job for the benefit of the organization.

Ms. Hima Bindu joined a private biscuit manufacturing company as Marketing Executive after working for 10 years in a public sector company. Most of the decisions were made by the Chief Marketing Manager and they were pushed down for implementation in the public sector company. As such Ms. Hima Bindu never offered any suggestion in her previous company.

Mr. Ramesh, the Chief Marketing Manager of the private biscuit company organised the Marketing Executives meet in Chennai and sought the suggestions for the product modification and development. Many marketing executives offered suggestions. But Ms. Hima Bindu could not offer any suggestion, though she had the idea of a new product (i.e., cashew mixed biscuits) in her mind due to the culture of her previous company. The meeting was concluded.

The rival company after six months could increase their market share by three per cent by introducing cashew mixed biscuits. Ms. Hima Bindu felt very bad for her failure in transmitting the idea she had in her mind.

Ms. Hima Bindu offered a suggestion to the Chief Marketing Manager even before it is sought in the next Marketing Executives' Meet. This suggestion was relating to introduction of new variety of biscuits mixed with very small pieces of curry leaves and spices. The Chief Marketing Manager appreciated Ms. Hima Bindu and implemented the idea. This enabled the company to

improve its marketing share by five per cent within one year. Since then, Ms. Hima Bindu changed her behaviour in offering suggestions. This relatively permanent change in Ms. Hima Bindu's behaviour occurred as a result of her experience is called Learning. According to Stephen P. Robbins learning is, "any relatively permanent change in behaviour that occurs as a result of experience."

Ms. Hima Bindu has learnt that follower should respond as and when there is a request from the leader. Otherwise, the organisation would not be benefited by the valuable ideas of its employees. Further she felt that, leaders in the public sector mostly follow autocratic style and as such they do not seek the ideas or suggestions from the subordinates. Hima Bindu learnt from her experience that the leaders in private sector mostly follow participative style and they welcome the ideas and suggestions from the followers for the organisational effectiveness and improvisation. This experience resulted in a permanent change in Hima Bindu's behaviour in offering suggestions to her superior.

## **Forms of Learning**

There are many forms of learning. Learning takes place through education, training, management development programmes, self- observation of various activities. Individuals primarily learn through various formal and informal education programmes. Formal education programmes are offered by schools, colleges, universities, technical, vocational training institutions as well as open and distance educational institutions. Informal education is provided by the parents and other family members, peers and various social and religious organizations.

Various organizations provide job training to prepare the candidates for jobs. In addition, organizations provide training and management development programmes to their employees to provide job skills. Individuals learn through these educational, training and management development programmes.

In addition, individuals learn by observing others while performing various activities. Similarly, individuals learn through converting the ideas, imaginations and assumptions into practise as well as through various research activities.

## Learning Principles

Models of human learning are studied in order to find out the reasons for fast and accurate learning. The principles of learning developed by Sikula are as follows:

- a. All human beings can learn.
- b. An individual must be motivated to learn.
- c. Learning is active and not passive.
- d. Learners may acquire knowledge more rapidly with guidance. Feedback ensures improvement in speed and accuracy of learning.
- e. Appropriate material (like case studies, tools, problems, reading, etc.) should be provided.
- f. Time must be provided to practise learning.
- g. Learning methods should be varied. Variety of methods should be introduced to off-set fatigue and boredom.
- h. The learner must secure satisfaction from learning. Education must fulfill human needs, desires and expectations.
- i. Learners need reinforcement of correct behaviour.
- j. Standards of performance should be set for the learner.
- k. Different levels of learning exist.
- l. Learning is an adjustment on the part of an individual.
- m. Individual differences play a large part in effectiveness of the learning process.
- n. Learning is a cumulative process.
- o. Ego involvement is widely regarded as a major factor in learning.
- p. The rate of learning decreases when complex skills are involved.
- q. Learning is closely related to attention and concentration.
- r. Learning involves long-run retention and immediate acquisition of knowledge.
- s. Accuracy deserves generally more emphasis than speed.
- t. Learning should be relatively based.
- u. Learning should be goal-oriented. Exhibit 5.1 depicts leaning principles.



**Exhibit 5.1 Learning Principles**

1. Learning requires purposeful activity.
2. Learning is a process of the whole individual.
3. Learning is problem solving. Challenging problems stimulate learning.
4. Learning is based on past experiences.
5. Learning results from stimulation through the senses.
6. The more vivid and intense the impressions, the greater the chance of remembering.
7. Interest is essential to effective learning. Learning requires motivation.
8. Friendly competition stimulates learning.
9. Recognition and credit provide strong incentives for learning.
10. People learn more when they are held to account and made to feel responsible for learning.
11. Knowing 'why' makes learning more effective.
12. Knowledge of the standards required makes learning more effective.
13. Things should be taught the way they are to be used.
14. Teaching should be logical or orderly.
15. The most effective learning results when initial learning is followed immediately by application.
16. Early successes increase chances for effective learning.
17. Repetition, accompanied by constant effort toward improvement, makes for effective development of skill.
18. Feelings of both teacher and student affect learning.
19. Students learn many things in addition to skills and information (attitudes, interests, appreciations, etc.)
20. Continuous evaluation is essential to effective learning.

Source: William J. Micheels, p. 6, quoted in M.N. Rudrabasavaraj, op. cit., pp. 150-1

**Learning Patterns**

Trainers need some understanding of the patterns in which new skills are learned. The employee is likely to find him/her unusually clumsy during the early stages of learning. This can be called discouraging stage. After the employees adjust him/her to the environment, he learns at a fast rate. A 'plateau' develops after the lapse of more training time due to a loss of motivation and lack of break in training schedule and time. The trainee reaches the next stage when he is motivated by the trainer and/or some break or pause in time and training process is given. The trainee at this stage learns at a fast rate.<sup>24</sup> Special repetition of the course leads the trainee to reach the stage of over-learning.

Thus, it is clear that, learning rarely takes place at a constant rate. It varies according to the difficulty of the task, ability of the individual and physical factors. However, the rate of learning varies from one individual to another.

### **Characteristics of Learning Process**

1. Learning is a continuous process.
2. People learn through their actual personal experience, simulated experience and from other's experience (by using the knowledge which represents experience of others).
3. People learn step by step, from known to unknown and simple to complex.
4. There is a need for repetition in teaching to improve skill and to learn perfectly.
5. Practice makes a man perfect. Hence, opportunity should be created to use, transfer the skills, knowledge and abilities acquired through learning. It gives satisfaction to the learner.
6. Conflicts in learning: Conflict in learning arises when the trainer knows or has developed some habits which are incorrect in terms of the method being learned.

### **The Climate for Learning**

Conducive climate is highly essential for serious participation, attentiveness, creation of interest, and sincerity of learner. Climate for learning consists of working conditions, relationship with other trainees, and trainers/instructors, conditions for relaxation, freedom, scope for social interaction, and formation of social groups.

Conducive climate for learning should be provided in view of its significance in training. It consists of ideal physical and psychological environment. Ideal physical environment, consisting of suitable location with space, adequate accommodation, audio-visual aids, air conditioning, ventilation, lighting and other facilities like canteen, facilities for relaxation, should be

provided. Ideal psychological environment, consisting business atmosphere, friendly environment, frequent communication, follow-up regarding performance and progress, enthusiastic, helpful and broad minded trainer, etc., should be created and provided. Provision for measuring learner's progress through tests should also be made in order to regulate, correct and follow-up the training programmes.

### **Learning Problems**

The instructor should have the knowledge of the possible learning problems. He should identify the problems of trainees and take steps to solve them. The possible learning problems are:

- a. Lack of knowledge, skill, aptitude and favourable attitude.
- b. Knowledge and skill not being applied.
- c. Existence of anti-learning factors: Most operational situations contain a number of elements which will restrict the development of learning regardless the methods employed.
- d. Psychological problems like fear and shy.
- e. Inability to transfer of learning to operational situation.
- f. Heavy dependence on repetition, demonstration and practice.
- g. Unwilling to change.
- h. Lack of interest about the knowledge of results.
- i. Absence of self-motivation.
- j. Negative attitude about involvement and participation.

Learning efficiency depends up on the effectiveness of teaching and training. Now, we shall study teaching principles.

## Teaching Principles

In addition to learning principles, teaching principles should also be taken care of to make training effective some of the teaching principles are given below:

- a. The employee must be taught to practise the correct method of work.
- b. Job analysis and motion study techniques should be used.
- c. Job training under actual working conditions should be preferred to class room training.
- d. Emphasis should be given more on accuracy than speed.
- e. Teaching should be at different time intervals.
- f. It should be recognised that it is easier to train young workers than old workers due to their decreasing adaptability with the increase in age. Exhibit 5.2 shows principles of teaching basic skills and Exhibit 5.3 shows principles of teaching basic Physical Movements.

**Exhibit 5.2 Principles of Teaching Basic Skills**

- |   |  |
|---|--|
| 1 | The worker must be taught and must practise only correct methods of work. This is the basic principle.   |
| 2 | First establish the best way of doing a job — use job analysis and/or time and motion study techniques.  |
| 3 | Follow the principles of best movements in work.   |
| 4 | Job training under actual working conditions is superior to classroom and formal training.   |
| 5 | Emphasise accuracy first - speed second.   |
| 6 | Training is more efficient when distributed over short periods of time.  |
| 7 | Remember the practice aims — efficiency increases with repetition of the task. However, you should expect learning plateaus when no apparent progress is made, followed by additional spurts of improvement. Therefore, you should carry out distributed practice over longer period than is commonly believed (otherwise workers settle down at production speeds lower than their real abilities). |
| 8 | When a plateau is reached, use incentives and other devices to get more improvement.   |
| 9 | Age and learning: You can train older workers as well as younger ones. Learning ability does not deteriorate rapidly with age - instead, older workers have learned more bad habits and therefore need retaining.  |

Source: Morris Viteles, Quoted in Ibid., pp. 151-152.

**Exhibit 5.3 Principles of Teaching Basic Physical Movements**

- |   |  |
|---|--|
| 1 | Successive movements should be so related that one movement passes easily into that which follows, each ending in a position favourable for the beginning of the next movement.  |
| 2 | The order of movements should be so arranged that little direct attention is needed for passage from one to another. In other words, they should be so arranged that the mind can attend to the final aim or end of the operation instead of being distracted by the work of initiating successively the several movements which are involved in a task. |
| 3 | The sequence of movements is to be so framed that an easy rhythm can be established in the automatic performance of the various elements of operation.   |
| 4 | From the principles stated above follows the corollary that continuous movement is preferable to angular movements involving sudden changes in the direction of movement.  |
| 5 | The number of movements should be reduced as far as possible within the scope of limitations suggested above. In general, reducing the number of movements will facilitate a rhythmic method of working and automation as a means of reducing the volitional direction of work.  |
| 6 | Simultaneous use of both hands should be encouraged.   |
| 7 | When a forcible stroke is required, the direction of movement and placement of material should be so arranged that, as far as practicable, the stroke is delivered when it has reached its greatest momentum.  |

Source: Ibid.

Learning efficiency depends on training effectiveness in addition to teaching. Now, we shall study the principles of training.

## Principles of Training

Providing training in the knowledge of different skills is a complex process. A number of principles have been evolved which can be followed as guidelines by the trainees. Some of them are as follows:

1. **Motivation:** As the effectiveness of an employee depends on how well he is motivated by management, the effectiveness of learning also depends on motivation. In other words, the trainee will acquire a new skill or knowledge thoroughly and quickly if he or she is highly motivated. Thus, the training must be related to the desires of the trainee such as more wages or better job, recognition, status, promotion, etc. The trainer should find out the proper ways to motivate experienced employees who are already enjoying better facilities in case of retraining.
2. **Progress Information:** It has been found by various research studies that there is a relation between learning rapidly and effectively and providing right information specifically, and as such the trainer should not give excessive information or information that can be misinterpreted. The trainee also wants to learn a new skill without much difficulty and without handling too much or receiving excessive information or wrong type of progressive information. So, the trainer has to provide only the required amount of progressive information specifically to the trainee.
3. **Reinforcement:** The effectiveness of the trainee in learning new skills or acquiring new knowledge should be reinforced by means of rewards and punishments. Examples of positive reinforcement are promotions, rise in pay, getting accolades, etc. Punishments are considered as negative reinforcements. Management should take care to award the successful trainees quite positively to retain their spirit and mental aspirations intact.

The management can punish the trainees whose behaviour is undesirable. But the consequences of such punishments have their long-run ill effect on the trainee as well as on the management. Hence, the management should take much care while instituting negative reinforcements.



4. **Practice:** A trainee should actively participate in the training programmes in order to make the process an effective one. Continuous and long practise is highly essential for effective learning. Jobs are broken down into elements from which the fundamental, physical, sensory and mental skills are extracted. Training exercises should be provided for each skill.
5. **Full vs. Part:** It is not clear whether it is best to teach the complete job at a stretch or dividing the job into parts and teaching each part at a time. If the job is complex and requires a little too long to learn, it is better to teach part of the job separately and then put the parts together into an effective complete job. Generally, the training process should start from the known and proceed to the unknown and from the easy to the difficult when parts are taught. However, the trainer has to teach the trainees based on his judgment on their motivation and convenience.
6. **Individual Differences:** Individual training is costly, and group training is economically viable and advantageous to the organisation. But individuals vary in intelligence and aptitude from person to person. So the trainer has to adjust the training programme to the individual abilities and aptitude. In addition, individual teaching machines and adjustments of differences should be provided. (See Box 5.3).

### Box 5.3 How an Android Phone Can Change Your Life?

In the past few months several mobile devices have enmass taken to Google's mobile operating system and launched Android-enabled handsets. In this season of heavy activity around Android phones, comes the big announcement of the launch of version 2.0 of the operating system, also code-named Eclair.

A number of enhancements have been added to the previous version including the much talked- about multi-touch feature and sync. Here's how the Android can up your tech quotient with these new capabilities:

- \* Communicate instantly by tapping on the contact, and choosing from all available communication options (Facebook, Twitter, Yahoo! Mail, Gmail, etc)
- \* Availability of an accounts management API to store centrally account-credential information on the device
- \* Supports devices with various screen sizes and resolutions, with three different screens of each of the applications

*	Multiple email account synchronization, that combines all account into a single email inbox with option of exchange support
*	New virtual keyboard layout for faster and more accurate typing. The multi-touch ensures that all keys pressed during typing are not skipped.
*	Bluetooth API allows the device to connect to other nearby devices. This capabilities includes the integration of features of social-interaction and P2P communication
*	Improved camera controls with digital zoom, a scene mode, white balance controls, macro focus and colour effects
<p>In the past few months several mobile devices have en mass taken to Google's mobile operating system and launched Android-enabled handsets. In this season of heavy activity around Android phones, comes the big announcement of the launch of version 2.0 of the operating system, also code-named Eclair.</p> <p>A number of enhancements have been added to the previous version including the much talked- about multi-touch feature and sync. Here's how the Android can up your tech quotient with these new capabilities:</p>	
*	Communicate instantly by tapping on the contact, and choosing from all available communication options (Facebook, Twitter, Yahoo! Mail, Gmail, etc)
*	Availability of an accounts management API to store centrally account-credential information on the device
*	Supports devices with various screen sizes and resolutions, with three different screens of each of the applications
*	Multiple email account synchronization, that combines all account into a single email inbox with option of exchange support
*	New virtual keyboard layout for faster and more accurate typing. The multi-touch ensures that all keys pressed during typing are not skipped.
*	Bluetooth API allows the device to connect to other nearby devices. This capabilities includes the integration of features of social-interaction and P2P communication
*	Improved camera controls with digital zoom, a scene mode, white balance controls, macro focus and colour effects.
<p>Source: <a href="http://in.news.yahoo.com/242/20091028/1359/ttc-how-an-android-phone-can-change-your.html">http://in.news.yahoo.com/242/20091028/1359/ttc-how-an-android-phone-can-change-your.html</a></p>	

## Characteristics of Learning

Learning has the following characteristics:

- ★ **Learning involves change:** As indicated earlier, people acquire new information which is processed in their cognition. This process produces new knowledge. This new knowledge brings changes in their existing pattern of behaviour.
- ★ **Change must be Relatively Permanent:** When the information acquired is converted into knowledge and wisdom, people change their behaviour more or less permanently.
- ★ **Behavioural Issues:** The change in the knowledge and wisdom should produce different attitudes and values. These new attitudes and values should change the behaviour. Then only it is called learning. In other words, the new attitudes and values not accompanied by change in behaviour is not called learning.
- ★ **Experience-based:** Learning is based on experience. Experience may be direct or indirect, personal, through observation or through reading.

Now, we shall discuss the theories of learning. There are three theories of learning, viz.,

- ❖ Behaviouralistic Theories
- ❖ Cognitive Theories
- ❖ Social Learning Theory

### Behaviouralistic Theories

Behaviouralistic theories of learning are developed by the traditional behaviourists like Ivan Pavlov, and John B. Watson. These classical behaviourists attributed learning to the connection between Stimulus and Response ( $S \rightarrow R$ ). Whereas, the operant behaviourists particularly B.F. Skinner attributed learning to the consequence, i.e., Response-Stimulus ( $R \rightarrow S$ ) connection. The Stimulus  $\rightarrow$  Response connection deals with classical or respondent connection while the Response  $\rightarrow$  Stimulus connection deals with the instrumental or operant conditioning.

## Classical Conditioning

The Russian Pioneering behaviourist Ivan Pavlov conducted classical conditioning experiment using dogs as subjects. Classical conditioning came out of experiments to teach dogs to salivate in response to the ringing of a bell. Pavlov measured the amount of Saliva secreted by a dog. Pavlov presented meat powder to the dog (unconditioned stimulus), then he noticed a great deal of salivation (unconditioned response). When he merely rang a bell (neutral stimulus) the dog had no salivation. Next Pavlov presented the meat powder along with ringing the bell. After doing this several times, he rang the bell without presenting the meat. This time the dog salivated to the bell alone. The dog had become classically conditioned to salivate (conditioned response) to the sound of the bell (conditioned stimulus).

The classical conditioning reveals that the stimulus elicits response, i.e.,  $S \rightarrow R$ .

Examples of classical conditioning

	<b>Stimulus (S)</b>		<b>Response (R)</b>
The Individual	Sees a snake	→	Runs away
	is ordered by an autocratic manner	→	Says 'Yes' boss
	sees a good book	→	reads it

Skinner felt that classical conditioning cannot explain the more complex human behaviours. He felt that human behaviour affects or is affected by the environment. This behaviour is explained by operant conditioning.

## Operant Conditioning

Operant conditioning emphasises that learning occurs as a consequence of behaviour, i.e.,  $R \rightarrow S$ . Employees work for more hours to get more salary or not to be fired. If the management pays more salary to those employees who work for more hours, then the employees repeat their behaviour of working for more hours. Paying more salary is called reinforcement. Reinforcement strengthens a behaviour and increases the likelihood of repeating that behaviour. Example of operant conditioning:

	<b>Response (R)</b>	→ <b>Stimulus (S)</b>
The student	studies hard	gets first class
The employee	Commits to the company	is promoted
The businessman	is ethical	maximises wealth
The student	enters the classroom	listens to the lecture

Operant conditioning is more relevant to human learning than classical conditioning. It also explains most of the organisational behaviour aspects. Operant conditioning is used by organisational behaviour researchers to explain the effectiveness of managers.

### **Cognitive Theories**

Cognitive theories emphasise on the cognitive process. Cognitive learning theories establish the relationship between cognitive environmental cues and expectations.

Edward Tolman is a widely recognised cognitive theorist. He conducted an experiment using white rats as subjects. He found that a rat could learn to run through an intricate maze with purpose and direction toward a goal (food). The rat learned to expect that certain cognitive cues associated with the choice point might eventually lead to food. Tolman's approach is depicted as S-S (Stimulus-Stimulus). In other words learning is the association between the cue and expectancy.

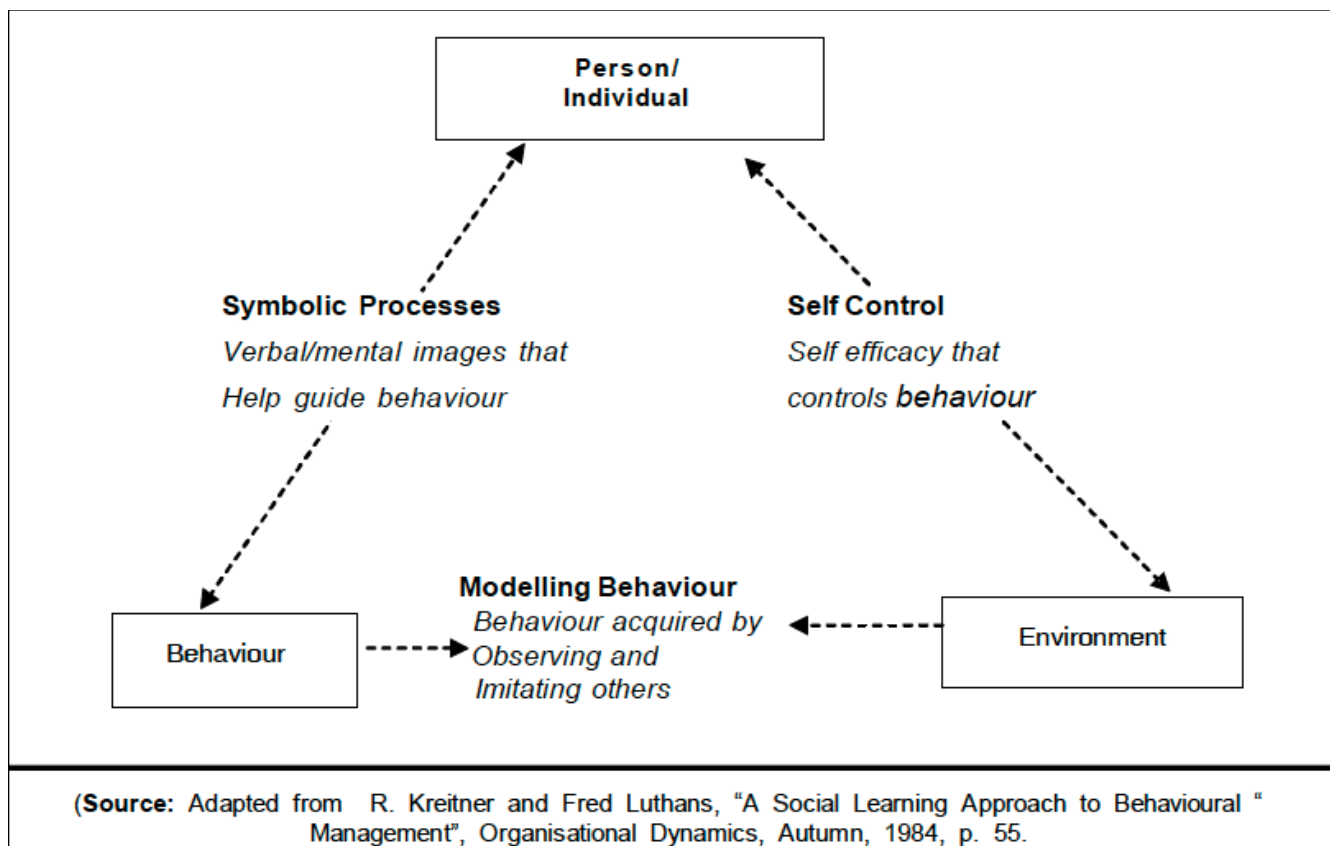
Employees expect higher salaries, promotions, and high quality of work life. Employees learn that they can achieve their expectations by working productively. The realisation of working productively is the result of cognitive environmental cues. Organisational behaviour researchers are currently concerned about the relationship between cognitions and organisational behaviour.

Now, we shall discuss the social learning theory.

## Social Learning Theory

People learn through different means like observation of others, direct experiences and indirect experiences. Learning through these various means is called social learning. Social learning theory integrates behavioural concepts, cognitive concepts and environmental determinants. (See Fig 5.14). Social learning takes place through reciprocal interactions among people, behaviour and environment.

Reciprocal interactions take place by integrating operant and cognitive learning approaches. This theory draws the inputs from the principles of classical and operant conditioning. It also recognises that learning takes place through various means like vicarious, modelling and self controlling processes.



**Fig. 5.14: Social Learning Model**

It is observed from the figure that individuals learn by observing others, imitate them and modelling them through practice. Employees model their superiors or other managers. Tutors in the university model their lecturers/mentors. Kids model and imitate their big brothers/ sisters/parents/ other

family members. However, the entire behaviour of individuals is not acquired through imitations. However, the individuals learn through their own verbal and mental images as well as their own self efficacy that controls behaviour. These approaches shape the learning through imitating the models.

People learn from various role models like parents, teachers, peers, leaders, etc. The influence of models is significant in social learning theory. There are four processes through which the model influences the individuals. These four processes include:

- ★ **Attention Processes:** People learn from the critical features of the models like leadership skills, attractiveness, timely decision- making, etc.
- ★ **Retention Process:** The level of influence of the model depends on the level to what extent the individual remembers the model.
- ★ **Motor Reproduction Processes:** People may at times imitate the models. Children imitate their parents and teachers. This is because, observation is converted into action.
- ★ **Reinforcement Processes:** Individuals prefer to exhibit the behaviour of the model, if such behaviour results in rewards. People pay more attention to and learn the positively reinforced behaviours from the models.

## Mentoring

Mentoring is the process of providing guidance and advice by specially selected and trained individuals, in order to help to develop the careers of the proteges allocated to them. Normally, superiors/ managers at higher level have special technical and managerial competence and provide guidance and assistance to subordinates in their careers as well as personal issues. The managers and superiors who coach, advice and encourage employees/subordinates are called mentors. The subordinates and employees who receive guidance and advice are called proteges. The older employees transfer their skills and knowledge that can't be found in written literature to the young employees. The caste system in India significantly before 1960s and the sempai-kohai (Japanese mentoring system) in Japan helped to transfer the skills by the experienced people to the younger people. Thus, people learn through mentoring.



**Principles of Learning**

Individual learning in organisations has to be shaped and managed based on behavioural requirements in an organisation. Individual learning is managed with the help of reinforcement and punishment.

**Law of Effect**

Thorndike stated law of effect as “of several responses made to the same situation, those which are accompanied or closely followed by satisfaction (reinforcement)...will be more likely to occur; those which are accompanied or closely followed to discomfort (punishment)...will be less likely to occur.”

**Reinforcement**

Reinforcement is any act which is rewarding. Reinforcement is anything that increases the strength of response and tends to induce repetitions of the behaviour that preceded the reinforcement. Reinforcement encourages learning. Reinforcement may be positive or negative.

Rewards are outcomes of a behavioural act or outcomes of environmental consequences. Rewards can be extrinsic and intrinsic. Extrinsic rewards are like increase in pay, promotion, and offering a benefit like offering company car. Extrinsic rewards are important external reinforcers. Which influence employees' behaviours significantly. Extrinsic rewards are of two types, viz., rewards involving budgetary commitments and rewards with no budgetary commitments. Table 5.2 presents types of external rewards.

**Table 5.2: Types of External Rewards**

<b>Rewards with Budgetary Implications</b>	<b>Rewards with No Budgetary Implications</b>
Salary	Transfer to a powerful job
Allowances	Greetings
Free car	Feedback
Free lunch and refreshments	Appreciation letters
Spacious and furnished	Certificates
Free medical benefits	Challenging job
Paid vacation	Employee of month recognition
Promotions	Counselling
Birthday gifts	Mentoring
Performance rewards	Encouragement
Stock options	Sound relations
Family parties	

## Reinforces and Behaviour Modifications

Reinforces modify the employee behaviour and thereby group and organizational behaviour. Thus, these reinforcers are the organizational behaviour modification forces. These forces include:

- Positive Reinforcement
- Negative Reinforcement
- Punishment
- Extinction

### Positive Reinforces

Positive reinforcement strengthens the behaviour and repeats the same behaviour with desirable consequences. For example, Mr. Chandra of Tata Tea produces high quality tea and Mr. Surya, the superior of Mr. Chandra, pays more bonus to Mr. Chandra. Thus reward is paid after the positive behaviour is exhibited. These positive reinforcers (rewards) strengthen the repetition of behaviour (producing high quality tea).

Positive reinforce = Desirable behaviour → Reward → Desirable behaviour

Extrinsic rewards both involving budgetary commitments and non-budgetary commitments act as positive reinforcers. Offering rewards should be repeated only when such reward results in desirable behaviour. In contrast, offering a reward is based on the exhibition of desirable behaviour. This contingent behaviour and reward is known as the law of contingent reinforcement. Thus, contingent reinforcement indicates that the reward would be delivered only when the desirable behaviour is exhibited, as per the stimulus that is based on response. Reward should be delivered immediately after the exhibition of desirable behaviour in order to maintain employee's state of morale. Otherwise, the employee would be de-motivated and the chances of repeating the desirable behaviour would be reduced. This is known as the law of immediate reinforcement. This law states that the delivery of reward immediately after the exhibition of desired behaviour result in greater reinforcing effect.

### **Scheduling of Positive Reinforcement**

Rewards can be offered continuously as well as at different schedules like annual awards or festive rewards like Dessara rewards, Christmas rewards and Ramzan rewards. Offering rewards continuously is known as continuous reinforcement. Continuous reinforcement is scheduled to offer the rewards each time as and when the desired behaviour is exhibited.

Offering rewards periodically is known as intermittent reinforcement. Intermittent reinforcement states that rewards are offered periodically after the desired behaviour is exhibited. For example, payment of annual performance pay is paid once in a year based on the quality and/or quantity of output produced by an employee. Table 5.3 presents schedule of positive reinforcements.

**Table 5.3: Schedule of Positive Reinforcements**

<b>Schedule</b>	<b>Description</b>	<b>Effects on Responding</b>
Continuous	Reinforce follows every response	Payment of rewards every time of desirable performance is exhibited; High frequency of reinforcement may lead to early satisfaction; Behaviour weakens rapidly when the reinforcers are withheld; Offering reward continuously may reduce the strength of the reward in sustaining employees' performance to produce desired behaviour.
Intermittent	Reinforcer does not follow every response	Capable of producing desirable performance continuously until the reinforce is executed; Low frequency of reinforcement precludes early satiation; Appropriate for stable and high frequency responses.
Fixed Ratio	A fixed number of responses must be emitted before reinforcement occurs	A fixed ratio of 1:1 (reinforcement occurs after every response) is the same as a continuous schedule. Tends to produce a high rate of response that is vigorous and steady.
Variable Ratio	A varying or random number of responses must be emitted before reinforcement occurs	Capable of producing a high rate of response that is vigorous. Steady and resistant to extinction.
Fixed Interval	The first response after a specific period of time has elapsed is reinforced.	Produces an uneven response pattern varying from a very slow, unenergetic response immediately following reinforcement to a very fast, vigorous response immediately preceding reinforcement.
Variable Interval	The first response after varying or random periods of time have elapsed is reinforced	Tends to produce a high rate of response that is vigorous, steady and resistant to extinction.

**Source:** Fred Luthans and Robert Kreitner, "Organisational Behaviour".

**Negative Reinforcement/Avoidance**

Negative reinforcement also strengthens the behaviour and repeats the same behaviour but by the termination or withdrawal of an undesirable consequence. Thus, negative reinforcement results from withholding a negative consequence when a desirable behaviour occurs. For example, a manager allots an uninteresting work to an employee who reports for duty late for the last five days. When the employee reports for duty on time on the sixth day, the manager allots an interesting work to the employee. Allotting an uninteresting work is negative consequence, reporting for duty late is undesirable behaviour and reporting for duty on time is desirable behaviour. Negative consequence of allotting uninteresting work is withdrawn, when undesirable behaviour is terminated. Employee can be free from negative consequence, by exhibiting desirable behaviour.

Negative Reinforce = Undesirable behaviour → Negative consequence → Desirable Behaviour

Negative reinforcement<sup>6</sup> is also called avoidance as the negative consequence is avoided as and when the undesirable behaviour is withdrawn.

**Punishment**

Punishment is different reinforcement. Reinforcement strengthens and increases the frequency of desirable behaviour. But punishment is different from reinforcement. Punishment is anything that weakens behaviour and tends to decrease its subsequent frequency. For example, imposing the punishment of two per cent salary cut for failing to meet the targets twice in a month in a software company reduced the cases of not meeting the targets from 12% to 0.06% in 2009. Thus, punishment changed the behaviour of the employees in this company from contributing to targets. Even withholding a positive consequence for an undesirable behaviour also amounts to punishment.

One study found that punishment reduced poor performance and enhanced performance of employees. However, the satisfaction levels of employees did not increase. But, punishment demoralises the employees. Employees view punishment as arbitrary. Punishments in the long run will lead to low satisfaction as well as low performance.

Therefore, the human resource managers should always attempt to reinforce instead of punish to enable the employees to learn and change their behaviour in accordance with the behavioural requirements of the organisation.

## **Problems of Punishment**

Punishment is quite undesirable, though sometimes it is quite inevitable to impose punishment to correct undesirable behaviour.

- ★ **Punishments Produce Unintended Results:** Punishments cause discomfort and damage the psychology of both the parties. They also cause emotional and relationship problems. The employees punished may become angry, hostile, frustrated and depressed. These consequences result in even physical fight.
- ★ **Punishments May Not Change Behaviour Permanently:** Punishment is normally taken by employees as negative and it is viewed as a reprimand technique by managers. So employees would like to take revenge against the managers who imposed punishment and pay back with the same or even more tempo. As such, employees wait for an opportunity to revert their negative behaviour. Thus, punishment may not change the negative behaviour permanently.
- ★ **Administrator of Punishments is Viewed as Villain:** Most of the less performing employees view the managers who impose punishments as negatively and as villains in the organization. Further, punishments imposing managers are viewed as creators of unpleasant situations.
- ★ **Punishments May Offset the Effects of Positive Reinforces:** Punishments imposed by a manager may offset the benefits of positive behaviour of positive reinforces.
- ★ **Behavioural Change due to Punishment is Unpredictable:** It is quite difficult to predict the change in the behaviour due to punishments as punishments may fail to bring permanent change in behaviour.

**Extinction**

Extinction is an attempt to weaken undesirable behaviour by attaching no consequence to it. In other words, it is ignoring the behaviour. Sometimes, employees may not change their behaviour for any kind of reinforcements as well as for punishment. In such cases, extinction is the best alternative available to managers. Extinction helps the managers as well as employees to ease tensions and slowly shift from parent egos to either adult ego or child egos. (Ego states will be dealt in the chapter 'Group Behaviour'). For example, powerful and sometimes frustrated subordinates may not respond to positive as well as negative reinforcers. They also fail to respond to punishments. In such cases extinction is the only alternative strategy available to managers at least for some time. Managers, later can shift to positive reinforce, depending up on the state of mind of the subordinate.

**Extinction and Positive Reinforcement**

Sometimes extinction may work better along with using positive reinforcers on-and-off. When behaviour is desirable, manager can make use of positive reinforcers and use extinctions when the behaviour is relatively undesirable.



## 5.12 SUMMARY

- ★ Perception is the process of receiving, selecting, organising, interpreting, checking and reacting to sensory stimuli or data.
- ★ Sensory organs like eyes and ears collect the data from the environment. The physical senses are vision, touch, smell, taste and hearing.
- ★ Perceptual inputs include all stimuli that exist in the external environment like classroom, laboratory, Socio-cultural environment, Technological Environment, etc.
- ★ The perceptual selectivity is based on the external and internal environment factors.
- ★ Learning, personality and motivation of an individual, influence the perceptual selectivity.
- ★ Perceived object or person or event stands out distinct from its background and occupies the cognitive space of the individual.
- ★ Social identity is determined by complex combination of various factors like gender, demographic, income level, social status based on community, ethnicity, race, organization and the like.
- ★ Managers prioritise the queries, demands, clarifications and rank them in the order of importance and urgency and select an issue to act upon it.
- ★ The perceiver should be emotionally free to interpret and to draw bias-free meanings.
- ★ The strategic situations need additional and talented inputs from managers as well as their subordinates in the process of decision-making.
- ★ A number of factors hinder our judgment about other people, objects and situations.
- ★ Halo effect is the tendency of perceiving a person/object or situation on the basis of a single trait/characteristic.

- ★ Perceptual barriers can be minimized and the accuracy of the perception can be enhanced by enhancing perceptual skills.
- ★ The impression management strategies include enhancing the positive behavioural outcomes and reducing the negative behavioural outcomes.
- ★ Learning is a relatively permanent change in knowledge or observable behaviour that results from practice or experience.
- ★ Social learning takes place through reciprocal interactions among people, behaviour and environment. Reciprocal interactions take place by integrating operant and cognitive learning approaches.
- ★ Mentoring is the process of providing guidance and advice by specially selected and trained individuals, in order to help to develop the careers of the proteges allocated to them.

### 5.13 SELF ASSESSMENT QUESTIONS

1. What is perception? How do you differentiate it from sensation?
2. What is perceptual process? Discuss the perceptual inputs, throughputs and output.
3. What is perceptual selectivity? Explain the influence of external environmental factors on perceptual selectivity.
4. How do the internal environmental factors affect the perceptual selectivity?
5. How do you organise the data and information in the perceptual throughput process?
6. Discuss the factors that influence the interpretation of data and information in perception process.
7. Why do people fail to perceive close to reality?
8. Suggest the measures to perceive close to reality.
9. Why and how people impress others?
10. What is learning? Discuss various learning theories.

## **REFERENCE MATERIAL**

Click on the links below to view additional reference material for this chapter

[Summary](#)

[PPT](#)

[MCQ](#)

[Video Lecture - Part 1](#)

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[Video Lecture - Part 3](#)

# Chapter 6

## Motivation: Concepts And Theories

### Objectives

**After studying this Chapter, you should be able to:**

- ★ Understand the meaning and the basic motivation concepts like, motivation, motive and motivating;
- ★ Know different types of motives like primary motives, secondary motives, general motives, power motives, achievement motives and affiliation motives;
- ★ Explain the significance and nature of motivation;
- ★ Analyse content theories, process theories and reinforcement theories;
- ★ Compare and contrast content theories, process theories and reinforcement theories; and
- ★ Observe the developments of the motivation concepts from the analysis of various motivation theories.

### Structure:

- 6.1 Why Motivation?
- 6.2 Motivating
- 6.3 Types of Motivation
- 6.4 Theories of Motivation
- 6.5 Summary
- 6.6 Self Assessment Questions

## 6.1 WHY MOTIVATION?

Every human action is the result of a need or desire. One experiences a sort of mental discomfort as long as that need remains unsatisfied in him/her. The moment the action is initiated he/she makes an attempt to get over the discomfort. What causes an action is the need or desire? What causes a need is called the stimulus. Therefore, the manager's duty is to create the stimulus that causes a need which initiates action leading to satisfaction. This should be a repetitive process for the action to continue. All this is called 'motivation' in management. Now we shall discuss the need for, significance and nature of motivation.

Managers motivate the employees basically owing to the following reasons:

**To direct employees' skills, competencies and knowledge towards job performance:** People are the critical resource in the business process in converting the inputs into output and thereby achieving business goal. People contribute to the achievement of organizational goals with the help of their skills, competencies and knowledge. Employees use these skills for the job when they are enabled and encouraged to do so. Managers through motivation direct employee skills towards job performance. Otherwise employees use these skills for unproductive purposes like organizational politics and unproductive trade union activities and for their personal business.

**To direct employees' skills, competencies and knowledge towards organizational requirements:** Employees contribute their skills and competencies towards the achievement of organizational purposes and strategies in addition to their jobs. Managers have to encourage employees to use their resources to contribute to organizational goals in addition to job needs.

**To encourage employees to achieve strategies:** Organizational success as well as sustainability depends on achievement of organizational strategies efficiently. Managers have to encourage employees to use their resources to contribute to the achievement of organizational strategies in addition to job needs.

**To enhance employee job satisfaction:** Employees' job satisfaction depends on a number of factors like remuneration, type of the job, job challenges, interesting work, social factors, job security, organizational facilities, organizational brand in the market as well as corporate governance and citizenship. Managers strive to provide these and encourage employees to feel that this job is providing a range of benefits and get satisfied with the job.

**To increase employee commitment to the job and organization:** Employee commitment is essential ingredient for organizational success as committed employees spends all his resources for the organization. This in turn makes the company to be innovative, caring for customer and grow continuously.

**To attract candidates suitable to the job and the organization:** Organizational motivational practices create employer brand. Positive employer brand attract the competent candidates to apply for a job.

**To retain competent and high performing employees:** Organizational motivational practices result in employee satisfaction and satisfied employees prefer to stay with the organization. Thus managers practice motivation in order to retain competent and high performing employees.

**To enhance human resource competency as a distinctive competitive advantage of the organization:** Human resource is recognized as a distinctive competitive advantage in competing with other organizations as all other resources can be copied/imitated or acquired. But the committed human resource with innovative skills can't be copied/imitated. Managers, therefore, convert human resource as a distinctive competitive advantage through motivation.

**To reduce absenteeism:** Motivation enhances employee job satisfaction. The satisfied employee prefers to commit to the job and the organization. The committed employee prefers to spend his/her resources and time to the job and the organization. Thus motivation reduces absenteeism.

**To increase employee productivity:** Higher productivity reduces cost of operations and thereby increases profits. Committed and competent employees positively contribute to productivity. Managers motivate employees to be committed and acquire competencies.



**To enhance organizational citizenship:** Motivated employees not only contribute to organizational productivity, but also to the organizational behavior that is compatible to the norms of corporate citizenship behavior. There are five categories of corporate citizenship behavior viz., (i) conscientiousness-performing tasks beyond minimum required levels, (ii) altruism-helping others, (iii) civic virtue- participating in the political life of the organization, (iv) sportsmanship-taking positive attitude and not complaining and (v) courtesy-treating others with respect. Managers motivate the employees towards the enhancement of organizational citizenship.

## **Motives**

The term motive is derived from the Latin word 'movere.' It means 'to move.' 'Motive' is defined as an inner state that energises, activates (or moves) and directs (or channels) the behaviour of individuals towards certain goals. Motives are certain important needs of human beings. These needs have different degrees of potency or strength.

The strong need or motive creates high tension or disequilibrium in a person and makes him restless until the need is fulfilled. For example, the need for professional recognition makes the doctor restless until the co-doctors and patients recognize him as an efficient doctor. In order to reduce the tension, the doctor treats the critical cases. Motives induce the individuals to channel their behaviour towards those actions which would reduce the disequilibrium. Thus, motives are drives which energises individuals to an action with a direction. For example, the strong motive of earning large sums of money directs the students to take up the action of studying course which have fast earnings.

## **Types of Motives**

Motives are classified into three categories, viz., primary motives, general motives and secondary motives.

### **Primary Motives**

Psychologists say some motives are unlearned and they are called physiological, biological, unlearned or primary motives. Like, fasting before prayer and fasting during religiously auspicious days. In these cases, secondary motives are stronger over primary motives. These motives include: hunger, sleep, avoidance of pain, sex and material concern. These motives are both unlearned and physiologically based. These motives

always do not take precedence over general or secondary motives. General and secondary motives take precedence over primary motives in some situations.

## General Motives

The motives which can't be classified either as primary motives or as secondary motives are categorized into general motives. These motives are unlearned but not physiologically based.

Primary motives tend to reduce the tension or stimulation. In contrast, general motives encourage a person to increase the stimulation. Therefore, these needs are also called, 'stimulus motives.' General motives play a significant role in organisational behaviour than primary motives.

**General motives include:** curiosity, manipulation, activity motives and affection motive. Human curiosity, manipulation and activity drives are quite intense. The teacher or examiner tries to confuse the student in order to create curiosity to learn deeper or exhibit the potentialities. Similarly, superiors allocate complex work to the subordinates in order to explore the employees' curiosity, manipulation and activity drives. Similarly, employees should also be allowed to exhibit their curiosity, manipulation and activity motives, in order to motivate them.

Affection motive is closely associated with the sex motive or primary motive and also affiliation motive or secondary motive. Hence, affection motive sometimes is classified as primary motive and sometimes as secondary motive. Affection motive plays a vital role in the organisations as most of the employees, in these days, are deprived of love and affection at home. Further, it plays a vital role in the general society also, due to the adages of, 'Love makes the world go round' and 'Love conquers all.'

## Secondary Motives

General motives play a significant role in organisational behaviour compared to primary motives. But secondary motives play further pivotal role in organisational behaviour. Primary motives do not play a significant role in the developed countries. However, it is not true in case of developing countries like ours. Secondary motives are closely related to learning concepts. Important secondary motives are power, achievement

and affiliation. Examples of key secondary needs are presented in Exhibit 6.1.

### **Exhibit 6.1 Examples of Key Secondary Needs**

#### **Need for Achievement**

- Doing better than competitors
- Attaining or surpassing a difficult goal
- Solving a complex problem
- Carrying out a challenging assignment successfully
- Developing a better way to do something

#### **Need for Security**

- Having a secure job
- Being protected against loss of income or economic disaster
- Having protection against illness and disability
- Being protected against physical harm or hazardous conditions
- Avoiding tasks or decisions with a risk of failure and blame

#### **Need for Power**

- Influencing people to change their attitudes or behaviour
- Controlling people and activities
- Being in a position of authority over others
- Gaining control over information and resources
- Defeating an opponent or enemy

#### **Need for Status**

- Having the right car and wearing the right clothes
- Working for the right company in the right job
- Having a degree from the right university
- Living in the right neighbourhood and belonging to the country club
- Having executive privileges

#### **Need for Affiliation**

- Being liked by many people
- Being accepted as part of a group or team
- Working with people who are friendly and cooperative
- Maintaining harmonious relationships and avoiding conflicts
- Participating in pleasant social activities

(Source: Adapted from Gary Yukl, *Skills for Managers and Leaders*, Prentice Hall, Englewood Cliffs, N.J., 1990, p. 41. The examples of need for status are developed by Fred Luthans, op.cit., p. 144.)

Motives are also classified as (i) power motive, (ii) achievement motive, (iii) affiliation motive, (iv) security motive, and (v) status motive. Now, we discuss these motives in detail.

## Power Motive

Alfred Adler – a pioneering psychologist advocated the power motive. He submitted a person's overwhelming drive for superiority or power. He developed the concept of 'inferiority complex' and compensation to explain the power need. The power need implies the need to manipulate others or the drive for superiority over other people. According to him, every child experiences a sense of inferiority. People strive for power or superiority in order to overcome the inferiority complex.

The quest for power is quite prominent in almost all areas. The quest for power is more prominent in political fields. Normally, those who are inferior in their profession or occupation in terms of ability, skill and knowledge have more quests for power in order to compensate their feelings of inferiority. (See Box 6.1).

### Box 6.1 Helping People to Motivate Themselves

A major function of leaders is to motivate other individuals and groups. (Note that leaders can also focus on motivating themselves when their focus is on self-leadership.) There are approaches to motivating people that are destructive, eg, fear, intimidation, etc. While these approaches can seem very effective in promptly motivating people, the approaches are hurtful, and in addition, they usually only motivate for the short-term. There are also approaches that are constructive, eg, effective delegation, coaching, etc. These approaches can be very effective in motivating others and for long periods of time.

Note that different people can have quite different motivators. For example, some people are motivated by more money, others by more recognition, time off from work, promotions, opportunities for learning, opportunities for socializing and relationships, etc. Therefore, when attempting to motivate people, it's important to identify what motivates them. Ultimately, though, long-term motivation comes from people motivating themselves.

(Source: <http://managementhelp.org/guiding/motivate/motivate.htm>)

Persons in different administrative positions in business, industry, trade unions, government, public service, education, etc., strive for power.

### **Achievement Motive**

David C. McClelland, a Harvard psychologist has been studying on 'achievement motive.' McClelland has written about all aspects of achievement. Characteristics of a high achiever have emerged out of his research. The achievement motive is expressed as a desire to perform in terms of a standard of excellence or to be successful in competitive situations. The prominent characteristics of a high achiever are discussed hereunder.

- ★ **Moderate risk taking:** Common sense tells that high achievers take the risk of higher order. But the research studies conclude that high achievers take moderate risk. Low achievers take either low risk or high risk.
- ★ **Need for immediate feedback:** High achievers need immediate feedback. These people need immediate and clear-cut information about their activities, level and rate of progress. They also need information regarding the contribution of their efforts in achieving organisational goals. The likes of the high achievers include: woodwork and mechanics which provide immediate feedback. Their dislikes include: coin-collection which takes years to develop. High challenging jobs like sales and managerial jobs which are challenging and are evaluated frequently. They dislike teaching, research and development jobs.
- ★ **Satisfaction with accomplishments:** High achievers do not want materialistic rewards. They want intrinsically satisfying rewards. High achievers prefer a complicated and challenging job though it offers less salary compared to a simple job even if it offers higher salary.
- ★ **Preoccupation with the task/activity:** The high achievers, once they select a task completely concentrate on it until it is accomplished. They cannot do two jobs simultaneously or take up another job leaving one job half done. High achievers are quiet and do not boast about themselves or about their accomplishments. They tend to be realistic. They cannot maintain sound human relations with others as they do not allow others to come in their way in achieving their goals and targets. High achievers

are more of individualistic nature and may fail to work in a team environment.

### **Affiliation Motive**

Affiliation is a social need and members prefer to join groups in order to satisfy their need of belongingness/affiliation. Lower level employees have higher intense need to belong to a group. Affiliation motive plays a significant role in human resources management particularly in the area of commitment. Employees' commitment level is enhanced by satisfying their social needs of belonging.

### **Security Motive**

The post-privatisation and globalisation era brought significant changes in the Indian business. The pre-liberalisation period (i.e., before 1991) provided job security to the employees particularly to those in the public sector. Added to this, the fast technological advancement brought significant changes in the structure of employment.

Now, the Indian industry needs less number of people and as such, many industries started retrenching the employees through voluntary retirement scheme. Therefore, security of employment has become a complicated issue. Further, most of the employees have a fear of losing their jobs. Thus, the employees are deprived of the security need.

### **Status Motive**

The capitalistic economic system along with the advanced technology created dynamic organisations. These dynamic organisations created challenging jobs. The candidates with the skills and knowledge suitable to the dynamic jobs are given quite attractive salary, lucrative perks like free house, free car, telephone, club membership, credit card, computer, internet connection and the like. Thus, the status and prestige motive of these dynamic employees is satisfied even though their need for job security is uncared for.

Thus, the status motive of the dynamic people is fulfilled in the free and high technology economies. Exhibit 6.2 presents need hierarchy in different countries.

Having discussed the motives, now, we shall study motivating.

**Exhibit 6.2 Need Hierarchy in Different Countries**

Country	Need Priority
United States and Japan	Self-actualisation, esteem, safety, physiological and social
France	Self-actualisation, esteem, physiological, safety and social
Germany	Self-actualisation, physiological, esteem, social and safety
India	Physiological, self-actualisation, esteem, social and safety
Malawi	Physiological, self-actualisation, esteem, safety and social
China (Esteem needs are not in evidence)	Self-actualisation, safety, physiological and social
(Source: Manab Thakur, et al., International Management, TMH, 1997, p. 177)	

## 6.2 MOTIVATING

Marketing Manager of ABC Pharma Ltd. tells the sales force as: Those who achieve 200% targets will receive 200% of monthly salary as commission and will be promoted as Area Sales Managers. Thus, the marketing manager induced the sales force to engage in extensive sales through the motives of commission and promotion.

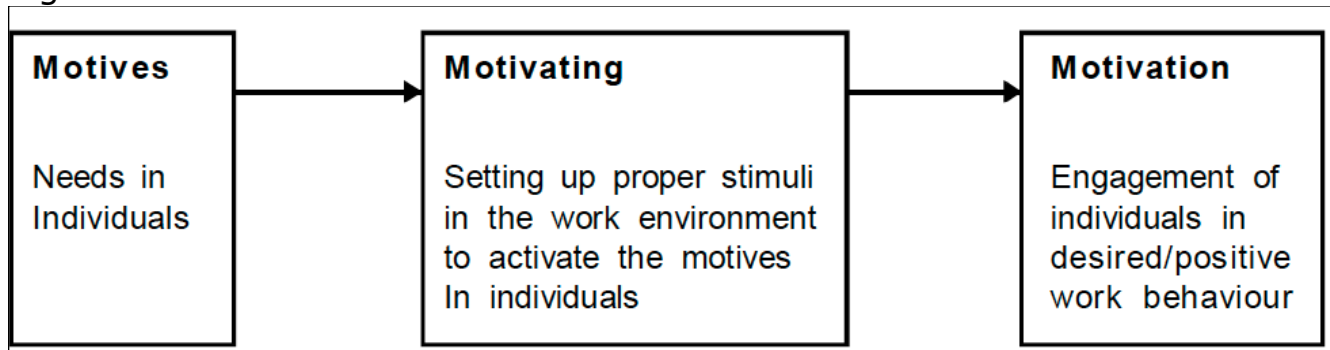
Motivating implies that one person induces another person to engage in action or desired work behaviour by ensuring that a channel to direct the motive of the person becomes available and accessible to the person.

Managers play a significant role in motivating the subordinates. They identify employees' talents, skills, creativity and innovative ideas and energise them to put these into action. Thus, the managers motivate their subordinates. Through this action, the managers help convert the innovative and creative ideas of their subordinates into worthwhile actions. Managers play a significant role in motivating their subordinates by channeling the employee's potentialities and work behaviour towards the organisational goals.



Further, the managers also convert a weak desire into a strong desire and motive. This, in turn helps the employee to make use of his potentialities for his benefit and also for the organisation.

The relationship among motive, motivating and motivation is presented in Fig. 6.1.



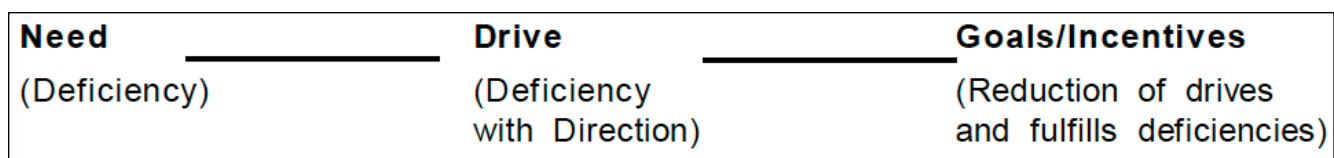
**Fig. 6.1: Relationship among Motive, Motivating and Motivation**

## Motivation

Motivation is derived from the word motive. "A motive is an inner state that energises, activates or moves and directs or channels behaviour towards goals."

"Motivation represents an unsatisfied need which creates a state of tension or disequilibrium, causing the individual to move in a goal directed pattern towards restoring a state of equilibrium by satisfying the need." According to the Encyclopaedia of Management, "motivation refers to the degree of readiness of an organization to pursue some designated goal and implies the determination of the nature and locus of the forces, including the degree of readiness."

Motivation is a process that starts with a physiological or psychological deficiency or need that activates behaviour or a drive that is aimed at a goal or 'incentive.' Thus, the process of motivation lies in the meaning of and relationship among needs, drives and incentives (Fig. 6.2)



**Fig. 6.2: The Basic Motivation Process**

**Need:** Need is deficiency. Needs are created whenever there is a physiological or psychological imbalance.

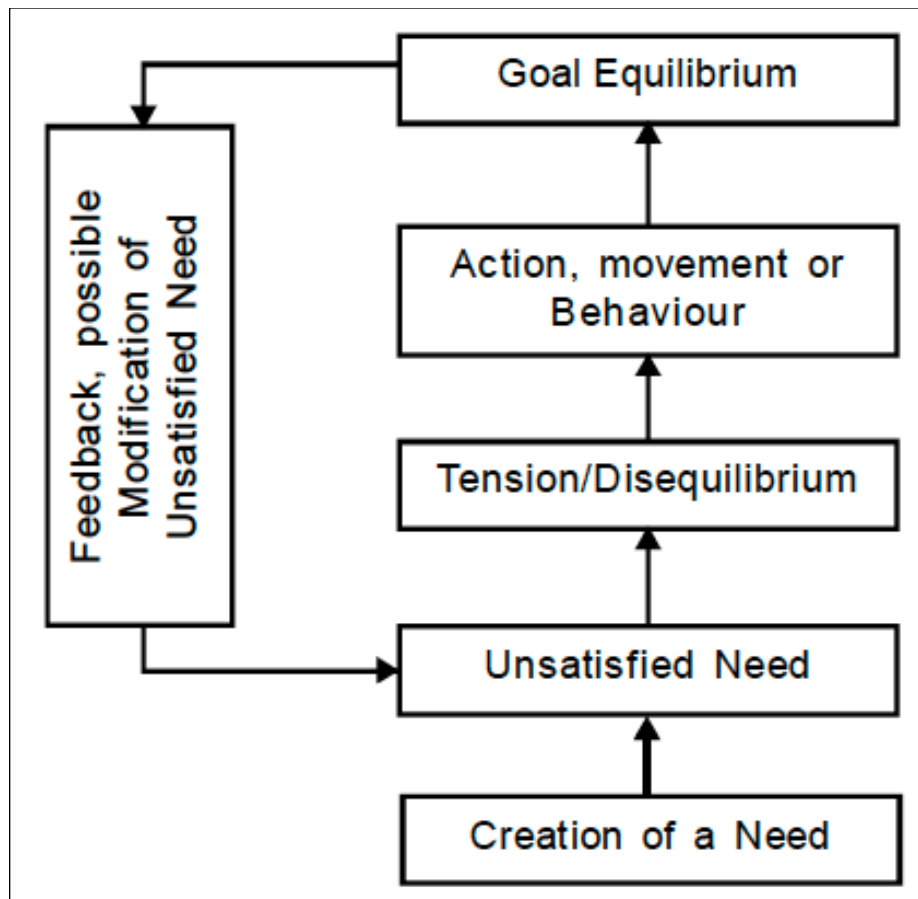
**Drive:** Drive is a deficiency with direction. They are action- oriented and provide an emerging thrust towards goal accomplishment.

**Incentives:** Incentive is anything that will alleviate a need to reduce a drive.

Constant state of tension is the nature of motivated people. The drives towards an activity relieve the tension. The outcome or the result also reduces the tension. Greater activity is needed to reduce the greater tension. The greater activity increases the level of motivation. Thus, greater tension needs greater activity which results in higher motivation. The basic motivation process is presented in Fig. 6.3. This process shows that there are three phases in motivation.

There are three areas in motivation, viz., motives, motivation and motivating. Let us look at each of them.

The three basic phases of motivation include: Effort, Persistence



**Fig. 6.3: Basic Motivation Process**

**Effort:** The strength of a person's work related behaviour is determined by the amount of effort devoted for the activity. For example, the salesman of an insurance company can sell more number of insurance policies and of higher value, by devoting a lot of time for and effort in meeting and convincing the prospective customers.

**Persistence:** Motivation should be a permanent and an integral part of human beings.<sup>7</sup> Motivation should also be persistence in the efforts. Therefore, individuals put their efforts continuously until the goal is achieved. Once the predetermined goal is achieved, the individual selects or chooses further higher goal. Then the individual puts further additional effort and strives continuously and persistently to achieve the higher goal. For example, an MBA student has a goal of securing 'A' grade in MBA and puts all the efforts to achieve the goal. Once this goal is achieved, he/she selects another goal of becoming an ERP Consultant and puts an additional effort to achieve this goal. Thus, high motivation needs higher level of persistent efforts.

**Direction:** The goal achievement requires a clear direction in addition to persistent hard work. Direction enhances the level and quality of output. The efforts should be directed towards organisational goals. Clear direction ensures that the persistent efforts are put for the right purpose in the right level and in the right time. The candidate who earned MBA degree and would like to become an ERP consultant, directs all his/her time, money, mental and physical inputs to learn necessary skills and become an ERP consultant.

### **Significance of Motivation**

The word 'motivation' is used frequently and prominently by the people of different occupations and professions. A student says, "Mathematics teacher motivated me a lot positively during my school days and hence, I am very much interested in Mathematics." A salesman says, "the new marketing manager does not motivate the sales force and hence the sales of our company are dwindling these days."

Further, scientists, researchers, politicians, managers and the like refer to the term 'motivation' quite often. Even, we come across the word, 'motivation' in the Ramayana when Lord Anjaneya was encouraged/ motivated by Jambava to fly over the sea by identifying the potentialities of Lord Anjaneya. This is a positive effort of motivation. This simple example tells us what motivation could do. In other words, motivation makes the impossible things possible. Thus, motivation plays an important role in converting the human potentialities into performance that lead to high level achievements.

Further, the importance of motivation can be explained as indicated hereunder:

- ★ Motivation identifies employee potentialities and makes the employee to know his potentialities.
- ★ Motivation converts the potentialities into performance.
- ★ Motivation converts motivated employees into committed and loyal employees.
- ★ Motivated employees explore the alternative methods of performing a task and they select a better method than the existing method.

Motivated employees use their innovative and creative skills, talents, etc., and offer creative ideas to the management. This factor, in turn results in the up-gradation of technology and technical know-how.

- ★ If the employee has a positive attitude towards quality and has also been motivated by the production manager, his concern towards quality increases. The increased concern towards quality results in high quality in production/operations.
- ★ **Increase in productivity:** Motivated workers exert all their energies towards the job. This would in turn result in increase in employee efficiency and thereby productivity. Added to this, the committed employees do the work in a better way, and also reduce the wastage, which, in turn, contributes to higher productivity.
- ★ **Human resources development:** Motivation results in exploring potentialities, development of skills, knowledge and abilities. This, in turn, leads to the development of human resources.
- ★ Motivated employees behave positively, maintain sound human relations, congenial superior-subordinate relations.
- ★ Motivated employees formulate efficient strategies in order to achieve the corporate objectives and compete with the competitors.
- ★ The present day high-technology and software industries depend upon highly self- motivated employees.
- ★ **Proper utilisation of human resources:** As indicated earlier, motivation identifies human potentialities and channels them towards organisational objectives. This results in increased efficiency and productivity due to utilisation of human resources where they are appropriately fit.
- ★ **Optimum utilisation of other resources:** All other resources without human resources can produce nothing. Human resources make use of all other resources like material and finance and produce products or services. The motivated human resources utilise all other resources to the optimum extent and maximise productivity.

- ★ **Builds congenial industrial relations:** Motivation maintains discipline, sound superior-subordinate relations and sound relations among colleagues. This, in turn, leads to congenial industrial relations.
- ★ **Basis for cooperation:** Motivation makes the people understand each other completely, leads to group work and team spirit. These, in turn, lead to unreserved cooperation and collaboration among members of a department and organisation.

## Nature of Motivation

Motivation is mainly concerned with the directing of employees towards organisational objectives and mission. The nature of motivation is discussed as follows:

- i. **Motivation is a continuous process:** As we have studied in economics, human wants are unlimited. It is said that, 'Even God cannot satisfy all human wants.' With the satisfaction of one want, another want preferably of the higher order crops up and this process goes on and on. Thus, new wants emerge when the present wants are satisfied. Further, all the wants cannot be satisfied at the same time. Wants are to be satisfied one after another continuously. Hence, motivation is also a continuous and an unending process.
- ii. **Motivation is a psychological concept:** Motivation is concerned with the psychological aspects of the human being. The level of satisfaction, contentment, etc., by using the same reward/incentive varies from person to person. This is due to variations in aspirations, attitudes, feelings and perceptions of the individuals. Thus, motivation is reaction of the organs of the human body to the inducements/incentives offered.
- iii. **The entire individual is motivated:** As stated earlier, motivation is a psychological concept interacting with the total organs of an individual. Further, each individual is an integrated and comprehensive system. The entire system of an individual reacts to the motivation. Thus, the entire individual is motivated.

- iv. **Frustrated individual fails to be motivated:** Some individuals are frustrated despite the rewards due to the wide gap between his/her aspirations and rewards. Some of the frustrated persons become mentally ill and these persons cannot be motivated.
- v. **Goals lead to motivation:** Goals form a part of the motivational process. Goal achievement results in the satisfaction of want. Goal fulfillment leads to reduction of drives and fulfils deficiencies. Thus, goal achievement ends the motivation process.
- vi. **The self-concept as a unifying force:** Self concept is the life position of a person that he formulates about himself during his childhood. He thinks himself in the same way during his life time until and unless a major change takes place in the rest of the life time. Therefore, those who formulated a positive view about themselves during the childhood, will be motivated by themselves in the rest of the life time. And the vice versa is true in case of negative self concept.

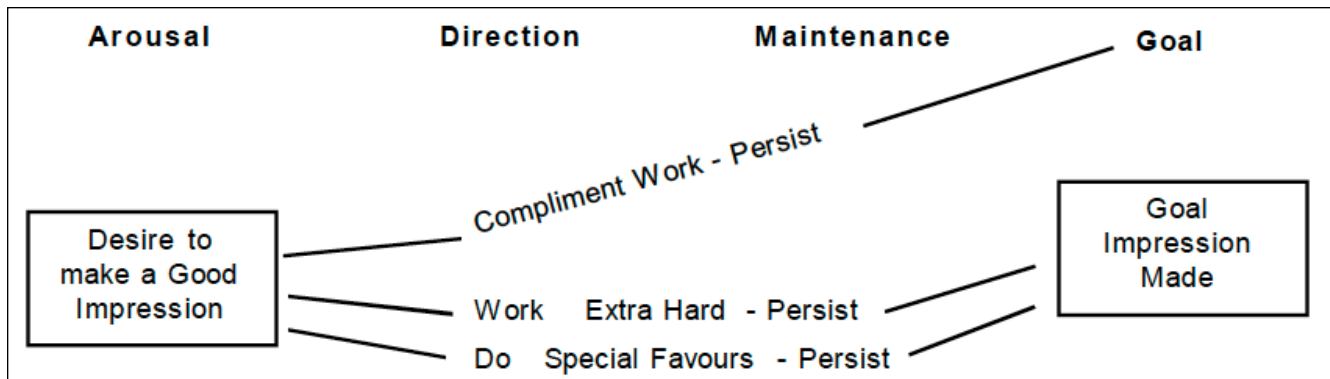
## Features of Motivation

The analysis of definitions on motivation presents the following features:

1. **Motivation is individual's internal feeling:** Motivation is a psychological process within individuals. Individual needs/desires are the feelings in the mind of a person regarding the deficiencies. These deficiencies include physical, social and psychological.
2. **Motivation is concerned with the total person:** Individuals are total persons. They are self-contained. Each individual is an inseparable unit and all his needs are interrelated. The individual feelings in the social area affect his physical and psychological areas also. Individual feelings and motivation is continuous process. They result in continuous and interrelated human behaviour.
3. **Motivation = Anticipated values × Perceived probability:** Motivation is the product of anticipated values from an action and the perceived probability that these values would be attained by the action. The anticipated value is called 'Valence' and the perceived probability is called 'Expectancy.' Thus, the Motivation = Valence x Expectancy



4. **Motivation is the willingness to exert** high levels of effort towards organisational goals, conditioned by the efforts and the ability to satisfy some individual need.



**Fig. 6.4: Basic Components of Motivation**

5. **Motivation involves** the arousal, direction and maintenance of behaviour towards a goal. It is presented in Fig. 6.4.

### 6.3 TYPES OF MOTIVATION

There are two ways by which people can be motivated. One is a positive approach or pull-mechanism and another is a negative approach or push-mechanism.

#### **Positive Motivation or Pull-Mechanism**

People are said to be motivated positively when they are shown a reward and the way to achieve it. Such reward may be financial or non-financial. Monetary motivation may include different incentives, wage plans, productive bonus schemes, etc. Non-monetary motivation may include praise for the work, participation in management, social recognition, etc. Monetary incentives provide the worker a better standard of life while non-monetary incentives satisfy the ego of a man. Positive motivation seeks to create an optimistic atmosphere in the enterprise. Positive motivation involves identifying employee potentialities and makes him/her realise the possible result by achieving his potentialities. Positive motivation can be referred as 'Anjaneya type of motivation' in Ramayana.

### **Negative Motivation or Push-Mechanism**

One can get the desired work done by installing a fear complex in the minds of people. In this method of motivation, fear of consequences of doing something or not doing something keeps the worker in the desired direction. This method has got several limitations. Fear creates frustration, a hostile state of mind and an unfavourable attitude towards the job which hinders efficiency and productivity. So the use of it should be kept to its minimum and should be practiced discretely.

### **Steps in Motivation**

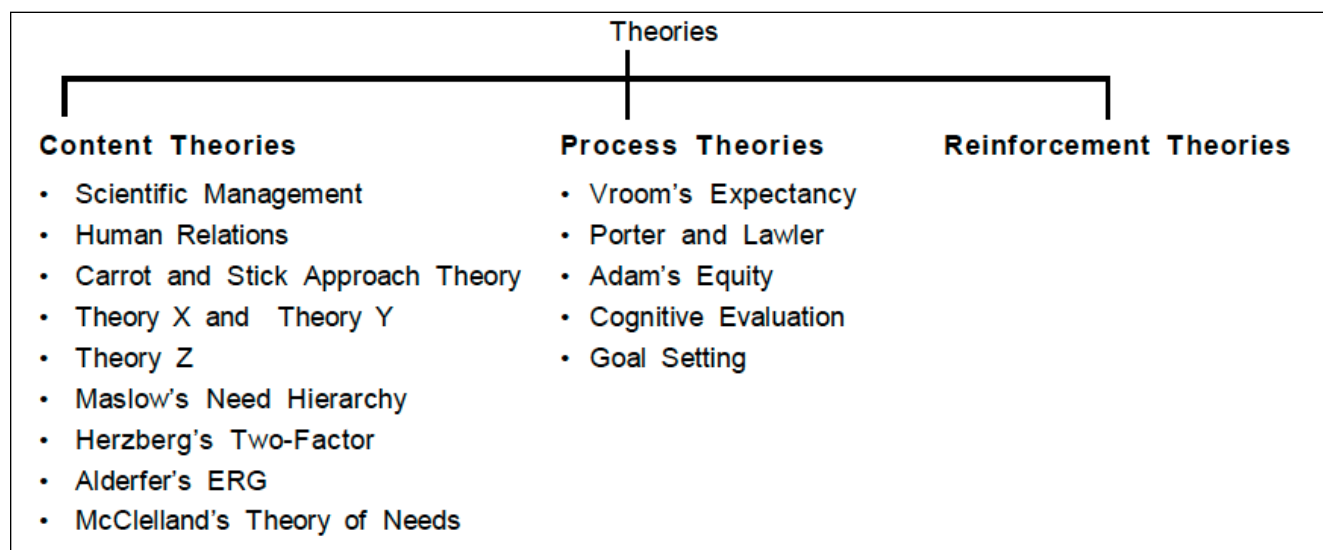
According to Judicious, the following are the steps that should be adopted in motivation:

- i. **Sizing up:** This step mainly involves understanding of different needs of people. Having assessed the needs, one can determine what motivates them.
- ii. **Preparing a set of motivating tools:** This list of motivators should be prepared based on the revealed needs of the people.
- iii. **Selecting and applying motivators:** Out of the list of motivators, few should be selected and applied wherever and whenever they are needed.
- iv. **Feedback:** Having applied the motivators, it is important to find out how effective had a particular motivator been.

Now, we shall study the important aspect of this Chapter, i.e., Theories of Motivation.

## 6.4 THEORIES OF MOTIVATION

There are several approaches and theories of motivation. These theories of motivation are broadly classified into content theories, process theories and reinforcement theory. The classification of the theories of motivation is presented in Fig. 6.5.



**Fig. 6.5: Theories of Motivation**

### Content Theories of Motivation

Content theories of motivation deal with identifying the needs of the people and how they prioritise them. These needs include wage, salary in order to satisfy physiological drives, incentives, social needs, security needs, recognition, etc.

Let us now understand in detail the various types of content theories of motivation, viz., Carrot and Stick Approach Theory, Theory X, Theory Y and Theory Z.

#### Scientific Management and Human Relations

Principles of scientific management emphasise that the employees should be motivated through salary. Principles of human relations emphasise that the employees should be motivated by allowing them to work in groups. These two aspects are discussed in detail in Chapter 2.

### **Carrot and Stick Approach Theory**

This theory advocates that people are motivated to work under two conditions, viz., (i) When they are offered rewards and (ii) When they are penalised or punished. The rewards are offered for efficient and high performance and punishments or penalties are imposed when the performance is lagging behind of a standard performance.

Vroom and Deci observe: "Organisation - mediated rewards and penalties most clear-cut motivational effects where the outcomes, on the basis of which rewards and penalties are allocated, are under the control of an individual. Where such control is weakened, the motivational advantages tend to break down."

This theory is effective, if the employee's basic needs are not satisfied. If the employee is satisfied with his needs up to a certain extent, he doesn't care of the penalties.

According to Saul W. Gellerman, "The philosophy of management by direction and control is inadequate to motivate because human needs, on which this approach relies, are today unimportant motivators of behaviour. Direction and control are essentially useless in motivating people whose important needs are social and egoistic."

McGregor is of the view that neither the 'hard' nor the soft approach can provide an effective motivation for human effort towards the achievement of organisational objectives.

The Carrot approach involves the offer of monetary rewards, non-monetary benefits, providing better working conditions and high quality of work life. The Stick approach supports the theory X assumptions and involves the use of coercion and threat, close supervision and tight control of employee behaviour.

This approach doesn't work in many situations during the third millennium as people do not work for only money and other rewards. The other needs like sense of achievement, interesting work, recognition, involvement in decision-making, etc., play vital role in employee motivation.

## Theory X, Theory Y and Theory Z

Douglas McGregor proposed two altogether different views of human beings. One view is basically negative of human beings called Theory X and the other is basically positive of human beings called Theory Y.

**Assumptions of Theory X:** Theory X is a traditional set of assumptions about people. The assumptions held by managers under Theory X include:

- ★ The typical person dislikes work and will avoid it, if possible;
- ★ The typical person lacks responsibility, has little ambition and seeks security about all; and
- ★ Most people must be coerced, controlled and threatened with punishment to get them to work.

**Motivational Aspects of Theory X:** Theory X assumes that people are relatively self-centred, indifferent to organisational needs and goals and resistant to change. Managers have to motivate their subordinates through negative motivational techniques like coercion, punishment, threatening and controlling.

Theory X assumptions are mostly applicable in government departmental and public sector organisational situations where people are not basically trusted. And these assumptions are not applicable in private sector organisations where freedom, autonomy and voluntarism are mostly trusted.

**Assumptions of Theory Y:** Theory Y implies a more positive, human and supportive approach to managing people. The assumptions of Theory Y include:

- ★ People view work as being as natural as rest or play.
- ★ People will exercise self-direction and self-control, if they are committed to the organisational objectives.
- ★ The average person can learn to accept and/or seek responsibility.

- ★ People are not inherently lazy. They have become that way as a consequence of their experience, and
- ★ People have potential. Under proper conditions, they learn to accept and seek responsibility. They have imagination, ingenuity and creativity that can be applied to work.

**Motivational Aspects of Theory Y:** These assumptions motivated the managers to develop employee potential and help them release that potential towards the organisational objectives.

Theory Y assumptions are believed mostly by the private sector organisations, where the performance is most essential than the procedure. Private sector organisations motivate the employees by creating proper organisational structures like humanistic and flat structures. The believers of Theory Y design the jobs based on job enrichment techniques. Further the employees are given freedom and autonomy to decide their work, activities, take their own decisions with a view to enhance the organisational performance. Empowerment of employees is a recent technique in this direction.

### **William Ouchi's Theory Z**

Ouchi proposed Theory Z – a hybrid model that blends elements of successful Japanese managerial practice with an assessment of US workers' needs. It focuses heavily on a humanistic philosophy, teamwork and consensus decisions.

The distinguishing features of Theory Z companies are:

- ★ Long-term employment;
- ★ Non-specialised careers;
- ★ Individual responsibility;
- ★ Concern for the total person;
- ★ Control systems are less formal;
- ★ Consensus decision-making; and
- ★ Slower rates of promotion.

It is believed that Theory Z companies develop close, cooperative, trusting relationships among workers, managers and other groups.

Theory Z emphasizes that industrial teams are created within a stable work environment. This match enables the employee to satisfy his needs for affiliation, independence and control. Further, it contributes for the organisation's needs of high quality and high productivity.

Maruti Udyog Limited in India, Toyota, Honda and Nissan are the best examples for the practices and outcome of Theory Z. These organisations' levels of quality and productivity have been quite higher than those of their competitors in the respective countries. In fact, the rate of absenteeism and number of grievances in these companies are very low compared to those in similar organisations.

**Positive Points of Theory Z: The positive points of theory Z are:**

- ★ Theory Z companies have made a commendable attempt to adapt Japanese ideas into their organisations;
- ★ This theory is based on shared concern for multiple employee needs;
- ★ Theory Z suggests strong bondage between organisation and its employees;
- ★ Employee involvement is a prominent factor in this theory;
- ★ Theory Z encourages the practice of informal organisation;
- ★ This theory encourages automatic coordination among employees;

**Negative Points of Theory Z:** Theory Z is not free from criticism due to the following drawbacks:

- ★ It is criticised that this theory is not new. It is an extension of earlier theories which failed to receive popularity;
- ★ It is also criticized that the research supporting this theory is limited;
- ★ The other criticism is that this theory fails to provide useful criteria for helping managers regarding the correct time to use this theory;

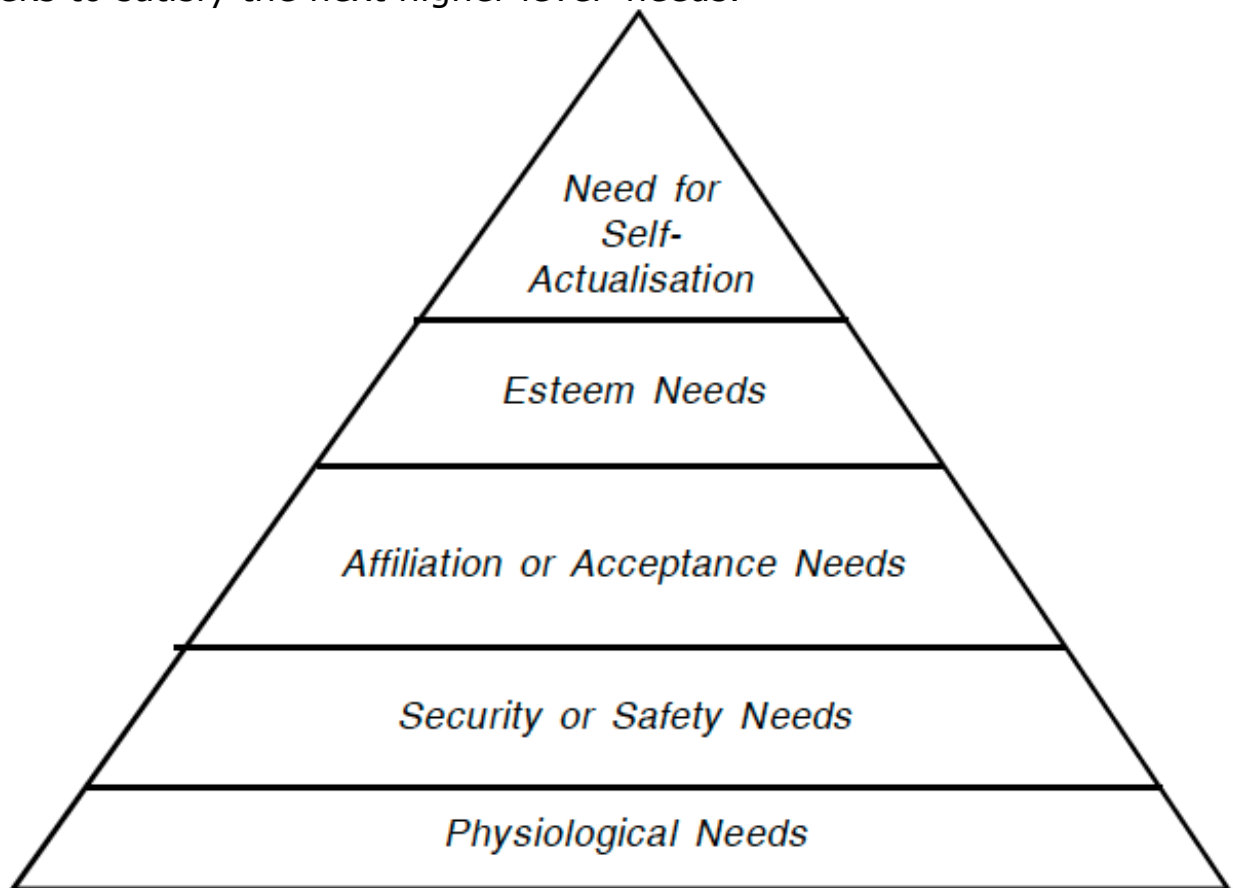


- ★ The volatile firms in the software industry, information technology and other high technology industries cannot provide life time employment; and
- ★ Slow rates of promotions frustrate employees.

Despite these limitations or criticisms, Theory Z helps managers in managing human resources efficiently and balancing human behaviour with the organisational environment.

### **Maslow's Theory of Hierarchy of Needs**

The most popular and important content theories of motivation is the Maslow's Theory. According to Maslow, human needs form a hierarchy, starting at the bottom with the physiological needs and ascending to the highest need of self-actualisation as shown in Fig.6.6. He says when one set of needs are satisfied, they no longer work as motivators as a man seeks to satisfy the next higher level needs.



**Fig. 6.6: Maslow's Hierarchy of Needs**

## The Need Hierarchy

- i. **Physiological needs:** These are the basic necessities of human life — food, water, warmth, shelter, sleep and sexual satisfaction. Maslow says that until these needs are satisfied to the required level, man does not aim for the satisfaction of the next higher level needs. As far as work organisation is concerned, these needs include basic needs like pay, allowance, incentives and benefits.
- ii. **Security/safety needs:** These refer to the need to be free of physical danger or the feeling of loss of food, job or shelter. When the physiological needs are satisfied, man starts thinking of the way by which he can continue to satisfy these physiological needs. Security needs spring up the moment he makes an effort in the direction of providing himself the source of continuity of physiological needs. This is exactly the reason why attitude towards security is an important consideration in choosing the job. These needs as far as work organisation is concerned include: conformity, security plans, membership in unions, severance pay, etc.
- iii. **Social needs (affiliation or acceptance needs):** When the physiological and security needs are satisfied, these social needs begin occupying the mind of a man. This is exactly why he looks for the association of other human beings and strives hard to be accepted by its group. Social needs at the workplace include: human relations, formal and informal work groups.
- iv. **Esteem needs:** These needs are power, prestige, status and self-confidence. Every man has a feeling of importance and he wants others to regard him highly. These needs make people aim high and make them achieve something great. These needs for employees include status symbols, awards, promotions, titles, etc.
- v. **Self-actualization needs:** This is the highest need in the hierarchy. This refers to the desire to become what one is capable of becoming. Man tries to maximize his potential and accomplish something, when this need is activated in him.

As indicated earlier, the individuals proceed from physiological needs to safety needs and so on and so forth only when each need is satisfied. If any need is not satisfied, the individual sticks to that need and strives to fulfill that need.

**Critical Analysis of Maslow's Theory:** The first question that arises is, "Do needs follow hierarchy?" Studies and surveys conducted by experts reveal that needs do follow hierarchy to some extent. But it should be remembered that it cannot be generalised in the sense that needs do not necessarily follow the same hierarchy among all people at all times. It also depends on the cultural values and personality of the individuals and their environment. But it is true that psychological needs would emerge only after the physiological needs are satisfied.

### Herzberg's Two-Factor Theory

Maslow's theory has been modified by Herzberg and he called it two-factor theory of motivation. According to him, the first group of needs are things such as company policy and administration, supervision, working conditions, interpersonal relations, salary, status, job security and personal life. Herzberg called these factors as 'dissatisfiers' and not motivators. By this, he means that their presence or existence does not motivate in the sense of yielding satisfaction, but their absence would result in dissatisfaction. These are also referred to as 'hygiene' factors (See Fig. 6.7).

Maintenance Factors or Dissatisfiers	Motivational Factors or Satisfiers or Hygiene Factors
Job Context	Job Content
Extrinsic Factor	Intrinsic Factors
Company Policy and Administration	Achievement
Quality of Supervision	Recognition
Relations with Supervisors	Work Itself
Work Conditions	Responsibility
Pay	Advancement
Peer Relations	Possibility of Growth
Personal Life	

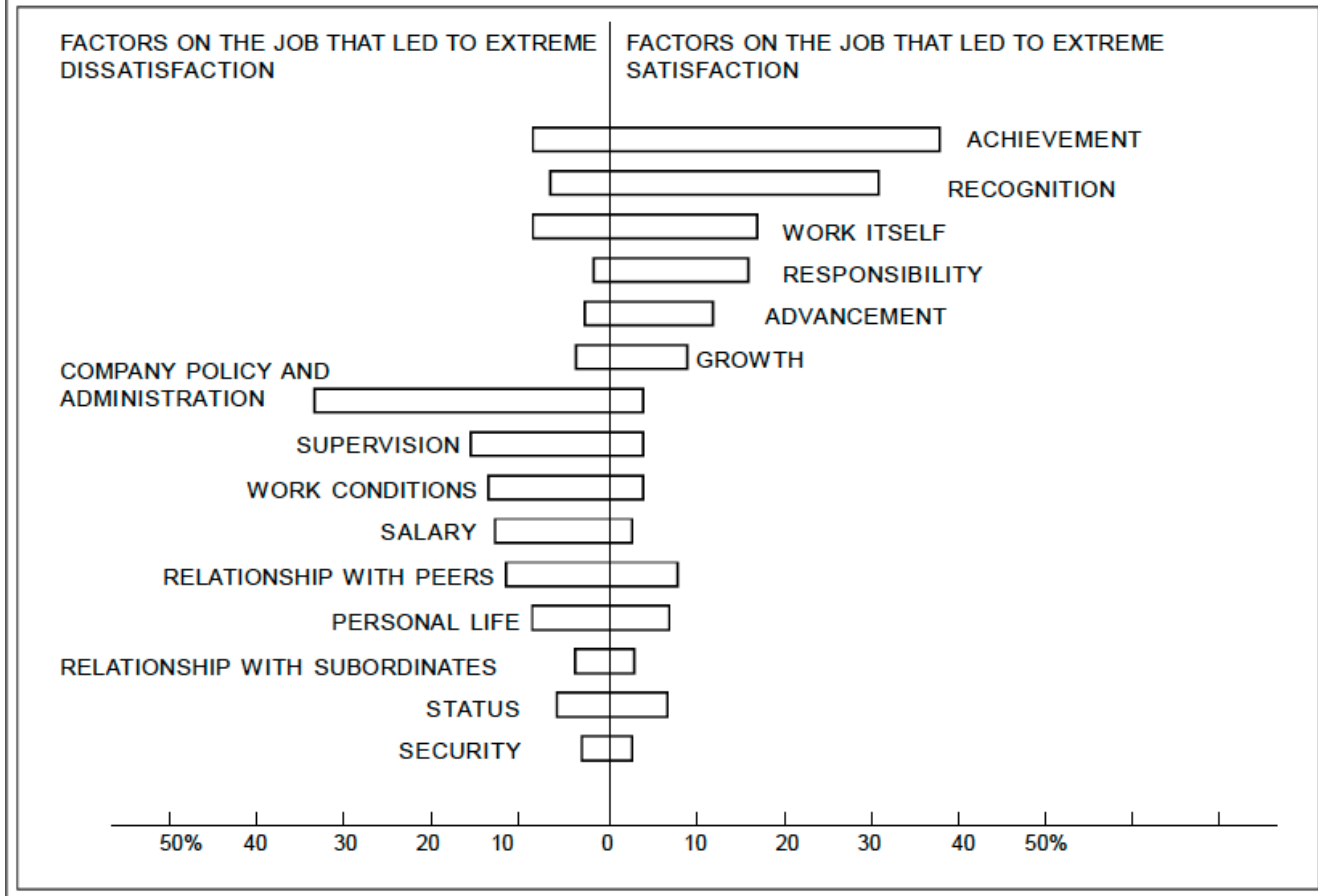
Relations with Subordinates
Status
Job Security

**Fig. 6.7: Herzberg's Classification of Maintenance and Motivational Factors**

In the second group are the satisfiers, in the sense that they are motivators. These factors are related to 'job content.' He included the factors like achievement, recognition, challenging work, advancement and growth in this category. Presence of these factors will yield feelings of satisfaction.

Frederick Herzberg's theory is also called motivation-hygiene theory. Herzberg believed that individual's relation to work is a basic one. Individual's attitude towards work determines his/her success or failure on the job. Herzberg conducted a study by asking the question: What do people want from their jobs? He asked the respondents to describe situations or events when they felt exceptionally good and bad about their jobs. The responses of the respondents are tabulated as presented in Exhibit 6.3.

Herzberg concluded that the replies of the good feeling of the jobs of the respondents are significantly different from those of the bad feelings of the jobs of the respondents. Factors on the right side of the exhibit tend to be related to job satisfaction motivational factor and the factors on the left side of the exhibit tend to be related to job dissatisfaction maintenance factors.

**Exhibit 6.3 Comparison of Satisfiers and Dissatisfiers**

Factors contributed to job satisfaction in the order of their significance include: achievement, recognition, work itself, responsibility, advancement and growth. Those respondents, when they felt good about their job, attributed to these factors. In contrast, when they felt bad about their jobs, they attributed the following factors for being bad on their jobs. These factors in the order of their significance include: company policy and administration, supervision, relationship with supervisor, work conditions, salary, relationship with peers, personal life, relationship with subordinates, status and security (Exhibit 6.3).

**Criticisms:** This theory suffers from the following criticisms:

- ★ The procedure used by Herzberg is limited by its methodology;
- ★ The reliability of the methodology used by Herzberg is questioned;
- ★ The conclusions of this theory are related to job satisfaction and job dissatisfaction. Therefore, it is not a theory on motivation;
- ★ This theory does not provide measurement to find out the total job satisfaction or job dissatisfaction;
- ★ This theory ignores situational variables; and
- ★ Herzberg did not cover the relationship between job satisfaction and productivity, though he assumed that there is a relationship between these two factors.

However, this theory significantly contributes to the literature on motivation and this theory is known by most of the practicing managers. The practicing managers practice this theory in motivating their subordinates.

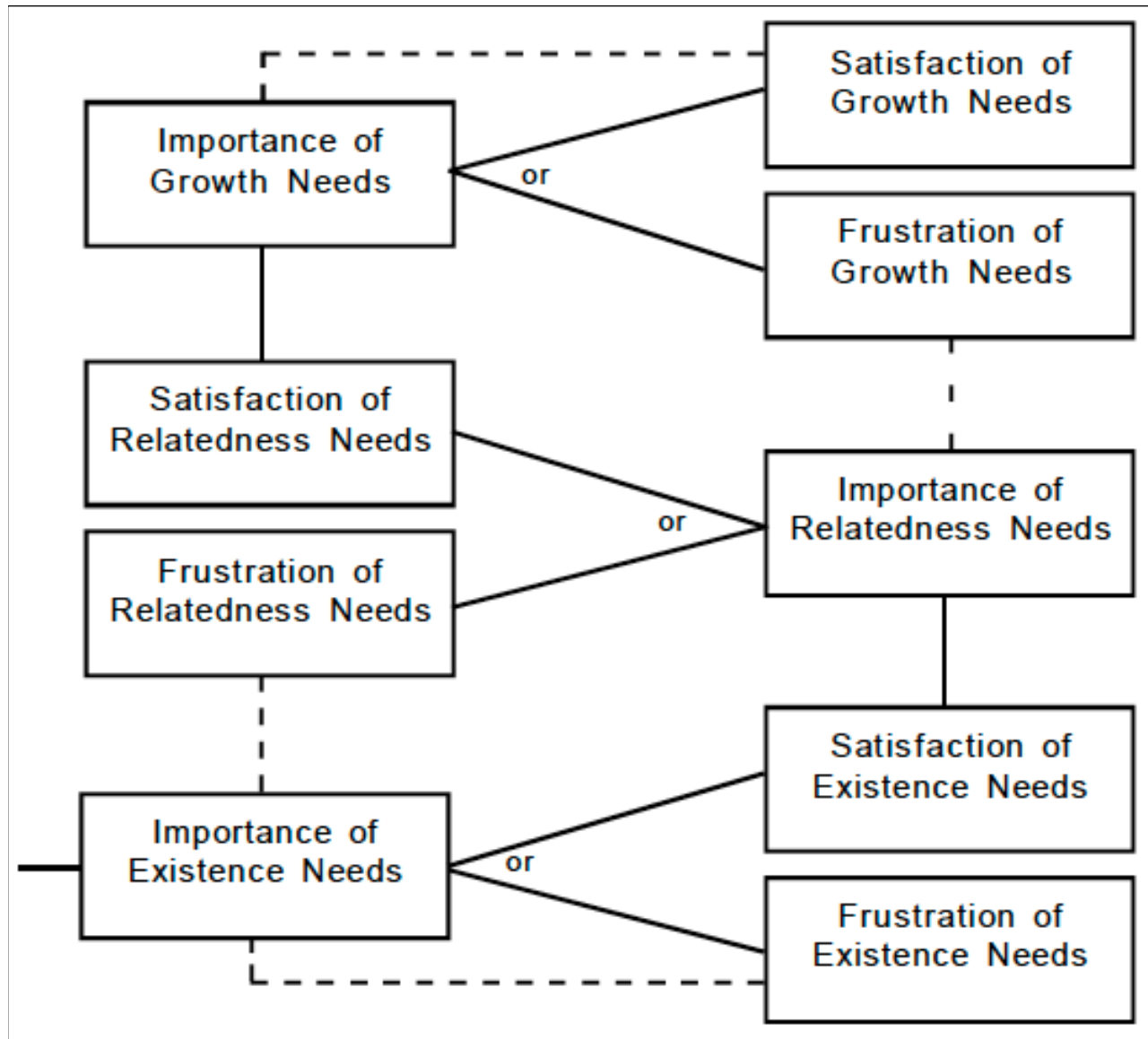
### **Comparison of Maslow's and Herzberg's Models**

If we compare Herzberg and Maslow's models, we can see that Herzberg's theory is not much different from that of Maslow. Most of the maintenance factors of Herzberg come under low level needs of Maslow. Maslow says when the lower level needs are satisfied, they stop being motivators and what Herzberg says is the same in the sense that they are maintenance factors (not motivators). But one particular difference that can be talked off here is that Maslow emphasizes that any unsatisfied need, whether of lower or higher level, will motivate people and Herzberg clearly identifies certain needs and calls them as maintenance factors which can never be motivators.

### **Alderfer's ERG Theory**

Alderfer also feels that needs should be categorised and that there is basic distinction between lower order and higher order needs. Alderfer identifies three groups of needs, viz., Existence, Relatedness and Growth and that is why his theory is called ERG theory. The existence needs are concerned with survival or physiological well-being. The relatedness needs talk of the importance of interpersonal and social relationships. The growth needs are concerned with the individual's intrinsic desire for personal development.

This theory is somewhat similar to that of Maslow's and Herzberg's models. But unlike Maslow and Herzberg he does not assert that a lower level need has to be satisfied before a higher level need, nor does he say that deprivation is the only way to activate a need. So, a person's background and cultural environment may make him think of relatedness needs or growth needs though his existence needs are unfulfilled (Fig. 6.8).



### Fig. 6.8: The ERG Theory

## McClelland's Theory of Needs

As discussed earlier, McClelland's theory of needs was developed by David McClelland — a Harvard psychologist and his associates. The theory focuses on three needs, viz.

- i. **Need for achievement:** Need for achievement refers to the drive to excel, to achieve in relation to set standards and to strive to succeed.

McClelland observed from his research that high achievers differentiate themselves from others by doing the same work in different ways. They perform best when they perceive their probability of success as being 0.5. They seek quick feedback on their performance in order to improve or correct the action before it goes wrong. They accept personal responsibility for success or failure.

- ii. **Need for power:** Need for power refers to the desire to make others behave in a way that they would not otherwise have behaved in. In other words, need for power (nPow) is the desire to have impact, to be influential and control others.

For example, Mr. Chandra Babu Naidu, the then Chief Minister of Andhra Pradesh, has the need for power as he influences the entire government machinery to work like a private organisation towards efficiency, perfectness and service to its customers, i.e., people.

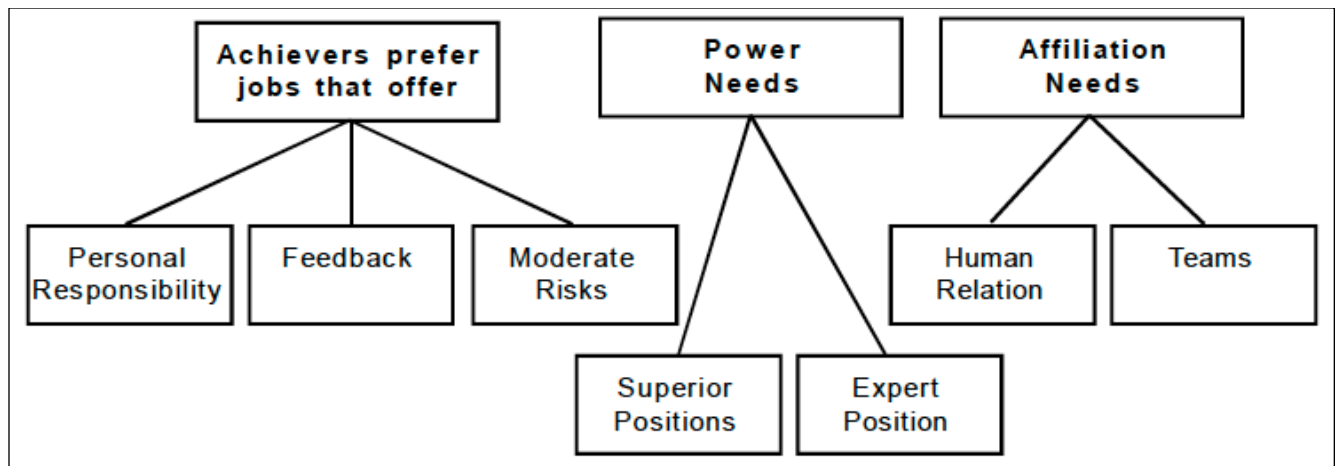
People with high order need for power prefer to be placed in competitive and status oriented situations. They would like to have prestige and gain influence over others.

- iii. **Need for affiliation:** Need for affiliation refers to the desire for friendly and close interpersonal relationship.

The new employees who come from various places, organisations, educational and social backgrounds normally have the need for affiliation.

**Application:** The match between the needs and jobs is presented in Fig. 6.9 McClelland's theory has some similarities with the other content theories like Herzberg, Maslow and ERG. These similarities among the content theories are presented in fig. 6.10.





**Fig. 6.9: Match Between Needs and Jobs**

### The Process Theories of Motivation

The content theories of motivation identify what motivates people, while process theories deal with cognitive antecedents that go into motivation and effort. These theories contribute to the complex processes involved in motivational effort.

Process theories, include: Vroom's Expectancy Theory, Porter- Lawler Model, Adam's Equity Theory, Cognitive Evaluation Theory and Goal-Setting Theory.

Herzberg's Two Factor Theory	Maslow's Need Hierarchy Theory	Alderfer's ERG Theory	McClelland's Theory
<i>Motivational Factors</i> Achievement Work itself Responsibility Advancement Growth	Self Actualisation Needs	Growth Needs	Need for Achievement
Recognition	Self-Esteem Esteem Needs		Need for Power
	Respect of Others		
<i>Hygiene Factors</i> Supervision Interpersonal Relationship	Belongingness Needs	Relatedness Needs	Need for Affiliation
	Interpersonal Security		
Job Security Company Policies	Security Needs Physical Security		
	Physiological Needs	Existence Needs	
Pay Working Conditions			

(Source: Gregory Moorhead and Ricky W. Griffin, *Organisational Behaviour*, p.146)

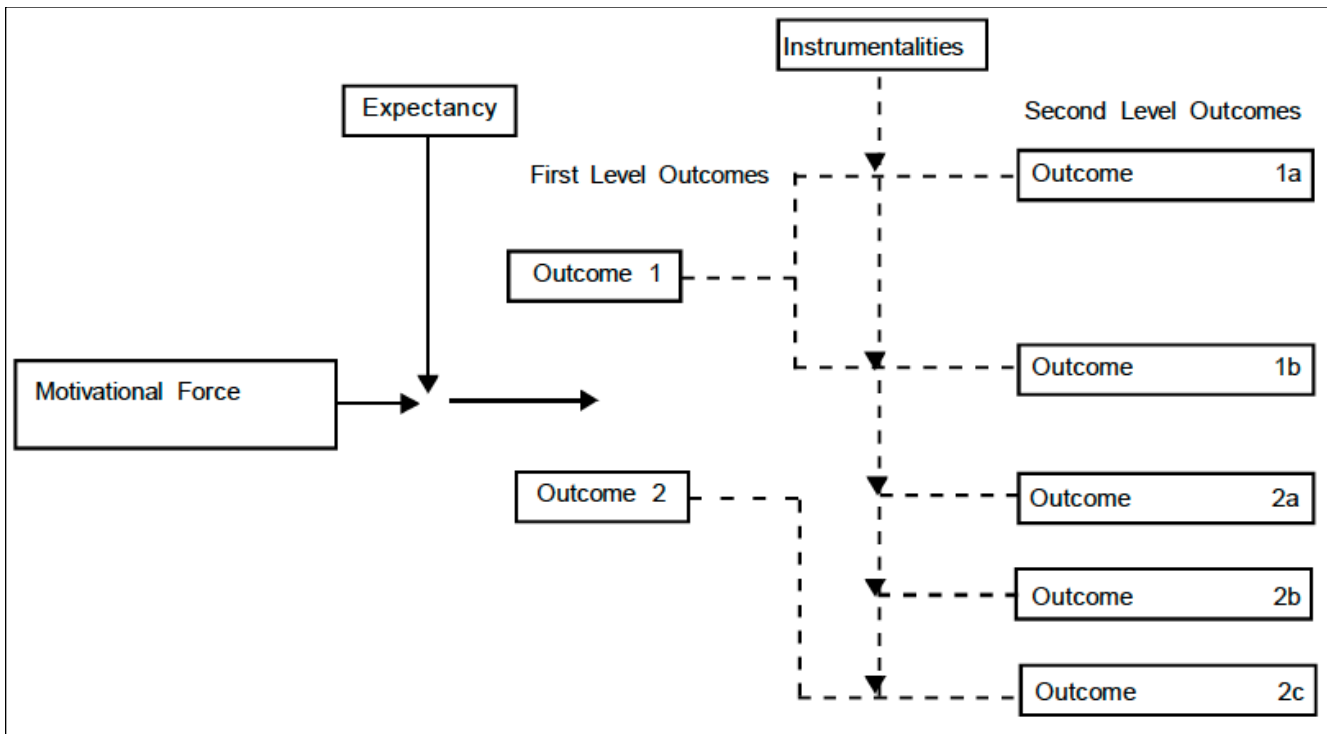
**Fig. 6.10: Similarities of Content Theories**

### Vroom's Expectancy Theory of Motivation

Victor Vroom felt that content models were inadequate explanations of the complex process of work motivation and he developed a relatively new theory of motivation. According to his theory, motivation of any individual depends on the desired goal and the strength of his expectation of achieving the goal. Vroom's model is built mainly on three concepts — valence, instrumentality and expectancy (See Fig. 6.11).

**Valence:** Vroom says that valence is the strength of an individual's preference for a particular outcome. It can be taken as an equivalent of value, incentive, attitude and expected utility. For the valence to be positive, the person must prefer attaining the outcome to not attaining the outcome. A valence of zero occurs, when the individual is indifferent towards the outcome. The valence is negative when the individual prefers

not attaining outcome to attaining it. This can be observed from the managerial implication of this theory (Exhibit 6.4).



**Fig. 6.11: The Voorm's Expectancy Theory of Work Motivation**

**Exhibit 6.4** Managerial implications of Vroom's theory

<i>Key Terms</i>	<i>The Individual's Question</i>	<i>Managerial Implications</i>
<b>Expectancy</b>	"Can I achieve the desired level of task performance?"	<ul style="list-style-type: none"> <li>• Select workers with ability</li> <li>• Train workers to use ability</li> <li>• Support ability with organisational resources</li> </ul>
<b>Instrumentality</b>	"What work outcomes will be received as a result of the performance?"	<ul style="list-style-type: none"> <li>• Clarify performance goals</li> <li>• Clarify psychological contracts</li> <li>• Communicate</li> <li>• Performance -&gt; reward possibilities</li> <li>• Confirm performance -&gt; reward possibilities by making actual rewards contingent upon performance</li> </ul>
<b>Valence</b>	"How highly do I value the work outcomes?"	<ul style="list-style-type: none"> <li>• Identify individual needs or outcomes</li> <li>• Adjust available rewards to match these</li> </ul>

(Source: Schermerhorn et al "Managing Organisational behaviour," p. 149)

**Instrumentality:** Another major input into the valence is the instrumentality of the first level outcome in obtaining desired second level outcome. For example, assume that an individual desires promotion and feels that superior performance is a very strong factor in achieving that goal.

His first outcomes are then superior, average or of poor performance. His second level outcome is promotion. The first level outcome of high performance thus acquired a positive valence by virtue of its expected relationship to the preferred outcome of second level promotion. In this case, the person is motivated to achieve superior performance because he has desire to be promoted. The superior performance (first level outcome) is seen as being instrumental in obtaining promotion (second level outcome).

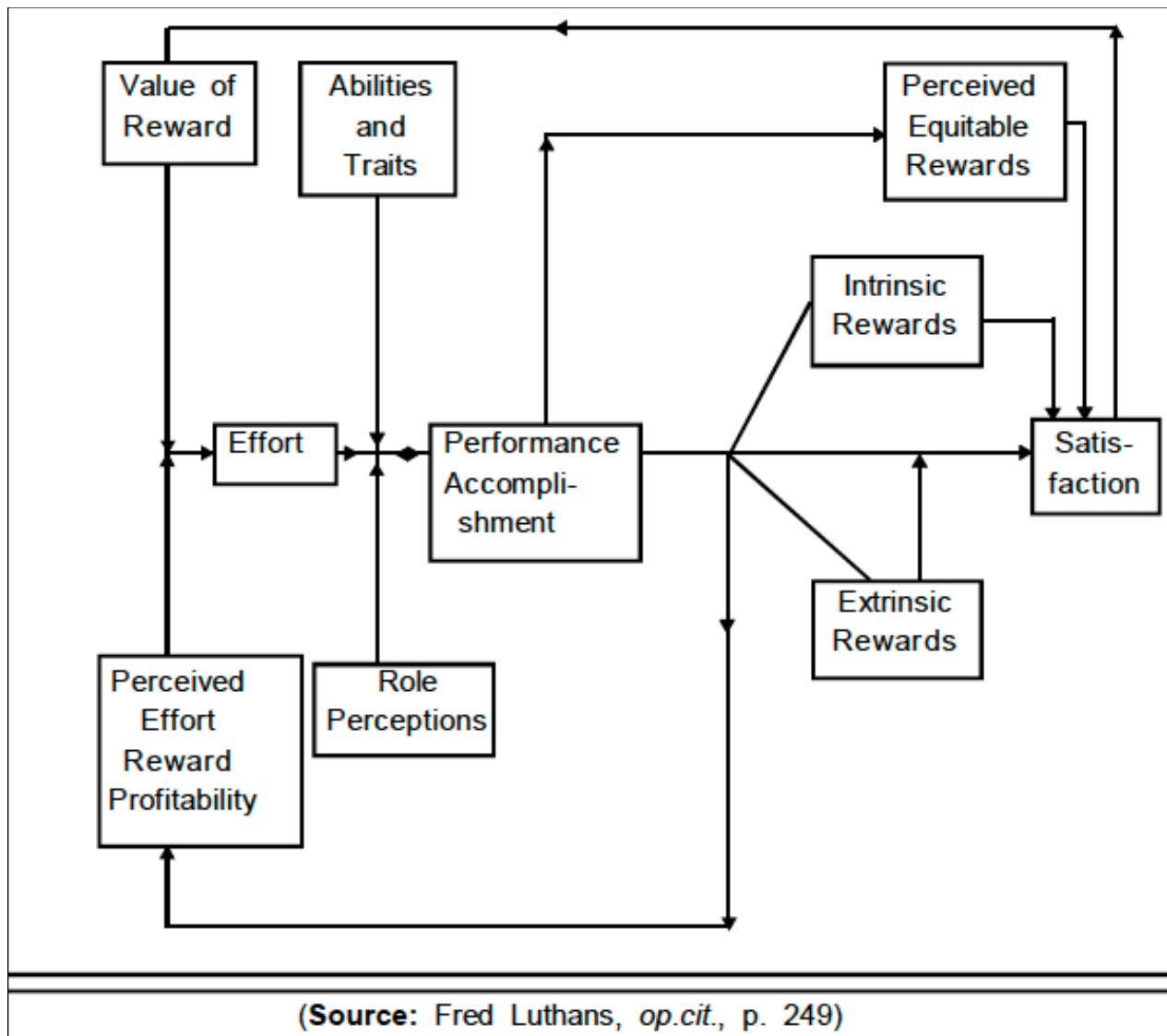
**Expectancy:** The third major variable in Vroom's theory is expectancy. Though expectancy and instrumentality appear to be the same at the first glance, they are quite different. Expectancy is a probability (ranging from 0 to 1) or strength of a belief that a particular action or effort will lead to a particular first level outcome. Instrumentality refers to the degree to which

a first level outcome will lead to the second level outcome. Vroom says the sum of these variables is motivation.

### **The Porter and Lawler Model Expectancy Theory**

All the content theories assume that satisfaction leads to improved performance. However, it was later found that there is a very low positive relationship between satisfaction and performance. Lyman W. Porter and Edward E. Lawler explored the complex relationship between motivation, satisfaction and performance (See Fig. 6.12). According to them performance is a function of three important factors, viz.,

- a. If an employee wants to perform, he must be motivated;
- b. Motivation alone does not ensure performance and hence a person must have the necessary abilities and skills as well;
- c. An employee must have an accurate knowledge of the requirements of the job.



**Fig. 6.12: The Porter-Lawler Motivation Model**

Following are the key-variables in this model:

**Effort:** Effort does not directly lead to specific levels of performance. Effort is only the amount of energy exerted by an individual to achieve a specific task. It is only the result of the attractiveness of the reward and how he perceives a relation between effort and pay-off. The individual will exert greater effort if he perceives that there is a greater probability that his effort will lead to the reward. So motivation is seen as a force on the employee to expect effort.

**Performance:** Effort alone is not enough, as performance results only when the effort is continued with the ability. Effort and performance cannot be taken to be the same.

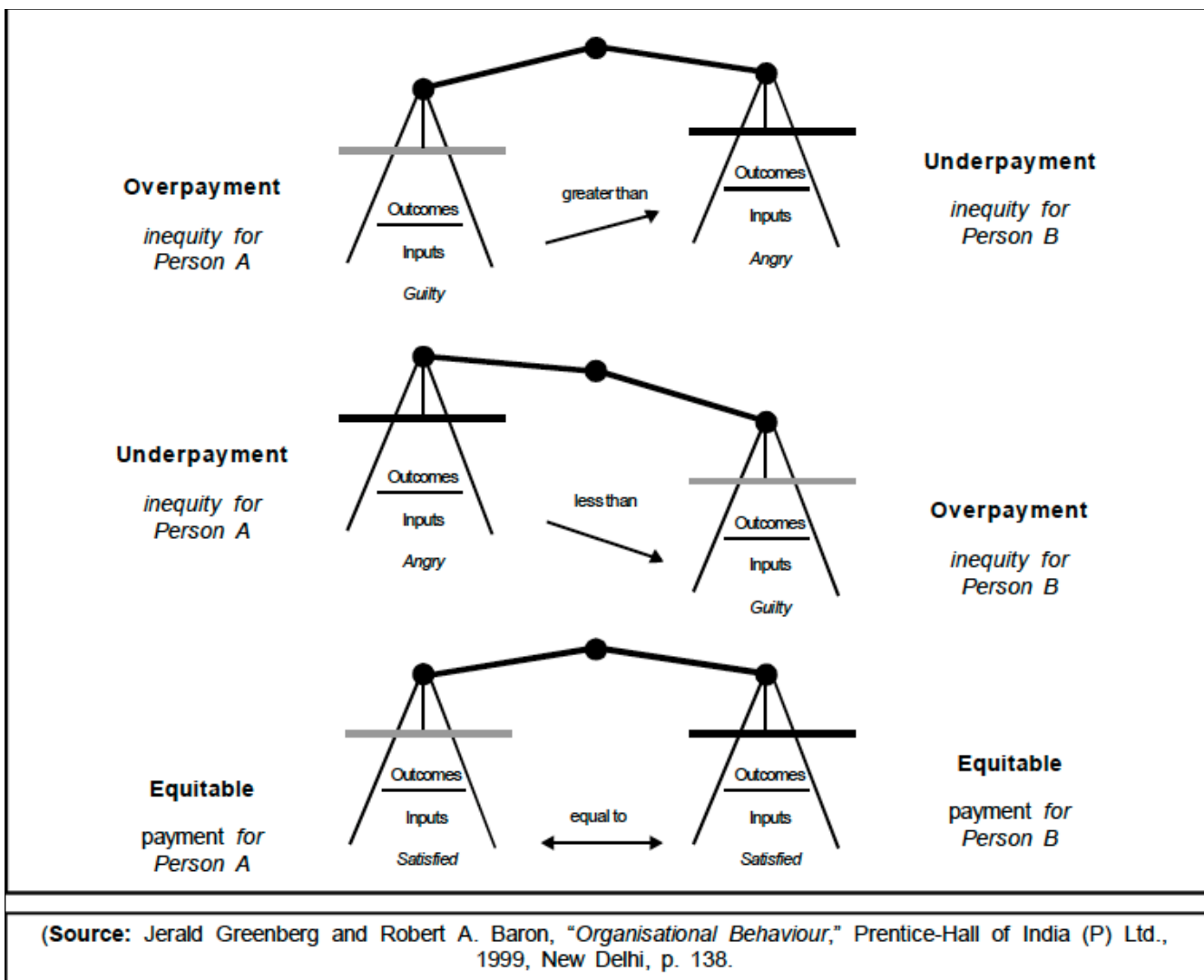
**Reward:** A person gets intrinsic reward himself by performing a task well. Intrinsic reward will be a feeling of accomplishment. Extrinsic rewards like pay, promotion and status are offered by the organisation.

**Satisfaction:** The satisfaction depends on the perceived rewards and the actual rewards. If an individual feels that he should have received more for what he had done, it results in dissatisfaction and vice versa.

Thus, motivation and achievement result in satisfaction or dissatisfaction of an employee about the job, organisation, etc.

### **Equity Theory of Work Motivation**

Credit of developing this theory goes to J. Stacy Adams. This theory argues that a major input into job performance and satisfaction is the degree of equity (or inequity) that people perceive in their work situation. Inequality occurs when a person perceives that the ratio of his or her outcomes to inputs and the ratio of other's relevant outcome to inputs are unequal. Fig. 6.13 presents an overview of equity theory of work motivation.



**Fig. 6.13: An Overview of Equity Theory**

Schematically this is represented as follows:

Inequity occurs when:



Person's outcomes -----	<	Other's outcomes -----
Person's inputs		Other's inputs
Person's outcomes -----	>	Other's outcomes -----
Person's inputs		Other's inputs
<b><u>Equity occurs when:</u></b>		
Person's outcomes -----	=	Other's outcomes -----
Person's inputs		Other's inputs

Both the inputs and the outputs of persons and others are based upon the person's perceptions. Age, sex, education, economic and social status, skill, experience, training, effort, education, past performance, present performance, level of difficulty, position in the organisation etc., are examples of perceived input variables. Outcomes consist of rewards like pay, status, promotion and intrinsic interest in the job.

If the person's perceived ratio is not equal to the other's, he or she will strive to restore the ratio to equity. Thus, the work motivation of oneself depends upon other's inputs, output and one's perceived output.

### **Cognitive Evaluation Theory**

R. de Charms proposed that the introduction of extrinsic rewards, viz., salary, benefits and perks that had been previously intrinsically rewarded due to the pleasure associated with the content of work itself would tend to decrease the overall level of motivation. This proposition is called Cognitive Evaluation Theory.

Motivation theorists assumed that intrinsic rewards (or motivators) such as achievement, responsibility and work itself are independent of extrinsic rewards (or motivators), viz., high salary, promotions and pleasant working conditions. In other words, the stimulation of extrinsic motivators would not affect the stimulation of intrinsic motivators.

But the cognitive evaluation theory argues that the use of extrinsic rewards result in deviation of the outcome of intrinsic rewards. In simple terms, it can be said that if an individual is provided with the extrinsic rewards to perform an interesting work, it would result in the intrinsic interest in the task itself to decline.

For example, the software engineers in Satyam Infotech Ltd. are offered extremely high salaries, which created interest in the work and reduced the special need of interesting work or challenging work. Though the work is not actually challenging, the lucrative salaries for clerks in commercial banks and insurance companies motivated them to have interest in their clerical work.

**Criticism:** It is criticised that if the extrinsic rewards result in the decline in the need for intrinsic rewards, organisations need not provide intrinsic rewards, interesting work, challenging work, etc.

### **Goal-Setting and Feedback Theory**

Edwin Locke in the late 1960s proposed that intentions to work towards a goal are a major source of work motivation.<sup>14</sup> We can determine what should we do? And how much effort we should put in and at what direction? if we know the goals clearly. To be precise, specific goals enhance performance. Difficult goals, when accepted would lead to higher performance than normal goals. Further, feedback contributes to higher performance as people improve performance based on suggestions and comments.

The specificity of the goal itself acts as an internal stimulus. Specific hard goals produce a higher level of performance and output than the generalised goal.

Normally, it is expected that the employee is motivated to achieve higher results if he/she is allowed to participate in goal setting. In fact, the concept of management by objectives (MBO) suggested by Peter F. Drucker, assumes that employee involvement in the setting of objectives contributes to higher output. But research in this respect indicate mixed conclusions.

For example, BPL executives give clear direction and goal to each employee with minute clarity and specificity. The employees once understand the goals and have clear direction. The executives indicate that this practice resulted in increase in output and also quality and production of zero defect products.

Self-efficacy refers to an individual's belief of performing a task. The higher the self-efficacy the higher would be the performance. Therefore, the organisation has to create a favourable belief in the individual minds that they are capable of achieving higher performance. This in turn would motivate them towards higher performance.

**Characteristics of Effective Goals:** Effective goals lead to desired performance as they direct the employee in the right and desired direction based on strategies. Goals to be effective possess the following characteristics.

**Specificity:** Goals to be specific should contain what, when, how, where and why the work/ activity has to be carried-out. Specific goals provide clarity in activities to be performed and thus enhance employee output in terms of quantity, quality, delivery time and cost by reducing wastage.

**Relevance:** Goals should be relevant to employee job, strategy, customer and social benefit, organisational facilities/ inputs and employee's skills and competencies. Employees may fail to achieve the targets without these aspects as they are essential requirements to achieve goals.

**Challenging:** Goals to be effective should be challenging as employees can satisfy their achievement needs or growth needs by pursuing challenging goals rather than ordinary goals.

**Involvement and Commitment:** Goals to be effective should have employee involvement and commitment. Managements in order to achieve employee involvement and commitment should involve employee in goal setting following 'management by objectives' concept.

**Provision for Feedback:** Goals to be effective should have the provision for feedback as the later enable for modification of later for efficiency.

## Self Efficacy Theory

Self efficacy theory is proposed by Albert Bandura. Self efficacy is an individual belief that he or she is capable of performing a task. People have different levels of self-efficacy. People with higher levels of self-efficacy have higher level confidence in their skills, competencies and knowledge. This confidence is a driving force for them to achieve high performance. Thus higher level self efficacy acts as a motivating factor for higher performance. In contrast, people with low self efficacy get discouraged by their inner feeling of low confidence in their competencies, skills and knowledge and ultimately get satisfied with low level of achievement or dissatisfied with their performance.

People with high level of self efficacy accept negative comments and feedback as a challenge to improve and try harder to achieve them. In fact, they channel all their resources and competencies to meet such challenges based on negative feedback and comments. In contrast, people with low self efficacy reduce their self confidence when they encounter negative feedback and withdraw from the situation.

Self efficacy theory and goal setting and feedback theory are contemporary to each other as goals are set based on the level of self efficacy of the employee.

**How to Increase Self Efficacy?:** Albert Bandura argues that self efficacy can be increased in the following ways:

**Enactive Mastery:** Enactive mastery is enhancing skills, competency and knowledge necessary to do the task most efficiently.

**Vicarious Modeling:** Vicarious modelling is increasing the level of self confidence in doing the job based on someone who achieved the top performance.

**Verbal Persuasion:** Verbal persuasion is inspirational presentation to an employee in order to make him to realize his/her potentialities, which further enhances employee's self confidence and thereby increases self-efficacy.

**Arousal:** Arousal leads to energized state that drives employees to complete an activity/ tasks in the manner that is expected by the superior/ customer.

### **Reinforcement Theory**

Reinforcement theory is also known as operant conditioning theory. Principles of learning and conditioning are used in the reinforcement theory to the process of influencing the motivation and job performance of people. B. F. Skinner developed this theory of motivation. According to Skinner, behaviour of people is mostly influenced by its consequences. The actions that result in positive consequence tend to be repeated more often. On the other hand, the actions that result in negative consequence consequence tend to be repeated more often.

### **Reinforcement**

Mr. Bhusan, a salesman in Natco Pharma Ltd., sold 1,500 units in 2009, quite higher than the sales of all other salesmen. Mr. Navneet – Marketing Manager appreciated Mr. Bhusan for his performance. Mr. Bhusan has been motivated by the act of Mr. Navneet. He worked skilfully and enhanced his sales to 1,800 units in 2010. The act of Mr. Navneet is termed as positive reinforcement.

An action is said to be positively reinforcing, if the occurrence of the event following some behaviour makes the behaviour more likely to repeat in the future.

There are four types of reinforcements, viz., positive reinforcement, negative reinforcement, punishment and extinction. The different types of reinforcements are the results of either the application or withdrawal of either pleasant or unpleasant events.

**Positive Reinforcement:** Following the positive behaviour, the employee is provided with a pleasant or a desirable event like high salary, better benefits, praise, recognition and status. This results in occurrence of the positive behaviour frequently.

**Negative Reinforcement:** Following the withdrawal of a negative reinforcer (like strict supervision, strict controls, harassment and threatening), the positive behaviour tends to occur more frequently. For example, the production department of Ruchi Star Hotel is designed on

basis of bureaucratic lines. Consequently, there has been strict supervision and controls. It resulted in occurrence of mistakes frequently in the food production. The management realised that humanistic structure is more appropriate to the hotel industry and hence they switched over their activities to humanistic structure. This change resulted in decline in mistakes and improvement in quality and productivity.

**Punishment:** Some superiors feel that strict control and supervision leads to enhanced performance. Hence, they impose controls. Punishment takes place when an unpleasant or undesirable event occurs following some behaviour and makes the behaviour less likely to occur.

**Extinction:** Mr. Chandrakant is an able Recovery Officer in State Bank of India, Dharmavaram Branch. He was transferred to Anantapur Branch in 2000. His performance in the Anantapur Branch turned out to be poor while it was excellent in Dharmavaram. The branch manager of Anantapur Branch started giving all his support and encouragement to Mr. Chandrakant in July 2000. Immediately, his performance increased significantly. The branch manager stopped encouraging him in August 2000 due to his busy schedule. Soon, the performance of Mr. Chandrakant has also come down. This situation is called extinction. Extinction occurs when the withdrawal of a pleasant or desirable factor results in behaviour becoming less likely to occur in the future.

## 6.6 SUMMARY

- Strong motive creates tension in a person until the need is fulfilled.
- Primary motives are mostly physiological
- Strong motive creates tension in a person until the need is fulfilled.
- Affiliation is a social need
- Motivation is a process that starts with a deficiency
- Motivated employees contribute to increase in productivity.
- All unsatisfied wants are motivators. So motivation is a continuous process
- $\text{Motivation} = \text{Valence} \times \text{Expectancy}$
- Content theories are based on the needs of people
- Theory X is based on negative aspects of people
- Theory Y is based on positive aspects of people
- Theory Z is based on long-term and total aspects of people
- Maslow's Theory is based on the hierarchy of five human needs
- Herzrberg classified human needs into maintenance and motivating factors
- Alderfer classified human needs as existence, relatedness and growth needs.
- Process theories deal with cognitive antecedents
- This theory deals with valence, instrumentality and expectancy
- This theory deals with effort, performance, reward and satisfaction

## 6.7 SELF ASSESSMENT QUESTIONS

1. What is motivation? Identify the difference among motive, motivating and motivation.
2. Explain various kinds of motives.
3. Discuss the significance and nature of motivation.
4. Explain the principles of scientific management and human relations approach to motivation.
5. Compare and contrast Maslow's Theory of Motivation, Herzberg Two Factor Theory of Motivation and ERG Theory of Motivation.
6. Examine the carrot - stick approach theory of motivation.
7. Examine the similarities and differences among Theory X, Theory Y and Theory Z.
8. Give a detailed account of Vrooms Expectancy Theory of Motivation.
9. Comment on the Porter and Lawler Expectancy Theory of Motivation.
10. Explain reinforcement theory of motivation.



## **REFERENCE MATERIAL**

Click on the links below to view additional reference material for this chapter

[Summary](#)

[PPT](#)

[MCQ](#)

[Video Lecture - Part 1](#)

[Video Lecture - Part 2](#)

[Video Lecture - Part 3](#)

[Video Lecture - Part 4](#)

# Chapter 7

## Motivation: Applications

### Objectives

**After studying this Chapter, you should be able to:**

- ★ Understand how motivation theories help in designing jobs;
- ★ Understand how motivation theories and concepts are used in developing the concept of MBO;
- ★ Know how motivation theories help in designing and developing various Employee Recognition Programmes;
- ★ Appraise the role of motivation theories in administering salaries and benefits and in designing reward systems and fringe benefits;
- ★ Interpret the motivation concepts to human psychology and develop employee involvement programmes;
- ★ Discuss how the quality circles are designed in order to satisfy employee social needs and esteem needs; and
- ★ Interweave motivation theories to various aspects of human resource management in order to manage the people by enhancing the quality of life at workplace.

### Structure:

- 7.1 Introduction
- 7.2 Job Design
- 7.3 Management by Objectives
- 7.4 Sound Salary Administration
- 7.5 Employee Participation and Empowerment
- 7.6 Group Interaction
- 7.7 Quality Circles
- 7.8 Quality of Work Life
- 7.9 Summary
- 7.10 Self Assessment Questions1

## 7.1 INTRODUCTION

We have discussed various motivation concepts and motivation theories in the previous chapter. It has been established that motivation is well applicable to the work environment. Different factors motivate the employees. However, these factors vary from country to country. Exhibit 7.1 presents the factors that motivate the employees across the globe. In this Chapter, focus is on the application of motivation through job design, job enrichment, job enlargement, de-jobbing environment, management by objectives, employee recognition programmes, variable pay, flexible benefits, employee involvement programmes like workers' participation in management and quality circles and quality of work life.

<b>Exhibit 7.1 What Motivates Employees: An International View</b>				
<b>USA</b>	<b>Germany</b>	<b>Netherlands</b>	<b>Korea</b>	
<ul style="list-style-type: none"> <li>• Interesting job</li> <li>• Achievement</li> <li>• Advancement</li> </ul>	<ul style="list-style-type: none"> <li>• Interesting job</li> <li>• Co-workers</li> <li>• Meaningful work</li> </ul>	<ul style="list-style-type: none"> <li>• Interesting Job</li> <li>• Achievement</li> <li>• Co-workers</li> </ul>	<ul style="list-style-type: none"> <li>• Achievement</li> <li>• Security</li> <li>• Interesting job</li> </ul>	
<b>Taiwan</b>	<b>India</b>	<b>China</b>	<b>Israel</b>	<b>Hungry</b>
<ul style="list-style-type: none"> <li>• Achievement</li> <li>• Interesting job</li> <li>• Esteem</li> </ul>	<ul style="list-style-type: none"> <li>• Security</li> <li>• Salary &amp; Benefits</li> <li>• Achievement</li> </ul>	<ul style="list-style-type: none"> <li>• Achievement</li> <li>• Use of Ability</li> <li>• Esteem</li> </ul>	<ul style="list-style-type: none"> <li>• Interesting job</li> <li>• Meaningful work</li> <li>• Advancement</li> </ul>	<ul style="list-style-type: none"> <li>• Supervisor</li> <li>• Interesting job</li> <li>• Co-workers</li> </ul>
(Source: Adapted from Jerald Greenberg and Robert A. Baron, <i>op.cit.</i> , p.127)				

## 7.2 JOB DESIGN

Job design is defined as the process of deciding on the content of a job in terms of its duties and responsibilities; on the methods to be used in carrying out the job, in terms of techniques, systems and procedures and on the relationships that should exist between the jobholder and his superiors, subordinates and colleagues. Two important goals of job design are: (i) to meet the organisational requirements such as higher productivity, operational efficiency, quality of product/service, etc. and (ii) to satisfy the needs of the individual employees like interests, challenge, achievement or accomplishment, etc. Finally, the goal of the job design is to integrate the needs of the individual with the organisational requirements.

### **Job Design Process**

Job design process has to start from what activity needs to be done in order to achieve organisational goals. It requires the use of techniques like work study, process planning, organisational methods and organisational analysis. The retaining part of the discussion on the process of job design involves the technical aspects of job design and as such it is outside the scope of this book. The next step of the study is job design options.

### **Job Design Options**

As discussed earlier, scientifically structured job design motivates the employees for higher efficiency, productivity and generates job satisfaction than the one designed on the basis of the traditional engineering system. Specification should be introduced in job design so that the needs of the employees for accomplishment, recognition, psychological growth, etc., can be satisfied. Personnel departments use a variety of methods to improve jobs such as job rotation, job enlargement and job enrichment. Thus, all these factors include in the job design options.

Job design techniques like in-building autonomy, skill variety, task identity, task significance and feedback from job through job enrichment and employee empowerment enable employees to get their social and esteem needs satisfied.

## **7.3 MANAGEMENT BY OBJECTIVES**

Management by Objectives (MBO) is a successful philosophy of management. It replaces the traditional philosophy of 'management by domination.' It was popularised as an approach to planning by Peter F. Drucker in 1954 in his famous book *The Practice of Management*. Since that time, it has acquired momentum and of late it has become a movement.

### **Employee Recognition Programmes**

Rural Development Trust (RDT) is a pioneering voluntary organisation committed to the upliftment of rural poor in Anantapur district of Andhra Pradesh. Mr. Ashok worked in RDT for two years during 1992-94, before doing his MBA programme. He joined Hindustan Machine Tools in September 1996 after completing his MBA. Mr. Ashok says, he was very happy in Rural Development Trust though his monthly salary was Rs.1,500

rather than in Hindustan Machine Tools where it is Rs.10,000. The reasons for this are:

His supervisor in RDT used to praise him for his committed work in the presence of his clients. Consequently, his clients used to treat him as a great person. Further, his supervisor praised him in the annual functions twice in the presence of the top management. His needs for recognition, prestige and achievement were satisfied though his salary was not attractive in RDT.

Organisations started recognizing the employees particularly after liberalization and globalisation in 1991.

Organisations announced a number of employee recognition programmes in order to motivate them:

- ★ Praising the employees in the presence of their colleagues regarding their achievements, excellent performance, etc.
- ★ Providing long-term employment and job security. (See Box 7.1).
- ★ Presenting awards in the annual functions to those employees who are committed, creative and innovative.
- ★ Providing wage/salary increments, benefits, perks and special bonus.
- ★ Inviting the employee and his family members to the company's annual functions and other functions.
- ★ Giving special treatments to the employee and his family members for special events like birthday, marriage day, etc.
- ★ Honouring outstanding employees for their extraordinary accomplishments by giving them prestigious company awards.

### Box 7.1 Top 9 Companies With the Best Job Security

With unemployment reaching and expected to surpass 10%, job security is one of the top desires of employees today. Along with good pay and benefits, people want to find a company that's not going to give them a pink slip any time soon. Here's a group of companies that earn high marks in that regard. Nine companies on Fortune magazine's 100 Best Companies to Work For list for 2009 have never undergone layoffs - ever.

#### 1. Nugget Market

This company has avoided layoffs because of careful job placement and shrewd labor management. Instead of laying off workers, the 81-year-old grocery store refrains from replacing employees who leave. Its stores are 15 miles from each other, making it easier to fill positions, and employees are trained to fit various roles. The Woodland, Calif.-based supermarket chain filled 173 jobs, for a 22% job growth in the year before the list was released in February.

Sandwiched between Goldman Sachs and Adobe Systems, the store ranked number 10 on the overall list. Store directors make an average of \$116,440 in annual salary, and checkers, the most common hourly workers, earn \$34,490. The store also offers 100% health care coverage.

#### 2. Devon Energy

An oil and gas producer headquartered in Oklahoma City, this company takes a conservative approach to its finances, yet still treats its employees well. Ranked 13 on the overall list, it started a 401 (k) retirement plan featuring company contributions of 11-22%.

Flexible and prudent management helps avoid layoffs. The company, which cut its operating budget before the recession, withholds raises in bad years but gives midyear pay increases in good times.

#### 3. Aflak

Known for its quacking duck ads, this company sells supplement insurance. The company, based in Columbus, keeps its eyes on its budget and ears open to employees. Employee suggestions like telecommuting and flex schedules have saved it millions of dollars. Other company benefits include an onsite fitness center, subsidized gym membership and the largest onsite corporate child care center in Georgia.

#### 4. QuikTrip

Because this 24-hour convenience store is privately held, it can send profits back to its stores and workers instead of shareholders. Smart financial management has helped it thrive in the downturn. It offered over new 1,400 jobs last year. Wages and benefits are so good that over 200 employees have stayed with the company more than 20 years.

**5. The Container Store**

The storage retailer, based in Coppell, Texas, froze salaries and watched spending to avoid layoffs. Still, it kept expanding last year, opening four stores and adding 70 employees. Extensive employee training makes the company stand out.

**6. NuStar Energy**

Considering layoffs harmful to company productivity, NuStar management avoids them like the plague. The San Antonio-based pipeline and refinery operator also offers bonuses that can exceed \$10,000 and 100% 401(k) matches for up to 6% of pay.

**7. Stew Leonard's**

Known for flashy store displays, this privately-held grocery chain focuses on customer service and long-term sales rather than short-term earnings. CEO Stew Leonard Jr. says selling groceries is a stable business, which helps avoid layoffs. No matter how the economy is faring, people still have to eat.

**8. Scottrade**

This privately-held online discount brokerage has cut bonuses instead of cutting employees. A conservative growth strategy has also helped it avoid layoffs.

**9. Publix Super Markets**

A strong balance sheet with no debt helped this grocery chain acquire 49 stores and hire over 1,250 people last year. In its 79 years, it has never had layoffs. No wonder - it's entirely owned by employees.

Besides Nneovteer slaying off employees, at least as of early this year, companies on the list are also some of the best to work for. Treating employees well means good pay and benefits - two factors that are attracting all the right workers. (Preparation can help you land on your feet after getting the "old heave-ho.")

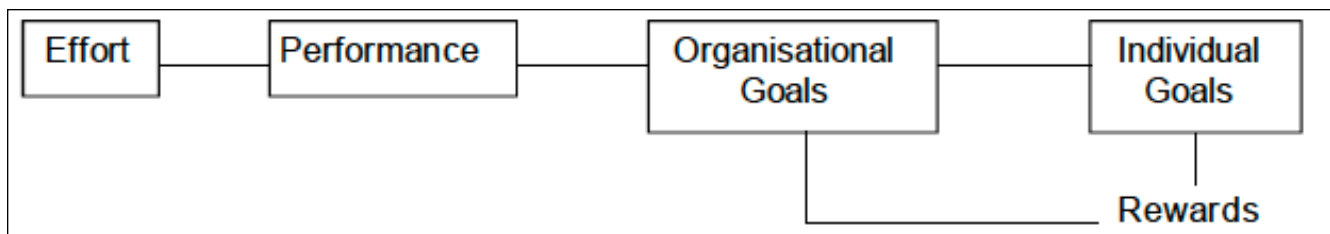
Source: [http://finance.yahoo.com/career-work/article/108085/top-9-companies-with-the-best-job-Security.html?mod=career-salary\\_negotiation](http://finance.yahoo.com/career-work/article/108085/top-9-companies-with-the-best-job-Security.html?mod=career-salary_negotiation) (Accessed on 05/02/2010).

Management by objectives techniques like employee involvement in goal setting, goal modification and goal achievement enable employees to get their social and esteem needs satisfied.

## Linking Recognition Programmes and Reinforcement Theory

As we have discussed in the earlier chapter, rewarding a behaviour with recognition immediately following that behaviour is likely to encourage its repetition. Therefore, if the management recognises the extraordinary accomplishments of the employees, they are motivated to repeat their extraordinary accomplishments.

Organisations expect efficient performance from their employees in order to contribute to the attainment of the individual goals. Organisations reward their employees who contributed to the achievement of organisational goals. (Fig. 7.1)



**Fig. 7.1: Rewards and Motivation**

## 7.4 SOUND SALARY ADMINISTRATION

Management has to formulate and administer the salary policies on sound lines as: (i) most of the employees' satisfaction and work performance are based on pay; (ii) internal inequalities in pay are more serious to certain employees; (iii) employees compare their pay with that of others; (iv) employees act only on gross external inequities; (v) employee comparisons of pay are uninfluenced by levels of aspirations and pay history; and (vi) employees compare the pay of different employees with their skill, knowledge, performance, etc.

### Objective of Salary Administration

The objective of wage and salary administration are numerous and sometimes conflict with each other. The important among them are: (See Exhibit 7.2).



### Exhibit 7.2 Objectives of Wage and Salary Management

**Acquire Qualified Personnel:** Compensation needs to be high enough to attract applicants. Pay levels must respond to supply and demand of workers in the labour market since employers compete for workers. Premium wages are sometimes needed to attract applicants who are already working for others.

**Retain Present Employees:** Employees may quit when compensation levels are not competitive resulting in higher turnover.

**Ensure Equity:** Compensation management strives for internal and external equity. Internal equity requires that pay be related to the relative worth of jobs, so that similar jobs get similar pay. External equity means paying workers what comparable workers at other firms in the labour market pay.

**Reward Desired Behaviour:** Pay should reinforce desired behaviours and act as an incentive for those behaviours to occur in the future. Effective compensation plans reward performance, loyalty experience, responsibilities and other behaviours.

**Control Costs:** A rational compensation system helps the organization obtain and retain workers at a reasonable cost. Without effective compensation management, workers could be over or under paid.

**Comply with Legal Regulations:** A sound wage and salary system considers the legal challenges imposed by government and ensures the employer's compliance.

**Facilitate Understanding:** The compensation management system should be easily understood by human resource specialists, operating managers and employees.

**Further Administrative Efficiency:** Wage and salary programs should be designed to be managed efficiently, making optimal use of the human resource information system, although these objectives should be a secondary consideration compared with other objectives.

(Source: William B. Werther and Keith Davis, op. cit., p. 414.)

1. To acquire qualified competent personnel: Candidates decide upon their career in a particular organisation mostly on the basis of the amount of remuneration the organisation offers. Qualified and competent people join the best paid organisations. As such, the organisations should aim at payment of salaries at that level, where they can attract competent and qualified people.

2. To retain the present employees: If the salary level does not compare favourably with that of other similar organisations, employees quit the present one and join other organisations. The organisation must keep the wage levels at the competitive level, in organisations. The organisation must keep the wage levels at the competitive level, in order to prevent such quits.
3. To secure internal and external equity: Internal equity does mean payment of similar wages for similar jobs within the organisation. External equity implies payment of similar wages to similar jobs in comparable organisations.
4. To ensure desired behaviour: Good rewards reinforce desired behaviour like performance, loyalty, accepting new responsibilities and changes, etc.
5. To keep labour and administrative costs in line with the ability of the organisation to pay.
6. To protect in public as progressive employers and to comply with the wage legislations.
7. To pay according to the content and difficulty of the job and in tune with the effort and merit of the employees.
8. To facilitate pay roll administration of budgeting and wage and salary control.
9. To simplify collective bargaining procedures and negotiations.
10. To promote organisational feasibility.

## **Principles of Salary Administration**

Development and administration of sound wages and salary policies are not only important but also complex managerial functions. The complexities stem from the fact that on the one hand, a majority of union management problems and disputes relate to the question of wage payment and on the other, remuneration is often one of the largest components of the cost of production. Thus, it influences the survival and growth of an organisation to the greatest extent.

The influence of remuneration over distribution of income, consumption, savings, employment and prices is also significant. This aspect assumes all the greater importance in an undeveloped economy like India where it becomes necessary to take measures for a progressive reduction of the concentration of income and/or to combat inflationary trends. Thus, the wage policy of an organisation should not become an evil to the economy.

There are several principles of wage and salary plans, policies and practices. The important among them are:

- a. Wage and salary plans and policies should be sufficiently flexible;
- b. Job evaluation must be done scientifically;
- c. Wage and salary administration plans must always be consistent with overall organisational plans and programmes;
- d. These plans and programmes should be in conformity with the social and economic objectives of the country like attainment of equality in income distribution and controlling inflationary trends;
- e. Both these plans and programmes should be responsive to the changing local and national conditions; and
- f. These plans should simplify and expedite other administrative processes.

## **The Elements of Salary System**

Wage and salary system should have relationship with the performance, satisfaction and attainment of goals of an individual. Henderson identified the following elements of wage and salary system:

- i. Identifying the available salary opportunities, their costs, estimating the worth of its members of these salary opportunities and communicating them to employees.
- ii. Relating salary to needs and goals.
- iii. Developing quality, quantity and time standards relating to work and goals.
- iv. Determining the effort necessary to achieve standards.
- v. Measuring the actual performance.
- vi. Comparing the performance with the salary received.
- vii. Measuring the job satisfaction gained by the employees.
- viii. Evaluating the unsatisfied wants and unreach goals of the employees.
- ix. Finding out the dissatisfaction arising from unfulfilled needs and unattained goals.
- x. Adjusting the salary levels accordingly with a view to enabling the employees to reach unreach goals and fulfill the unfulfilled needs.

## **Wage Differentials**

Wage differentials among employees working in the same unit, among different units, occupations, regions and the like are common features of labour markets in various countries. Interpersonal wage differentials are mainly due to variations in personal characteristics like sex, age, skill, knowledge, etc., of employees who work in the same unit and are in the same or similar occupations. Interfirm or interunit wage differentials reflect relative wage levels of workers in different units in the same or similar

occupation. These differentials are mostly because of varying abilities of the firms to pay wages. Inter-occupational wage differentials are due to varying requirements of physical skills, endurance, knowledge, etc., varying demand and supply conditions and the like. Inter-area differentials are mainly due to varying demand and supply factors, living costs, abilities of employers to pay and the like.

### **Wage Differentials and Economy Functions**

Wage differentials perform important economic functions like labour productivity, attracting the people to different jobs. Since most of the workers are mobile with a view to maximising their earnings, wage differentials reflect in variations in productivity, efficiency of management, maximum utilisation of human forces, etc. Attracting efficient workers, maximisation of employee commitment, development of skills, knowledge, utilisation of human resources, maximisation of productivity can be fulfilled through wage differentials as the latter determines the direct allocation of manpower among different units, occupations and regions so that national production can be maximised. Thus, wage differentials provide an incentive for better allocation of human forces, labour mobility among different regions and the like.

Wage differentials play a pivotal role in a planned economy in the regulation of wages and the development of the national wage policy by allocating the skilled human force on priority basis. Development of new skills, knowledge, etc., is an essential part of human resource development. Shortage of technical and skilled personnel is not only a problem for industries but it creates bottlenecks in the attainment of planned goals. Thus, wage differentials, to a certain extent, are desirable from the viewpoint of national interest. As such, they probably become an essential part of the national wage policy. Complete uniform national wage policy is impracticable and undesirable.

### **Fringe Benefits**

The term 'fringe benefits' refers to various extra benefits provided to employees in addition to the compensation paid in the form of wage or salary. Balcher defines these benefits as "any wage cost not directly connected with the employees' productive effort, performance, service or sacrifice." Cockmar has defined fringe benefits as "those benefits which are

provided by an employer to or for the benefit of an employee and which are not in the form of wages, salaries and time-related payments.”

Different terms are used to denote fringe benefits. They are welfare measures, social charges, social security measures, supplements, sub-wages, employee benefits, etc. The ILO described ‘fringe benefits’ as: “Wages are often augmented by special cash benefits, by the provision of medical and other services or by payments in kind, that forms part of the wages for expenditure on the goods and services. In addition, workers commonly receive such benefits as holidays with pay, low cost meals, low-rent housing etc. Such additions to the wage proper are sometimes referred to as fringe benefits. Benefits that have no relation to employment or wages should not be regarded as fringe benefits even though they may constitute a significant part of the worker’s total income.”

Thus, fringe benefits are those monetary and non-monetary benefits given to the employees during employment and post-employment period which are connected with employment but not to the employees’ contributions to the organisation.

### **Coverage of Fringe Benefits**

The term ‘fringe benefits’ covers bonus, social security measures, retirement benefits like provident fund, gratuity, pension, workmen’s compensation, housing, medical, canteen, co-operative credit, consumer stores, educational facilities, recreational facilities, financial advice, and so on. Thus, fringe benefits cover a number of employee services and facilities provided by an employer to his employees and in some cases to their family members also. Welfare of the employee and his family members is an effective advertising and also a method of buying the gratitude and loyalty of employees. But while some employers provide these services over and above the legal requirements to make effective use of their workforce, some restrict themselves to those benefits which are legally required.

## **Need for Extending Fringe Benefits**

Most of the organisations have been extending fringe benefits to their employees, year after year, for the following reasons:

1. **Employee demands:** Employees demand a more and varied types of fringe benefits rather than pay hike because of reduction in tax burden on the part of employees and in view of the galloping price index and cost of living.
2. **Trade union demands:** Trade unions compete with each other for getting more and a new variety of fringe benefits to their members such as life insurance, beauty clinics. If one union succeeds in getting one benefit, the other union persuades the management to provide a new model fringe. Thus, the competition among trade unions within an organisation results in more and varied benefits.
3. **Employer's preference:** Employers prefer fringe benefits to pay hike, as fringe benefits motivate the employees for better contribution to the organisation. It improves morale and works as an effective advertisement.
4. **As a social security:** Social security is a security that society furnishes through an appropriate organisation against certain risks to which its members are exposed. These risks are contingencies of life like accidents and occupational diseases. The employer has to provide various benefits like safety measures, compensation in case of involvement of workers in accidents, medical facilities, etc., with a view to provide security to his employees against various contingencies.
5. **To improve human relations:** Human relations are maintained when the employees are satisfied economically, socially and psychologically. Fringe benefits satisfy the worker's economic, social and psychological needs. Consumer stores, Credit facilities, canteen, recreational facilities, etc., satisfy the worker's social needs, whereas retirement benefits satisfy some of the psychological problems about the post-retirement life. However, most of the benefits minimise economic problems of the employee. Thus, fringe benefits improve human relations. Exhibit 7.3 presents the need for extending benefits to employees.

**Exhibit 7.3 Need for Extending Benefits to Employees**

- i. Rising prices and cost of living has brought about incessant demand for provision of extra benefits to the employees.
- ii. Employers too have found that fringe benefits present attractive areas of negotiation when large wage and salary increases are not feasible.
- iii. As organisations have developed more elaborate fringe benefits programmes for their employees, greater pressure has been placed upon competing organisations to match these benefits in order to attract and keep employees within their fold.
- iv. Recognition that fringe benefits are non-taxable rewards has been a major stimulus to their expansion.
- v. Rapid industrialisation, increasingly heavy urbanisation and the growth of a capitalistic economy have made it difficult for most employees to protect themselves against the adverse impact of these developments. Since it was workers who were responsible for production, it was held that employers should accept responsibility for meeting some of the needs of their employees, As a result, some benefits-and-services programmes were adopted by employers.
- vi. The growing volume of labour legislation, particularly social security legislation, made it imperative for employers to share equally with their employees the cost of old age, survivor and disability benefits.
- vii. The growth and strength of trade unions has substantially influenced the growth of company benefits and services.
- viii. Labour scarcity and competition for qualified personnel has led to the initiation, evolution and implementation of a number of compensation plans.
- ix. The management has increasingly realised its responsibility towards its employees and has come to the conclusion that the benefits of increase in productivity resulting from increasing industrialisation should go, at least partly, to the employees who are responsible for it, so that they may be protected against the insecurity arising from unemployment, sickness, injury and old age. Company benefits- and-services programmes are among some of the mechanisms which managers use to supply this security.

(**Source:** Adapted from C.B. Mamoria, op. cit., pp. 552-553.)



## **Objectives of Fringe Benefits**

The important objectives of fringe benefits are:

1. To create and improve sound industrial relations.
2. To boost employee morale.
3. To motivate the employees by identifying and satisfying their unsatisfied needs.
4. To provide qualitative work environment and an appropriate work life.
5. To provide security to the employees against social risks like old age benefits and maternity benefits.
6. To protect the health of the employees and to provide safety to the employees against accidents.
7. To promote employee's welfare by providing welfare measures like recreation facilities.
8. To create a sense of belongingness among employees and to retain them. Hence, fringe benefits are called golden handcuffs.
9. To meet requirements of various legislations relating to fringe benefits.

## **Factors Influencing Fringe Benefits**

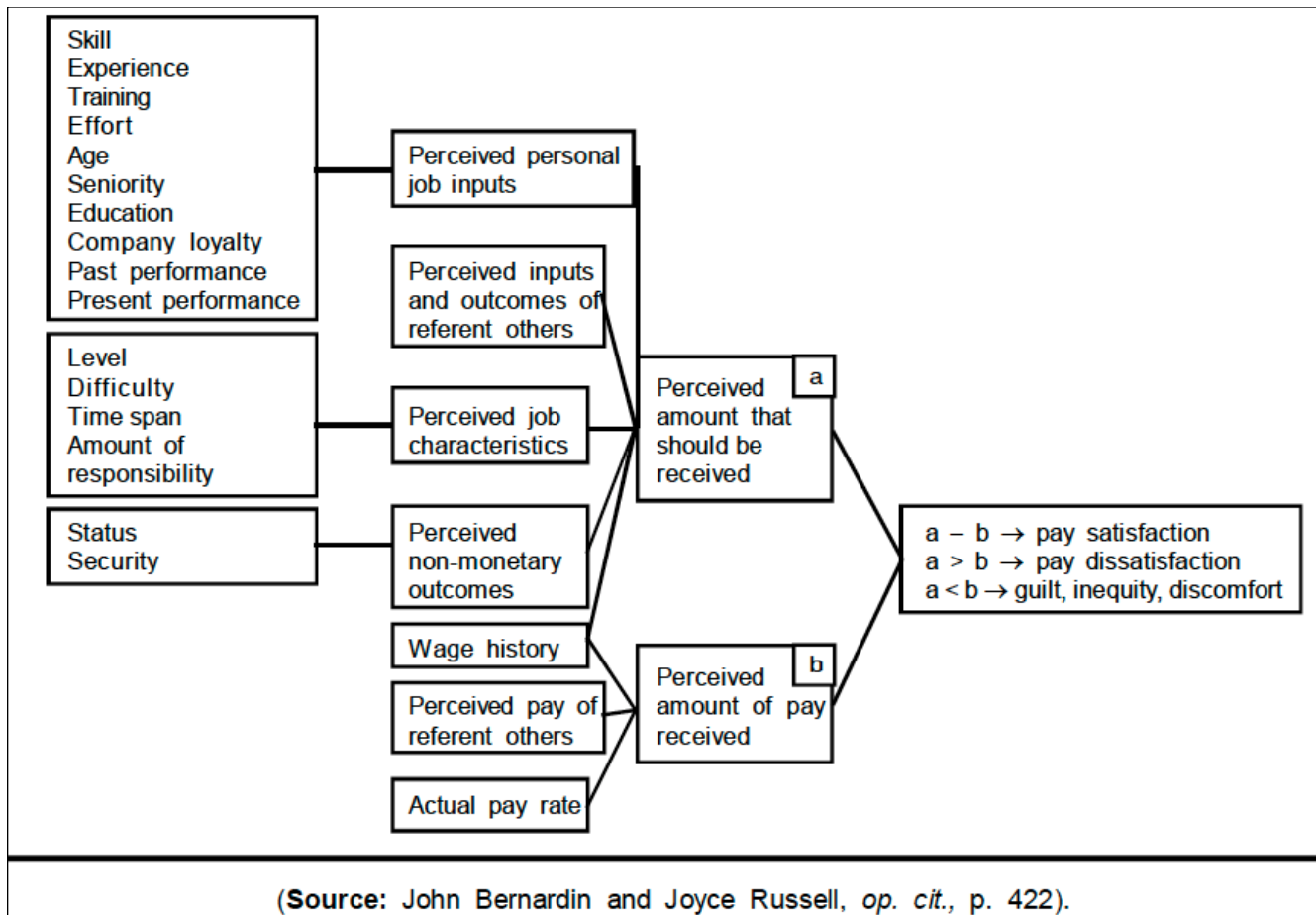
A number of factors influence the programme of employee benefits. The important among them are:

- i. Absolute and per capita cost of fringe benefits;
- ii. Organisation's financial ability to provide the benefits;
- iii. Employee's deficiencies or needs;
- iv. The bargaining strength of trade unions;
- v. Employees' significance to the organisation;
- vi. Fax benefits to the organisation and individual employees;
- vii. Need for building public image for the organisation;
- viii. Organisation's awareness and policy towards social responsibility; and

ix. Employee's reactions to the benefits.

## Rewards

An organisation has to balance fairly both financial and non- financial rewards and extrinsic and intrinsic rewards. Effective reward system requires not only that the absolute level of compensation paid by an organisation compares favourably but also requires that it satisfies the principle of internal equity and equity with the job content. The employee gets pay satisfaction if the perceived salary is equal to actual salary received as shown in Fig. 7.2. If the actual salary is less than the perceived salary, the employee is dissatisfied with the salary.



**Fig. 7.2: Factors Affecting Pay Satisfaction**

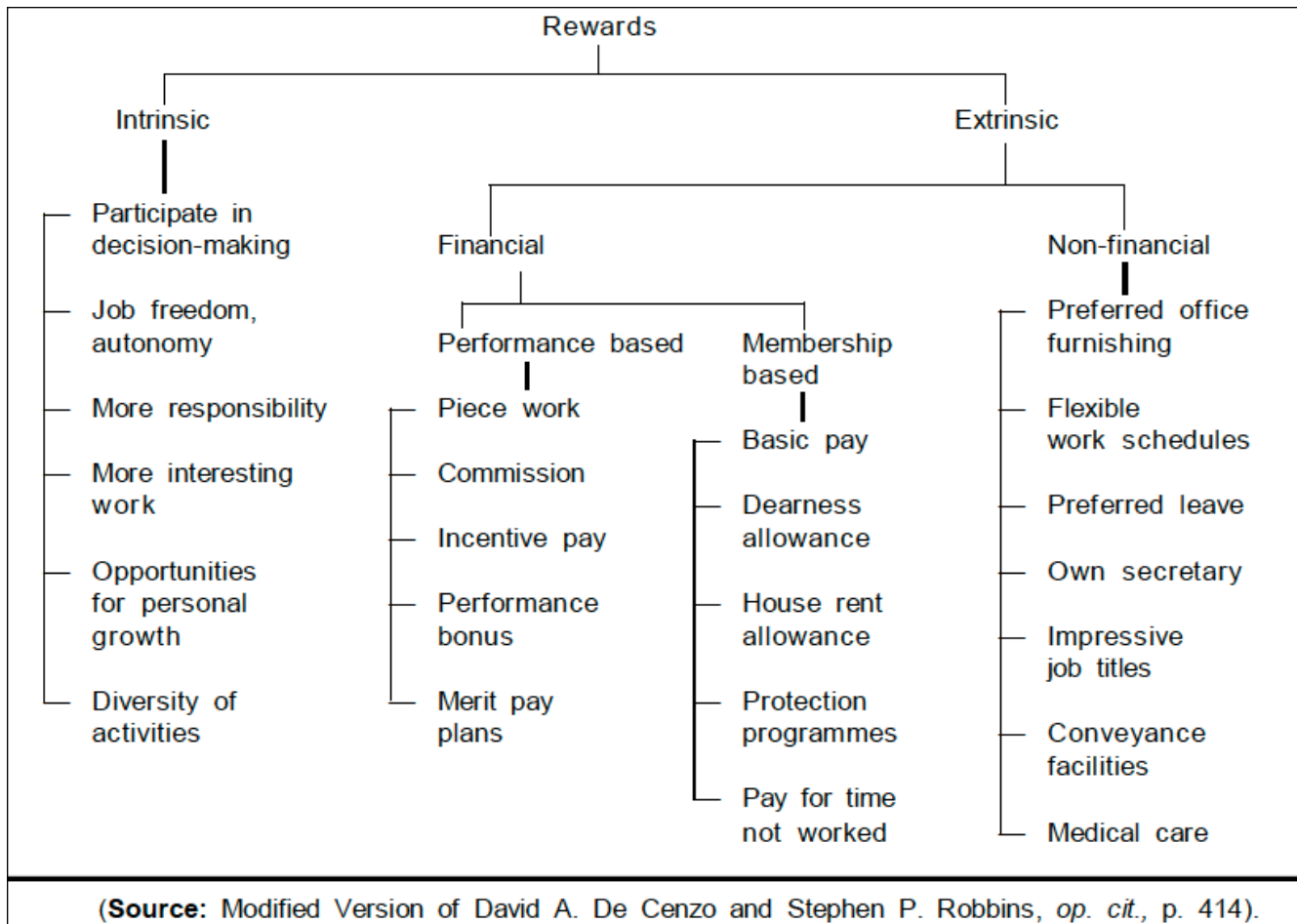
## Types of Rewards: Intrinsic and Extrinsic Rewards

Intrinsic rewards are the satisfiers that the employees get from the job itself. These rewards include pride in one's work, having a feeling of job accomplishment, being member of a team, job enrichment, etc. Extrinsic rewards include wage/salary, fringe benefits, welfare measures,

promotions, incentives, etc. These benefits are external to the job and come from the management.

### Financial versus Non-Financial Rewards

Rewards are two types viz., financial rewards and non-financial rewards. Financial rewards include wages/salaries, allowances, incentive payments, bonuses, profit sharing and the like. Non-financial rewards include facilities like canteen and conveyance, medical care, paid vacations, paid sick leave, etc. Figure 7.3 presents the structure of rewards.



**Fig. 7.3: Structure of Rewards**

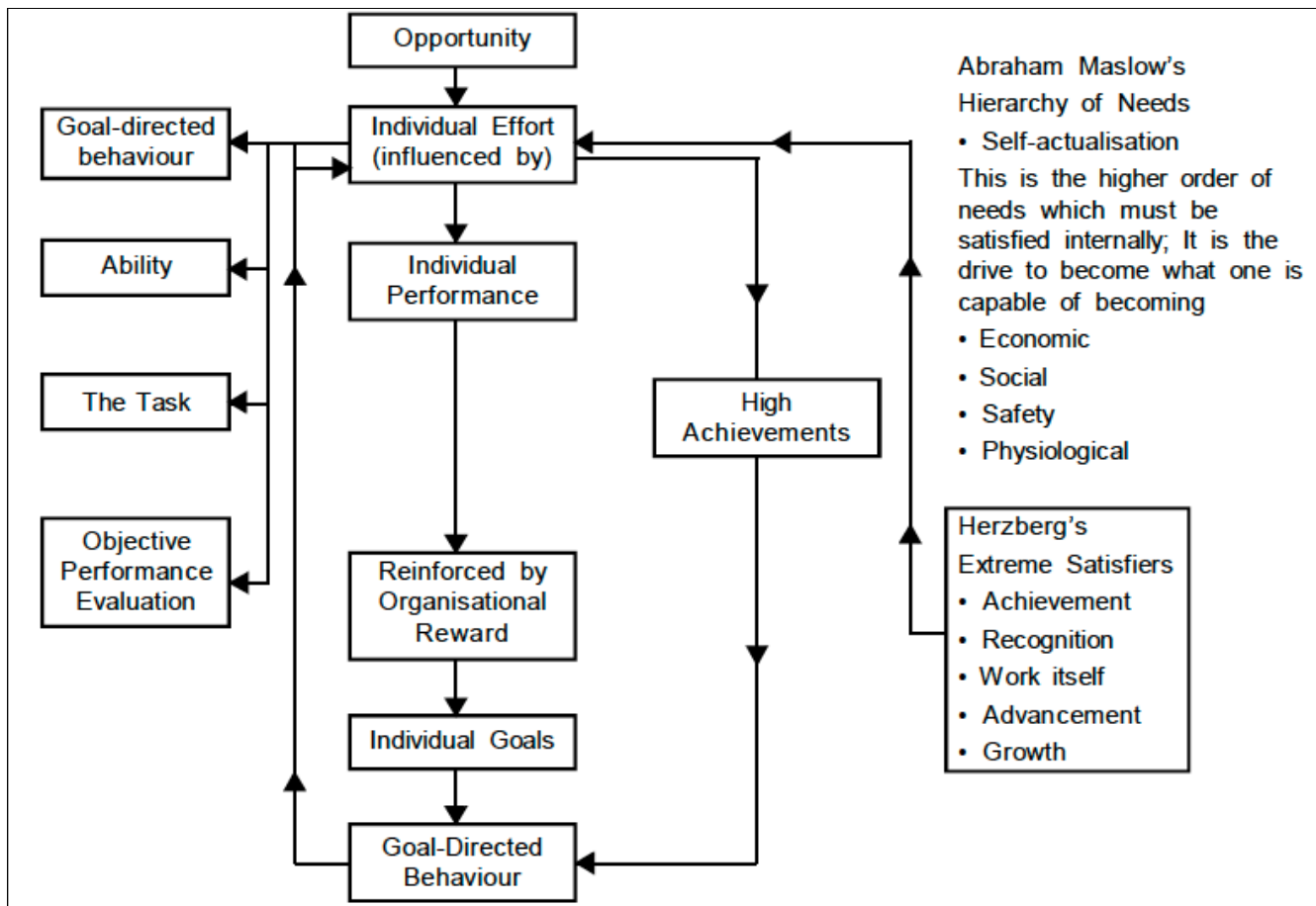
### Performance-based versus Membership-based Rewards

The rewards that the organisation allocates are based on either performance criteria or membership criteria. Performance-based rewards are exemplified by the use of commissions, incentive pay, piece work, pay plans, group bonuses, etc. Membership rewards are allocated to all employees as they are the employees of the organisation. These include:

basic salary/pay, dearness allowance based on the cost of living index, house rent allowance, city compensatory allowance, etc.

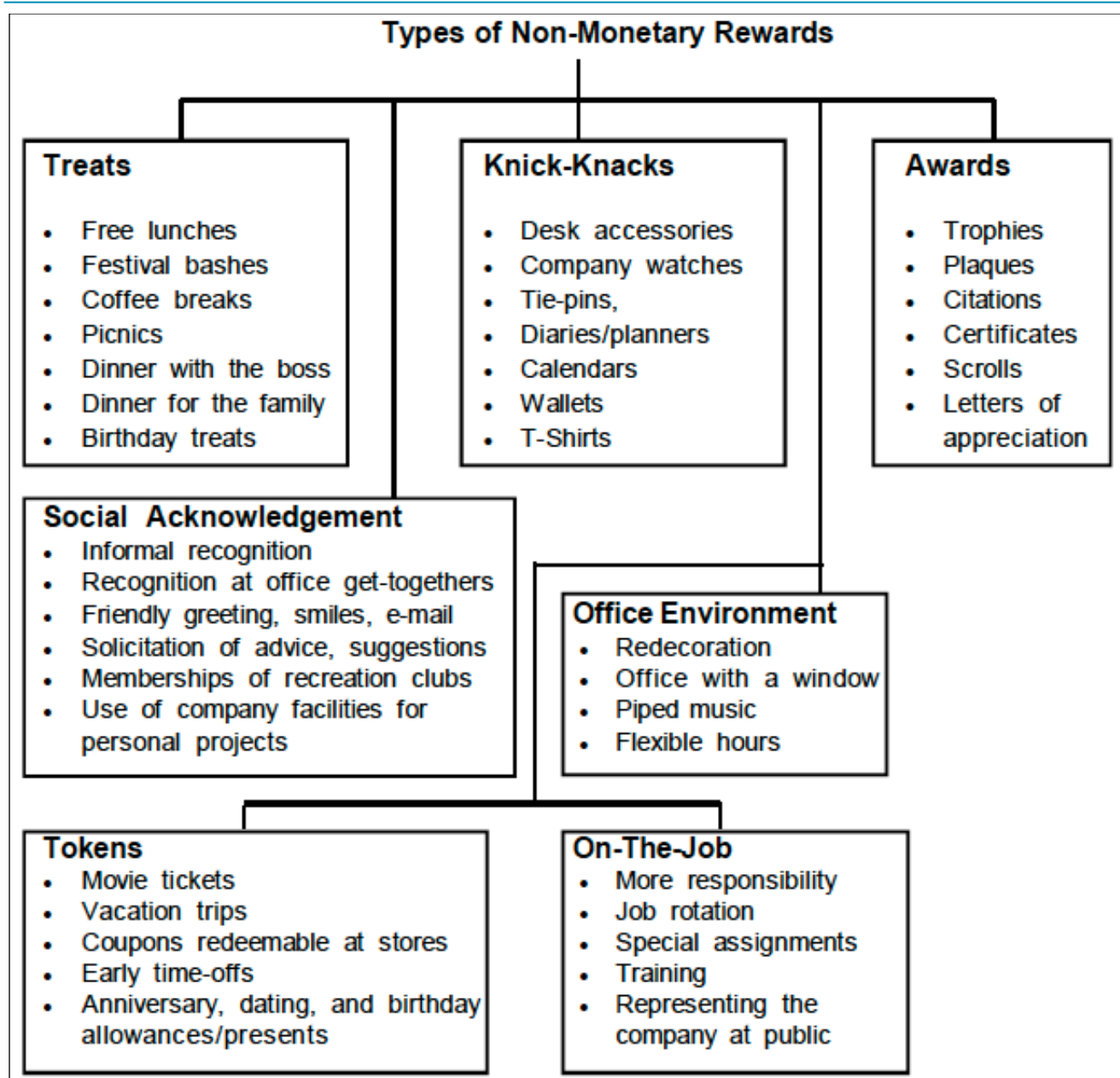
### Non-Monetary Rewards

Management motivates the employees to work efficiently and contribute their potential to a maximum extent. Individuals enhance their contributions in order to achieve organisational goals. Achievement of organisational objectives enables the management to provide more benefits and rewards to the employees. This in turn helps in the achievement of individual objectives (Fig. 7.4).



**Fig. 7.4: How does Motivation Work?**

In addition to fringe benefits, the management provides different types of non-monetary rewards. These non-monetary rewards have been mentioned in Fig. 7.5.



**Fig. 7.5: Types of Non-Monetary Rewards**

- i. Treats cover free lunches, festival bashes, coffee breaks, picnics, dinner with the boss, dinner for the family, birthday treats;
- ii. Knick-Knacks cover desk accessories, company watches, tie- pins, brooches, diaries/planners, calendars, wallets and T-shirts;
- iii. Awards include trophies, plaques, citations, certificates, scrolls, letters of appreciation;

- iv. Social Acknowledgment includes informal recognition, recognition at office get-together, socialisation of advice, suggestions, etc.;
- v. Office Environment covers redecoration, flexible hours, etc.
- vi. To kens covers movie tickets, vacation trips, early time-offs, etc.
- vii. On-the-job rewards include increased responsibility, job rotation, training, etc.

**Advantages: Advantages of non-monetary rewards include:**

- i. Non-monetary rewards motivate employees to perform better;
- ii. They build employee's self-esteem;
- iii. Employees become more loyal to the company;
- iv. These benefits create an atmosphere where change is not resented;
- v. These benefits can be provided without any extra cost; and
- vi. Create a close bond between the company and employee's family.

**Disadvantages: The non-monetary rewards, despite the advantages discussed above, suffer from the following disadvantages:**

- i. They demotivate the employees, if the processes are not transparent;
- ii. These rewards may result in short-sighted and hasty decision-making;
- iii. They may result in unhealthy competition among employees;
- iv. Work intrudes on the home life of employees;
- v. Employees feel that the management concentrates on the non-cost programmes; and
- vi. These rewards will not work, if monetary rewards are not adequate.

### **Stock-Option Scheme**

Stock options are common in many countries. This scheme allows the employees to purchase the shares of the company at a fixed and reduced price. Employees are motivated when the company allows them to buy the shares at a concessional price. The stock options are viewed as performance-based incentives.

**Merits:** The merits of stock-option scheme are:

- i. This scheme links compensation package closely to performance;
- ii. It enables the companies to retain efficient employees within the company;
- iii. It encourages the employees to work even better;
- iv. It inculcates a sense of ownership and responsibility;
- v. This scheme establishes significance of team effort among employees.

**Limitations:** The limitations of the scheme are:

- i. This scheme can be used only by the profit-making companies;
- ii. Share prices do not always reflect fundamentals;
- iii. Falling share prices result in loss to employees;
- iv. Unsound stock market conditions cause inconvenience to employees in en-cashing their investment; and
- v. Lack of transparency can earn accusations of favouritism.

Employee remuneration is the main motivating factor as it satisfies employees' physiological needs directly and security, social and esteem needs indirectly. Thus remuneration motivates employees towards the achievement of organizational strategies and higher performance.

## 7.5 EMPLOYEE PARTICIPATION AND EMPOWERMENT

Organisations today are increasingly involving their employees in various activities. The management realised that employee potentialities can be used to the maximum extent only through involving them in decision-making and the implementation process. The formal employee involvement programmes include: worker's participation in both management and quality circles.

The concept of workers' participation in the management is considered as a mechanism where workers have a say in the decision-making process of an enterprise.

### **Definition**

The concept of workers' participation in management crystallises the concept of Industrial Democracy, and indicates an attempt on the part of an employer to build his employees into a team which works towards the realisation of a common objective.

According to Davis, "It is a mental and emotional involvement of a person in a group situation which encourages him to contribute to goals and share responsibilities in them."

Within the orbit of this definition a continuum, of men management relationship can be conceived:

Workers' Control → Joint Management → Joint Consultation Workplace Consultation → Management Supremacy

### **Nature of Participative Management**

- a. Participation results from practices which increase the scope for employee's share of influence in decision-making at different tiers of organisational hierarchy with concomitant assumption of responsibility.
- b. The participation has to be at different levels of management: (i) at the shop level, (ii) at the department level and (iii) at the top level. The decision-making at these different levels would assume different patterns in regard to policy formulation and execution.



- c. The participation incorporates the willing acceptance of responsibilities by a body of workers. As they become party to decision-making, the workers have to commit themselves to ensuring their implementation.
- d. The participation is conducted through the mechanism of forums and practices which provide for the association of workers' representatives and
- e. The broad goal of participation is to change basically the organisational aspect of production and transfer the management function entirely to the workers so that management becomes 'auto management.'

### **Formal Vs. Informal**

The forms of Workers' Participation in Management depend on the differences in the levels of management, the subject-matter of participation, the strength of the union and the pattern of industrial relations. The important forms in which workers could participate in the management are collective bargaining, joint decision-making, consultation and information sharing. They may take the form of formal organisations like Works Committees, Joint Management Councils or an informal system, for instance, a supervisor consulting a worker before taking any decision in which the latter is interested.

### **Objectives of Workers' Participation in Management**

The main objectives of Workers' Participation in Management include:

- i. To promote increased productivity for the advantage of the organisation, workers and society at large;
- ii. To provide a better understanding to employees about their role and place in the process of attainment of organisational goals;
- iii. To satisfy the workers' social and esteem needs;
- iv. To strengthen labour management cooperation and thus maintaining industrial peace and harmony;
- v. To develop social education for effective solidarity among the working community and for tapping latent human resources;

- vi. An ideological point of view to develop self-management in industry;
- vii. An instrument for improving efficiency of the company and establishing harmonious industrial relations;
- viii. To build the most dynamic human resources; and
- ix. To build the nation through entrepreneurship and economic development.

### **Participation and Motivation**

Participation provides greater autonomy for subordinates and often leads to increasing motivation for:

- a. Participation permits a more balanced interaction pattern and therefore, results in less resistance to innovation.
- b. It permits members of the group to unfreeze their attitudes and engage in catharsis.
- c. It permits leaders to reinforce their position. They enhance their status both by taking a leading part in making the decision and through inducing group members to abide by it.
- d. It enables the subordinate to feel that an exchange relationship has been set up since the boss listens to his problems and permits them to be corrected.
- e. It may permit the subordinate to feel that doing the job well provides him with an opportunity to demonstrate skills which he values high, i.e., it provides him an opportunity for achievement from work.
- f. It subjects the individual to certain group pressures to implement the decision which the group participated in making it.

## Empowerment

Employee empowerment refers to enabling a lower level employee to make all the decisions required/relevant for carrying out his duties or discharge his responsibilities, on his own and implement them.

Organisational restructuring/reorganisation through Business Process Re-engineering can be possible only with employee empowerment. The liberalisation, globalisation and privatisation resulted in severe competition. The competition forced the companies to serve and satisfy mostly the customer. Therefore, the organisations started empowering the employees to serve the customers better without any loss of time and inconvenience of going around various departments like finance, production and marketing/commercial. Empowerment enables the customer to get the better service/products without the loss of any time and at one point of contact. Thus, the satisfied customer will not only be loyal to the company but acts as a link in the chain of advertisements without any cost.

**Characteristics of Empowered Organisations:** Empowered organisations have the following characteristics:

- ★ They do not have barriers between people and departments;
- ★ Formulate a vision;
- ★ People at all levels are made champions of the vision;
- ★ Create the feeling of belongingness;
- ★ Creativity of the employees is encouraged;
- ★ Keep the organisational strengths simple;
- ★ Employees learn and teach the art of self-leadership.

**Conditions for Effective Employee Empowerment:** The following conditions are necessary for effective employee empowerment:

- ★ Provide the information of the company to all employees;
- ★ Employees should have multiple skills and knowledge;
- ★ Employees should assume power to make substantive decisions;
- ★ Employees should understand all the jobs, job specification and descriptions;
- ★ Management should create and maintain conducive organisational culture;
- ★ Management should delegate authority and power;

- ★ Management should encourage the employees to take risk;
- ★ Management should reward the employees adequately;
- ★ The environment should be receptive to people with innovative ideas, risk taking, new methods and practices;
- ★ Empowered employees should be accountable for the results, cost, behaviour, credibility and positive approach.

Employee participation and empowerment enable employees to satisfy their social and esteem needs as they discharge higher level responsibilities with authority. Thus employee participation and empowerment motivates employees.

## 7.6 GROUP INTERACTION

A group is defined as two or more individuals, interacting with and interdependent on each other, who come together to achieve particular objectives: groups may be formal or informal. Formal groups are defined and formed by organisational structure with clear-cut assignment, responsibility, accountability rules and norms. Informal groups are the natural formations in the work environment and form in response to the need for social contact. Thus, these groups are not structured and determined by the organisation. These groups satisfy the social needs of their members. The important aspects of group interaction are group goals, participation, leadership norms and cohesiveness.

**Group Goals:** Groups generally have two types of goals viz., task goal and maintaining the group itself. Task goal is related to the main function for which the group is formed. The second goal is related to dealing with interpersonal conflict, resolving it and maintaining interpersonal relations. Group members' trusting behaviour will contribute to increased originality, greater emotional stability, less defensive and improved self-control.

**Type of Participation in Group:** Participation in a group may be voluntary, invited or assigned. If the group activity is effective, members voluntarily join the group in significant numbers.

Some people like experts and specialists are invited to join the groups as members of advisors. Group as a whole and other members of the group are benefited by the interaction of these special members. For example, university professors are invited to be special members on various

committees of government, economic bodies, political and social organisations. These institutions are benefited by the rich theoretical base of the professors.

Participation in group is also assigned. The management forms various groups and assigns the membership including tasks and responsibilities to various individuals. For example, the personnel manager may form a group with three assistant personnel managers to suggest measures to minimize absenteeism. He assigns three different aspects of the problem like absenteeism among unskilled workers, technical personnel and managerial personnel to the three assistant personnel managers of the group.

**Leader:** The leader of the group is a must to coordinate and control the members as well as activities - whether it is a formal group or an informal group. Groups may have two types of leaders viz., task leader and unofficial social leader, as they have two basic objectives i.e., performing the main task and satisfying members' social needs.

**Norms:** Group norms pertain to the expected behaviour of group members. These norms are normally unwritten in the case of informal groups. The norm of quality circles is openness which helps to solve the problems better.

**Cohesiveness:** Cohesiveness is the degree of attraction that the group has for its members. This attraction may be in the form of loyalty, sense of belongingness, friendliness and feeling of responsibility for group tasks. Group cohesion can be increased through stability of membership, similar values of members, providing free communication opportunities, physical isolation from the formal control and small size.

Group dynamics enables employees interact with each other while performing their duties. Employees satisfy their social needs and get motivated in the direction of achievement of organizational strategies.

With this background about the participative management and group interaction, we now discuss the history of quality circles - the sophisticated technique of participative management.

## 7.7 QUALITY CIRCLE

### **Definition**

A quality circle has been defined as a 'self-governing group of workers with or without their supervisors who voluntarily meet regularly to identify, analyse and solve problems of their work field'. But there is a misconception that quality circle and taskforce are one and the same, quality circle is not a taskforce and the former is broader than the latter.

A task force is a group of most skilled employees selected and appointed by the management, engaged in various functions, with an orientation to problem-solving. The QC is a voluntary association of workers engaged in similar work with an orientation of human relations. QCs are formed to attain specific objectives.

### **Objectives**

The important objectives of quality circles are:

- i. To develop, enhance and utilise human resources effectively;
- ii. To improve quality of products/services, productivity and reduce cost of production per unit of output;
- iii. To satisfy the workers' psychological needs for self-urge, participation, recognition etc., with a view to motivate them. Accomplishment of this objective will ensure enhancement of employee morale and commitment;
- iv. To improve various supervisory skills like leadership, problem solving, inter-personnel and conflict resolution; and
- v. To utilise individual imaginative, creative and innovative skills through participation, creating and developing work interest, inculcating problem solving techniques, etc. Achievement of these objectives effectively requires the use of certain techniques.

## Techniques Used for Discussion in Quality Circles

Mainly three techniques are used in discussing various problems at quality circles. They are: (i) Brain storming processes, (ii) Cause and effect or fishbone diagrams and (iii) Sampling and charting methods.

- i. **Brain storming processes:** Under this technique, a complete free environment is created with a view to stimulate creativity. In this free environment, employees' ideas are free from criticism. Hence, employees voice all their worthy as well as less worthy ideas. All these ideas are recorded seriously. This technique is useful to generate as many ideas as possible. Later, the plus and minus points of each idea are discussed before taking a final decision.
- ii. **Cause and effect:** Members are asked to find out the causes for the identified problem. In this process, members identify one important effect of this cause on the problem. Then they identify other causes and their effects. Charting out of those causes and effects resembles the fish bone diagram. Hence, this technique is also called fishbone diagram.
- iii. **Sampling and charting methods:** Members of the quality circles observe the events and their consequences in the form of positive or negative results. They chart out all their observations either in sequence or in some other relationship, which gives a clear idea of the problem.

These techniques will work effectively in attaining the objectives only when the organizational structure of QCs is sound and systematic.

## Concepts to Make QC Process Effective

The members and leaders of the QC should recognize and practise the following concepts to make the QC process effective:

- a. Persuasion by all the parties concerned that there is more than one way to solve a problem successfully.
- b. Encouragement of all members to clarify and build on each other's ideas.

- c. Periodic summarising of the activities by the leader or a member to ensure common understanding.
- d. Avoidance of heated arguments in favour of one particular position. Vigorous eloquence should not be a substitute for clarity and logic.
- e. Avoidance of such techniques as majority vote and conflicts to obtain group agreement, and
- f. Promotion of constructive disagreements in place of dodging arguments in search of an artificial state of harmony.

Quality circle is a voluntary participative management technique. It enables employees to satisfy their social and esteem needs as they discharge higher level responsibilities with commitment and involvement. Thus quality circle motivates employees.

## 7.8 QUALITY OF WORKLIFE

### **Introduction**

Employees at the grass roots level experience a sense of frustration because of low level of wages, poor working conditions, unfavourable terms of employment inhuman treatment by their superiors and the like, whereas managerial personnel feel frustrated because of alienation over their conditions of employment, interpersonal conflicts, role conflicts, job pressures, lack of freedom in work, absence of challenging work, etc.

Certain values were attributed to work in the past. Years ago, work was worship and people had sincerity and commitment to work. But today's employee does not believe in such values of work. He works for his salary, he works hard if the conditions of work are conducive and congenial and terms of employment are favourable to him. As such, the work norms have been changing from time to time.



Work norms in modern industrial society indicate that:

- (i) employee's role in industry is different from his role in the family;
- (ii) superior knows the best and he has the right to impose on the subordinates;
- (iii) rules are for employees and they have to follow them and
- (iv) employer has the right to lay off the worker due to marketing and technological factors.

### Meaning

There has been much concern today about the decent wages, convenient working hours, conducive working conditions, etc. The term 'Quality of Worklife' has appeared in Research Journals and the press in the USA only in 1970s. There is no generally acceptable definition about this term. However, some attempts were made to describe the term Quality of Worklife (QWL). It refers to the favourableness or unfavourableness of a job environment for people. QWL means different things to different people. J.Richard and J.Lloy define QWL as "the degree to which members of a work organisation are able to satisfy important personal needs through their experience in the organisation."

Improvement in the quality of work life are defined as any activity which takes place at every level of an organisation, which seeks greater organizational effectiveness through the enhancement of human dignity and growth....a process through which the stakeholders in the organisation management, unions and employees learn how to work together better...to determine for themselves what actions, changes and improvements are desirable and workable, in order to achieve the twin and simultaneous goals of an improved quality of life at work for all members of the organisation and greater effectiveness for both the company and the unions.

Richard E.Walton explains quality of work life in terms of eight broad conditions of employment that constitute desirable quality of work life (QWL). He proposed the same criteria for measuring QWL. These conditions/criteria include:

1. **Adequate and fair compensation:** There are different opinions about the adequate compensation. The Committee on Fair Wages defined fair wage as "...the wage which is above the minimum wage but below the living age."

2. **Safe and healthy working conditions:** Most of the organisations provide safe and healthy working conditions due to humanitarian requirements and/or legal requirements. In fact, these conditions are a matter of enlightened self-interest.
3. **Opportunity to use and develop human capacities:** Contrary to traditional assumptions, QWL is improved “....to the extent that the worker can exercise more control over his or her work, and the degree to which the job embraces an entire meaningful task....” but not a part of it. Further, QWL provides opportunities like autonomy in work and participation in planning in order to use human capabilities.
4. **Opportunity for career growth:** Opportunities for promotions are limited in case of all categories of employees either due to educational barriers or due to limited openings at the higher level. QWL provides future opportunity for continued growth and security by expanding one’s capabilities, knowledge and qualifications.
5. **Social integration in the workforce:** This can be established by creating freedom from prejudice, supporting primary work groups, a sense of community and interpersonal frankness, egalitarianism and upward mobility.
6. **Constitutionalism in the work organisation:** QWL provides constitutional protection to the employees only to the level of desirability as it hampers workers’ satisfaction of doing the job beyond that level. It happens because the management’s action is challenged in every action and bureaucratic procedures need to be followed at that level. Constitutional protection is provided to employees on such matters as privacy, free speech, equity and due process. Managements would not interfere with the private life as well as past life of the employee before joining the organization. (See Box 7.2).

**Box 7.2 University Backs Scientist Unmasked As Sex Blogger**

The university which employs the woman unmasked as the sex blogger and former call girl Belle de Jour has given her its backing, saying her former life has nothing to do with her current job.

Research scientist Dr. Brooke Magnanti works at St Michael's Hospital in Bristol and is employed by the University of Bristol.

She finally revealed that she was the writer behind one of the literary world's biggest secrets in an interview with the Sunday Times.

Her anonymous blogs about life as a high class prostitute earned her a six-figure book deal and inspired an ITV2 series starring Billy Piper entitled Secret Diary of a Call Girl.

A month ago Dr. Magnanti told colleagues at the Bristol Initiative for Research of Child Health about her former job, saying her "massive secret" was making her paranoid.

Barry Taylor, a university spokesman said: "This aspect of her past bears no relevance to her current role at the university."

It is believed she decided to reveal her identity for fear of a tip-off to a national newspaper.

Dr. Magnanti had turned to prostitution in order to make some money while completing her PhD.

She detailed her experiences in an online blog from October 2003.

Writing on her blog yesterday, the 34-year-old said it was a relief to tell all.

"It feels so much better on this side. Not to have to tell lies, hide things from the people I care about."

"To be able to defend what my experience of sex work is like to all the sceptics and doubters."

<http://uk.news.yahoo.com/5/20091116/tuk-uni-backs-scientist-unmasked-as-sex-45dbed5.html> (Accessed on 12/11/2009).

7. **Work and quality of life:** QWL provides for the balanced relationship among work, non-working factors and family aspects of life. In other words, family life and social life should not be strained by working hours including overtime work, work during inconvenient hours, business travel, transfers, vacations etc.

8. **Social relevance of work:** QWL is concerned about the establishment of social relevance to work in a socially beneficial manner. The workers' self-esteem would be high if his work is useful to the society and vice-versa is also true.

### **QWL and Productivity**

The general perception is that improvement in QWL costs much to the organisation. But it is not so as improvement over the existing salary, working conditions and benefits will not cost much. However, the rate of increase in productivity is higher than the cost of QWL. Thus, increase in QWL results in increase in productivity. But continual increase in QWL eventually leads to reduction in productivity due to increase in cost of output. This is because the worker's output does not increase proportionately after a certain level, even though QWL increases.

Improved QWL leads to improved performance. Performance means not only physical output but also the behaviour of the worker in helping his colleagues in solving job-related problems, accepting orders with enthusiasm, promoting a positive team spirit and accepting temporary unfavourable work conditions without complaint.

Higher quality of work life enables employees to satisfy their physiological, social, security and esteem needs as they discharge higher level responsibilities with authority, involvement and commitment. Thus quality circle enables employee participation and empowerment and motivates employees.

## 7.9 SUMMARY

- ★ Job is the process of deciding on the content of a job in terms of its duties and responsibilities.
- ★ Job design options include job rotation, job enlargement and job enrichment.
- ★ The influence of remuneration over distribution of income, consumption, savings, employment and prices is significant.
- ★ Wage differentials perform important economic functions like labour productivity, attracting the people to different jobs.
- ★ Fringe benefits are those monetary and non-monetary benefits given to the employees during employment and post- employment period.
- ★ The employee gets pay satisfaction if the perceived salary is equal to actual salary received.
- ★ Achievement of organisational objectives enables the management to provide more benefits and rewards to the employees.
- ★ The formal employee involvement programmes include: worker's participation in both management and quality circles.
- ★ A group is defined as two or more individuals, interacting with and interdependent on each other, who come together to achieve particular objectives: groups may be formal or informal.
- ★ Improvement in the quality of work life is any activity which takes place at every level of an organisation, which seeks greater organizational effectiveness.

## 7.10 SELF ASSESSMENT QUESTIONS

1. Discuss in detail the practical implications of different motivation theories.
2. How do you apply various motivation theories in designing jobs.
3. Discuss various job design techniques and explain how do these techniques satisfy various human needs.
4. Why do the employees aspire for recognition? How do you construct employee recognition.
5. How do you use Maslow's Theory of Motivation and Equity Theory of Motivation in fixing and revising wages and salaries.
6. Why do the employees prefer to use their potentialities? Explain to what extent quality circles satisfy this need.
7. How do you design quality of worklife programme to motivate employees in general.
8. Design a programme to satisfy employee self-actualisation needs.
9. Identify employee needs which can be met through the wage differentials and varied benefits programmes.

## **REFERENCE MATERIAL**

Click on the links below to view additional reference material for this chapter

[Summary](#)

[PPT](#)

[MCQ](#)

[Video Lecture - Part 1](#)

[Video Lecture - Part 2](#)

# Chapter 8

## Foundations Of Group Behaviour

### Objectives

**After studying this Chapter, you should be able to:**

- ★ Understand the meaning, features of and characteristics of effective groups;
- ★ Understand why do groups form and the functions of groups in different organisations;
- ★ Analyse the advantages of and disadvantages of group formation and functioning;
- ★ Discuss the types of groups;
- ★ Analyse various stages of group formation and development;
- ★ Understand external influences of formal groups;
- ★ Understand the need for, advantages and disadvantages of informal groups;
- ★ Discuss group structure in terms of norms, roles, cohesiveness, leadership, status, size and composition; and
- ★ Understand how members of groups communicate within and among groups.



**Structure:**

- 8.1 Group-Introduction
- 8.2 Why Groups in Organisations?
- 8.3 Types of Groups
- 8.4 Stages of Group Formation and Development
- 8.5 Groups at the Workplace
- 8.6 Group Structure
- 8.7 Communication Channel and Network
- 8.8 Summary
- 8.9 Self Assessment Questions

## 8.1 GROUP-INTRODUCTION

Larsen and Toubro (L&T) Limited was hesitant to accept the invitation of the Government of Andhra Pradesh to establish a Cement Factory in Tadipatri, one of the faction areas of Rayalaseema region in the state. However, L&T established its cement plant at Tadipatri after getting assurance from the government for maintaining law and order in view of richness of raw material near Tadipatri.

The management used to experience threats from the local politicians and factionists during the early days of its operation. The company's Human Resources Department (HRD) played a dynamic role in changing the culture of employees drawn from the local areas through whom the factionists mostly operate.

The Human Resources Department consists of around ten human resource managers and is headed by Mr. S.V. Ramana Rao, General Manager (Human Resources). All the human resources managers meet every day at 9 a.m. over a cup of coffee. They exchange the unique problems they have faced on the previous day and the innovative techniques they used to solve them. They also discuss the probability of success of those techniques and offer suggestions for follow up of the issue and for effective implementation of the techniques to the HR Manager who implemented the technique. They also review other activities in the meeting. Thus, the HR managers used to interact with each other in order to provide efficient solutions for current and future HR issues in the company.

This group activity enriched all the HR Managers in dealing with the unique and critical problems faced by the company. This activity resulted in significantly changing the culture of the employees drawn from the local area from the factionalism to corporate professionalism.

These employees today think of enhancing their formal educational qualifications through distance learning methods in internet, etc.

The CEO of the company proudly admits that this group activity of the HR department initiated a dynamic and paradigm shift in employee attitude, commitment and culture, which in turn contributed towards higher productivity. Thus, the group activity converted the critical threat into one of the critical opportunities for the company.

Practice of the group process followed at the HR department of L&T, Tadipatri Cement Factory, is not new to the Indian Society. There are mentions of the group practice even in the religious epics like the Mahabharat and the Ramayana. In fact, the Indian joint family system is the resemblance of the group activity. But, Japanese organisations and corporations implemented the group culture in business operations since a long period in the past and thus enhanced its significance. The Indian corporate sector realised the significance, utility and applicability of group process and started implementing in business operations phenomenally after the liberalization and globalisation of business.

## **Definitions**

Now, we shall discuss the formal definition of groups and group process. Stephen P. Robbins defines the term group as 'two or more individuals, interacting and interdependent, who have come together to achieve particular objectives.'

G.C. Homans defines the term group as 'any number of people who share goals, often communicate with each other over a period of time, and are few enough so that each individual may communicate with all the others, person-to-person.'

In the modern days of information technology, people need not physically come together, but they communicate and interact with each other. Thus, there may be virtual coming together. They strive for a common goal. Thus, the bondage of the group is constructed around the common goal or objective. The members of the group share their skills and other resources and achieve their goals through the integrated effort.

With this background, we define the term group.

Group is the combination of two or more people formed with a purpose of achieving their common and shared goals through their interactive effort.

Analysis of these definitions would provide us the following features of groups.

## Features

The features of group include:

- ★ Combination of two or more individuals;
- ★ Individuals are motivated to come closer physically and/or virtually;
- ★ They come closer to achieve their common and shared goals;
- ★ Group members achieve their common goals through integrated efforts;
- ★ Perceive the group as a unified unit;
- ★ Members contribute different inputs (like skills, knowledge and efforts) in different amounts towards the achievement of group goals; and
- ★ Reach agreements and disagreements through various forms of interaction.

## Characteristics of Effective Groups

Groups should function effectively to achieve the goals and purpose. Characteristics of effective groups include:

- ★ Groups should have relaxed, comfortable and informal atmosphere;
- ★ The purpose of the group should be well formulated, understood and accepted by members;
- ★ Members should have good listening skills, patience and participate in task-related discussions;
- ★ Members should express their ideas and feelings without any hesitations and preconceived notions;
- ★ Conflicts and disagreements should take place around the task, but not around the personalities;

- ★ Groups members should aware and mindful of their purpose related functions and activities;
- ★ Group decisions should be based on conscious and agreement but not based on majority voting;
- ★ Group members should have an understanding of each others' strengths and weaknesses, so that each one can try to minimize other's weaknesses through their contribution;
- ★ Group roles should be clearly determined and assigned. However, members should be given freedom to attend to others' work in times of need and emergency.

People come together both physically and or virtually for several purposes or due to various forces. In addition, people join groups to get various kinds of benefits. Now we shall study why people join groups or the need for group formation.

## 8.2 WHY GROUPS IN ORGANISATIONS?

Formation of groups is necessary as man is basically a social being. Most of the people prefer to live and work in groups. In addition, the following factors are also responsible for the formation and development of groups:

- i. **Security:** Groups provide security to its members from others in the society, from the threats posed by other groups, insecurity caused by the environmental, climatic, life, economic, social and other factors.
- ii. **Empowerment through sharing of resources:** Groups provide facilities and opportunities to the members to exchange their skills, knowledge, talents, values, etc. Group members exchange their ideas, opinions, skills and talents among themselves. This process enables the individuals to gain more knowledge, strengths, competence and acquire expertise by sharing from each other of the same group. Group members also gain expert power from others. Thus, the group empowers the members.

- iii. **Becoming a leader:** People with leadership skills and with a desire to become a leader enable the formation of the groups. They at least initially lead such groups. For example, outside political leaders used to form groups and convert these groups into trade unions in India during 1940s to 1960s. Some of these important leaders are Mr. Jayaprakash Narayan, Mr. V.V. Giri, Mr. Khandubhai Desai, Mr. George Fernandez and Mr. Shankar Dayal Sharma.
- iv. **Synergy:** Groups provide the benefit of synergy. Synergy takes place when the outcome of the group effort is greater than the sum of the individual contributions of the group members. Group activity results in synergy due to exchange of skills, knowledge, talents and ideas and enhancing them through brain-storming and interactive sessions among the group members.
- v. **Goal attainment:** Organizational goals on most cases can't be achieved by individual efforts. Most of the organisational goals can be achieved by the integration of skills, knowledge and expertise of and coordinated effort of the employees.
- vi. **Status:** People possess enhanced status as a member of a group rather than as individuals. Mr. Ranga Kumar says that he enjoys better status as personnel officer of Human Resources Department of L&T, Tadipatri rather than individually. This is because most of the people in the business and academia didn't recognize him before he joined L&T, Tadipatri.
- vii. **Affiliation Needs:** Members can satisfy their social needs by interacting and sharing their social problems with other members of the group. People use on-the-job interactions as a place for satisfying their social needs. Thus, group membership satisfies belonging and affiliation needs of the employees.
- viii. **Self-esteem:** Group membership provides a feeling to the members that they are more worthy as a member of a group than individually.
- ix. **Building Blocks:** Groups is composed of two or more people and an organisation is composed of two or more groups. Each functional group is responsible to carry-out specific functions. For example production group carries-out production activities and finance groups carries-out

finance activities. Organisation is build-up with functional groups like production group, marketing group, finance group, human resource group, and information group, cross-functional groups like temporary groups, project groups like feasibility study group and demand creation groups and affinity groups like employee associations based on race, gender, and positions.

- x. **Groups are Power holders:** Group relations create, build and maintain power that sometimes enables organizations to achieve their goals. But, sometimes group power hinders organization in achieving their goals as group goals may conflict with that of organization.
- xi. **Groups normally make Better Decisions:** Groups make better decisions than individuals as groups have the advantage of exchanging information and have discussions.

Now we shall discuss advantages and disadvantages of groups.

### **Advantages and Disadvantages of Groups**

Like any other aspect of an organization, groups also have advantages and disadvantages.

#### **Advantages of groups include:**

- ★ People come together to achieve a specific purpose in organizations;
- ★ Groups can enhance organizational productivity through synergy;
- ★ Highly cohesive groups with positive orientation produce results with greater efficiency;
- ★ Groups result in collaborative effort;
- ★ People with complementary skills in a group would produce similar results like those of teams;
- ★ Groups would make highly balanced decisions that involve less risk;
- ★ Groups share information and data openly and efficiently;

- ★ Group work produces best results in collectivism societies like Japan, India and Papua New Guinea;
- ★ Groups formulate more shared and realistic objectives, strategies and goals;
- ★ Group meet individual employee needs and support each other particularly in times of crisis that can't be met otherwise in an organization;
- ★ Groups also meet organizational needs with less cost and other resources requirements due to synergy;

As every coin has two sides, groups have certain disadvantages.

We now discuss them.

**Disadvantages of Groups Include:**

- ★ Certain group goals are in conflict with organizational goals. For example, achieving highest productivity would be organizational goal while achieving group goal along with protecting members' interest may be the group goal. Under such circumstances, protecting the interest of inefficient employees in a group hinders organizational performance;
- ★ Certain group goals are in conflict with individual goals. For example, efficient employees try to produce more while groups would like to reduce the performance of high performers in order to balance with that of low performers in order to protect the interest of all members;
- ★ Group performance may be affected by dysynergy due to social loafing;
- ★ Highly cohesive groups with negative introduction or improper understanding of group and organizational goal would hamper organizational interest severely;
- ★ Social loafing would hamper group relations due to inequity in contributions;



- ★ Group members with similar opinions and ideas will produce routine decisions while group members with widely varied opinions and ideas will land in indecisions and confrontations;
- ★ As is said that everybody's responsibility is nobody's responsibility, group members may not feel responsibility for results;
- ★ Group members may take less risky decisions as they would like to safeguard group's interest;
- ★ Group members of the same profession and background may not have much to share and fail to get the benefit of sharing and interacting;
- ★ Groups fail to produce results in individualistic societies;
- ★ Members with more of individualism would hamper group interest as well as goals;
- ★ Groups of inappropriate size and structure would produce negative results;
- ★ Mechiavellian and/or political behaviour particularly result in informal groups would result in negative impact of groups in organizations.

Now we shall discuss different types of groups.

### 8.3 TYPES OF GROUPS

As discussed earlier, different people join groups with various purposes or due to the forces of different factors. Consequently, different types of groups are formed. They are:

- i. **Formal Group:** When two or more individuals join together as a group due to the official job structure and job relationship in an organisation, such a group is called formal group. Group of production manager, materials manager and quality control manager of a company is an example of formal group.
- ii. **Informal Group:** When two or more individuals join together as a group in order to satisfy their social needs but not due to official job

structure and organisational requirements, such a group is called informal group. Informal groups are formed out of the common interests, aptitudes, values, opinions, ideas and characteristics of the people. For example, three employees from production department, marketing department and the finance department gather in the company's meeting hall and discuss current economic issues. This is an example of informal group.

- iii. **Command Group:** It is a group of the superior and his/her subordinates. Finance Manager and Assistant Finance Managers of a company form a command group. Thus, the command group is a group of individual employees and the manager to whom they report.
- iv. **Task Group:** People working together in order to accomplish a particular task form a task group. Task group boundaries are not limited to the particular department, but they may spread throughout the organisation, and sometimes spread even beyond the organisation. For example, Human Resources Manager, Finance Manager and Production Manager form a negotiation group in order to settle a salary dispute of factory workers. This negotiation group is an example of task group.
- v. **Interest Group:** People with common interests like maintaining and developing working conditions, recreational facilities, providing employee services, etc., form the interest group.
- vi. **Friendship Groups:** People with common characteristics form groups. These common characteristics include hard working, work avoiding, smart working, status seeking, family orientation, risk taking, etc. For example, two employees from the production department and marketing department with a common character of work avoiding, making friendship and forming a group in order to defend each other's behaviour is called friendship group.
- vii. **Primary Groups:** If the individuals with a feeling of comradeship, loyalty and a common sense of values form into a group. Such group is called a primary group. Group of family members viz., father, mother, brother and sister is an example of primary group.
- viii. **Coalitions:** Individuals from different groups form into an ad hoc group in order to achieve a specific task or goal. Such groups are called

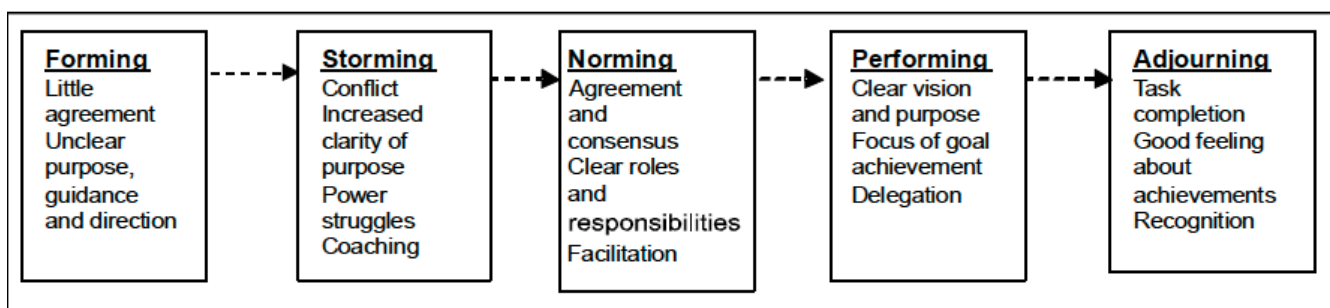
coalitions. The individuals have dual membership, i.e., one in the original group and another in the coalition. The coalition gets dissolved after the goal for which it is formed is attained. The characteristics of coalition include:

- a. interacting group of individuals,
- b. deliberately constructed by the members for a specific purpose,
- c. independent of the formal organisation's structure,
- d. lacking a formal internal structure,
- e. mutual perception of membership,
- f. issue-oriented to advance the purposes of the members,
- g. external forms, and
- h. concerted member action, act as a group.

These different types of groups form and are developed through various stages. Now we shall discuss the stages of group formation and development.

## 8.4 STAGES OF GROUP FORMATION AND DEVELOPMENT

Groups are formed and developed through various stages. Bruce Tuckman has developed five stage model of group process. These stages are forming, storming, norming, performing and adjourning. Figure 8.1 presents Tuckman's five stage model.



**Fig. 8.1: Tuckman's Five-Stage Model of Group Formation and Development**

## **Stage 1: Forming**

Individuals during the initial stage are not clear of the purpose for which they would like to form into groups, other members, structure of the group, group tasks, leadership and group process. This stage is characterised by uncertainty and confusion. Members observe others, various events and issues and decide what type of behaviour is acceptable. Thus, members 'test-the-waters' during this stage and decide within themselves as part of a group. This stage is the potential source for intra-group conflicts as individuals feel that individual interests and preferences are shadowed by those of the group as well as other members of the group. In addition, members are confused of the hierarchy and the control points. Once, members cross this stage, they are clear of the hierarchy and relationships.

Mr. Chandra of Reliance could not join with other employees, interact with them openly during his early days of employment as he did not know the characteristics, traits, views and behaviour of others in the company. This is because Mr. Chandra was not clear of human relations structure and group hierarchy of Reliance during that period.

## **Stage 2: Storming**

Storming stage is characterized by conflict and confrontation among the group members due to confusion over relationship, hierarchy, purpose and direction. In addition, people resist the imposition of others' interests over their interests. During this stage, members accept the group, but there would be conflict over the leadership, objectives as well as relationship. Thus, this stage is also a source of intra-group conflict. Members know the hierarchy and chain of command when the leader within the group is determined. This stage is complete when the members are clear about the leader, purpose and the hierarchy.

Mr. Prakash joined the Finance department of TELCO in 2009. The Chief Finance Manager asked him to work with the other three Assistant Finance Managers of the department. The other Assistant Finance Managers imposed various limitations on the work activities and interests of Mr. Prakash. This stage created a conflict between Mr. Prakash and others for two months. This process of confusing and confronting stage is called storming. Later, Mr. Prakash was made clear that Mr. Chandra one of the

Assistant Finance Managers supervises the work of all the Assistant Finance Managers.

### **Stage 3: Norming**

During this stage members are clear of their leader, group hierarchy, purpose of the group and group relationships. So, members settle, start cooperating and collaborating with each other, develop close relationship among them, exhibit cohesiveness and prefer to identify themselves with the group during the norming stage. Members formulate common goals and expectations of the group.

Mr. Chandra explained the work activities, rules and regulations of work to Mr. Prakash and other Assistant Finance Managers. He started guiding and counselling all the group members in carrying out their duties. These activities developed close relations and a strong bondage of belongingness among the Assistant Finance Managers of TELCO. Members started cooperating and collaborating with each other.

### **Stage 4: Performing**

Group members develop the relationships among themselves in the previous stage as explained earlier. Group members during this stage exert all their energies towards functioning and performing the tasks in order to attain the group goals. They share their ideas, skills, knowledge and competence in order to excel in the organizational activities forgetting their individual preferences and differences.

All Assistant Finance Managers of TELCO after developing close relations among themselves diverted all their energies towards achieving high performance and group goals by forgetting their egos and personal differences. This group achieved the targets with regard to the lowest ratio of debtors to sales.

Permanent groups continue to work as achieving organisational objectives is never ending task until the organizations exist. But, temporary groups cease to exist, once their time-bounding activity or project-oriented purpose is accomplished. For example, the group formed to construct a hospital building ceases to exist, once the building construction is over and the building is handed over for running the hospital. Such groups are

adjourned. Similarly, committees that are formed with a specific task are adjourned, once the task is achieved.

### **Stage 5: Adjourning**

The Chief Finance Manager of TELCO appointed a two-member committee with Mr. Chandra and Mr. Prakash as its members to suggest the measures to reduce the amount of cash on hand. This Committee studied the issue and suggested the measures within two months of its formation. This group has been disbanded and adjourned immediately after its task was over.

Temporary groups like committees, taskforces, commissions and teams reach this stage after completing their task which is purely a temporary setup. This disbandment cause worry to some members due to loss of friendship and effective leaders. But the permanent or relatively long-run groups like formal groups in the organisations and informal groups either reach this stage rarely and that too in the long-run.

### **Punctuated Equilibrium Model**

Though the five stage model of group formation is widely accepted and quoted, it is argued that this model is unrealistic in many situations. It is also established that conflicts take place in all the stages of group formation. Connie Gersick proposes that groups do not necessarily progress linearly from one step to another in a predetermined sequence as proposed by Tuckman, but alternate between periods of inertia with little visible progress toward goal achievement punctuated by bursts of energy as work groups develop. It is in these periods of energy where the majority of a group's work is accomplished.

### **Stage of Group Formation and Performance**

Normally, it is felt that group performance is highest during performing stage. But it is found that some people perform better during the stage of storming as their inner potentialities are realised due to the challenges posed by other members as well as group environment. Some argue that performance is highest even during the forming stage, provided the group norms, structure, hierarchy, rules and purpose are well written and provided to the members. A study of a group of three cockpit employees in an airline company produced highest performance in the first ten minutes of the group formation as the rules; purpose, relationships and hierarchy

were written and provided to the members. It can't be concluded that the group performance would be highest during the performing stage. However, group performance may be highest during performing stage, when the rules and structures are not well defined and communicated to the members as well as members confront with each other to establish these during the storming stage.

### **Ad hoc Groups**

Some groups are formed temporarily for a specific purposes and/or deadlines. Once that purpose is achieved, groups are dismantled or disbanded. Project teams, committees and commissions belong to ad hoc groups category. These groups formulate rules, specific purpose, relationships and structural hierarchies in the first meeting and then concentrate on the performance from the second meeting onwards. The group members will pay attention on disbanding the group structure in the third meeting.

Having studied the different stages of group formation and development, now we shall study the groups at the work place.

## **8.5 GROUPS AT THE WORK PLACE**

Work place is more prominent for the formation and development of groups. Groups are formed both officially and unofficially at the work place. Officially formed groups are called formal groups and unofficially formed groups are called informal groups.

### **Formal Groups**

Formal groups are relatively permanent. However, they get changed whenever there are changes in organisation structure, job structure, job design, etc. Formal groups are usually formed at the workplace. Management formulates the formal groups.

### **External Influence on Formal Groups**

Various external forces influence the groups. Groups cannot function in isolation. They depend on several external factors. These external factors include:



Now we shall discuss these factors:

- i. **Line of command:** Organisations follow the superior-subordinate relationship in carrying out the organisational activities. Superiors and subordinates depend on each other. Superior commands the subordinate and the latter follows. Thus, the formal group with the superior and the subordinate is formed.
- ii. **Organisational structure:** Tall structures impose more controls and regulations. Managers in tall organizations control the activities of subordinates scrupulously. Therefore, span of management and control is narrow in tall structures, which in turn makes the small group as a viable unit. The flat structure provides freedom and autonomy to the employees. As such managers would not interfere in routine and normal activities of their subordinates. Therefore, a large number of employees interact with each other. The span of management and control is large in flat structures. Thus, flat structure makes a large group as a viable unit.

Mr. Sharma, Branch Manager of Andhra Bank says that their bank allows the formation of small groups while Mr. Kishore of ICICI Bank says their bank allows the formation of larger groups.

The tall structure of Andhra Bank is the reason for the formation of small groups and the flat structure of ICICI Bank is responsible for the formation of large groups.

- iii. **Nature of work:** Performance of routine duties enables the formation of larger and loose groups as employees need not concentrate on new and critical ideas and issues. In contrast, the strategic and critical work demands the employees to discuss various issues closely with other employees. The work requiring close interaction among colleagues and does not allow them to discuss with larger groups. Therefore, the strategic nature of work allows the formation of smaller and closely knitted groups.

Mr. Michael of the Accounting Department of Hero Honda is a member of a large group and there is no close bondage among the group members. Mr. Michael and his colleagues mostly perform routine duties. Mr. Nissar



of Modi Xerox is a member of a small group as they make decisions, implement them and follow them up.

- iv. **Areas and levels of decision-making:** Managers make the decisions regarding different areas like marketing, human resources, etc. The most important areas are finance and marketing. The significant areas of decision-making require the close interaction and involvement of employees, which in turn requires the formation of small groups. In contrast, the decision-making regarding the non-significant areas allows the formation of larger groups.

Similarly, decision-making at the lower level requires a small group interaction and vice-versa is true in case of top level.

- v. **Formal regulations:** Too many formal regulations framed by the management allows the formation of larger and loose groups as the relations among the group members are mostly mechanical. In contrast, the fewer formal regulations require human judgment and intensive thinking process. As such, they allow the formation of small groups with closer bondage.
- vi. **Company's human resources:** Composition of the company's human resource in terms of attitude of the employees towards working together, their family background, regarding the degree of living together, educational background regarding the studying together, aptitude regarding meeting the challenges jointly influence the size of the group and cohesiveness of the group.
- vii. **Performance appraisal and reward system:** Groups form and develop, if the company's performance appraisal is based on group appraisal. Otherwise, employees tend to work individually. Similarly, if the company has the group reward system, groups form and develop out of necessity. Alternatively, if the company has individual reward systems, group formation and development are hindered greatly.
- viii. **Job design:** Job design of the company is the main basis for the formation and development of formal groups. If the jobs are designed tightly and structured rigidly, employees would be forced to work individually, separately and in isolation. These aspects of the job design hinder the formation and development of groups. If the jobs are

designed loosely providing for interaction and involvement, employees would be encouraged to work in groups. In fact most of the organizations are designing flat structures and thereby lose jobs after liberalization and globalisation. Lose jobs enhance employee performance and thus enable the organization to perform better and meet the competition.

Mr. Anil Verma of LML views that the people in their company work in groups mostly because the individual jobs are designed loosely and structured in a more flexible way.

Most of the companies including the public sector units like BHEL, SAIL, etc., have also been encouraging group work formally after the announcement of liberalisation, privatisation and globalisation. This practice is widely prevalent in the private sector as groups provide the benefit of synergy to the company.

- ix. **Customer needs:** Customer is the end for most of the businesses after globalisation. Most of the private companies like Uninor are structuring their organisations and jobs based on customer needs. Customer needs regarding the products and services vary. Some customers need integrated product and services. Mr. Kartik of Airtel says about 30 per cent of their customers need instruments and also a full package of value based services. Employees of all units of such organizations work very closely to provide closely integrated package of instruments and services to the customers. Therefore, such areas and departments form and develop highly integrated groups.

Highly integrated groups are not necessary, if the customers need only a product like in fast moving consumer goods industry (like soaps, toothpaste and cosmetics). Thus, customer needs influence much in forming and developing groups in organisations.

- x. **Organisational crisis:** Management of Visakhapatnam Steel Plant of SAIL formally formed temporary groups during the period of its sickness during 1998-2000. In fact, these groups helped the company to turn around the plant. Similarly, A.P. Paper Mills and Rourkela Steel Plant formed the ad hoc groups in order to turn the sick units into profitable units.

Organisational crisis cannot be dealt by individual employees. In fact, they have to be dealt and managed from all angles simultaneously by a group of employees. Therefore, organisations form close-knitted and highly integrated groups to manage their crisis situations.

- xi. **Organisational strategies:** Strategy is an integrated and unified action in order to achieve organisational goals. Strategy is to be implemented by a group of employees belonging to different functional areas. Groups are formed and developed in order to implement organisational strategies. Organisational strategies like mergers and acquisitions need a larger and highly cohesive group for their successful implementation. Strategic business unit (SBU) level strategies like development of a new product need a relatively small group with 5 to 6 members with cohesiveness. The functional strategies like outsourcing need a small group of 2 to 3 employees. Thus, groups with different sizes and with different degrees of cohesiveness are formed and developed in order to implement the organizational strategies. ITC formed a large group of executives to implement its diversification strategy of establishing hotels.
- xii. **Company resources:** Most of the organisations do not possess all kinds of resources. Such organisations develop the deficit resources through group action. Thus, organisations need to form and develop groups in order to acquire all kinds of resources.
- xiii. **Organisational culture:** Organisational culture is a system of shared meaning held by members that distinguishes the organisation from other organisations.<sup>8</sup> Organisational cultures are classified as dominant cultures, sub cultures, strong cultures and weak cultures. If the organisation's dominant culture is working together, the new employees would also adopt to such culture and start working along with other employees.

If the existing employees work independently, the new employees should adopt to work individually, even though they prefer to work along with others. Culture of most of the Japanese companies is group culture whereas the culture of most of the American Companies is working independently.

Japanese subsidiaries operating in India and other countries follow the same organisational culture of group working. Therefore, Indians working in Japanese subsidiaries in India adapt to the group culture. Thus, organisational culture influences the process of group formation and development formally.

Formal groups are formed and developed out of the organisational requirements. Further, formal groups are structured and nurtured by the management. They contribute to the achievement of these goals. Having studied the formal groups, now we shall study the informal groups.

## **Informal Groups**

Groups formed out of social interaction, social needs and psychological factors are informal groups. If two or more people join together as a group because of their common social needs, attitudes, likes and dislikes, values, opinions, personality traits and other psychological factors, such a group is known as informal group.

Thus, the informal group is outside the officially prescribed relationships, structures, line of authority and responsibilities of the organisations. Though the organisations form formal groups, people prefer to form informal groups.

## **Need for Informal Groups**

People prefer to form and join informal groups due to various reasons. They include:

- i. **Social relations:** People cannot live in isolation as they are social beings. In addition, most of the people would like to work along with others. They exchange their ideas, views, problems, experiences, etc., while working with each other. In addition, people satisfy their social needs like affiliation needs, belonging needs, need for involvement, interaction and participation, need to be heard, etc.

Physical proximity of work places, common personality traits, need for dependency of one member and providing security by another member encourage the employees to form informal groups. Thus, the need for social relations is the main cause for the formation of informal groups.

Informal groups naturally arise from human being's quest for social satisfaction. Keith Davis observed that, along with men's technical imperative, there is also social imperative to work together. Mr. Dwarakanath, Assistant Marketing Manager of Mahindra and Mahindra prefers to join Mr. Alok of the HRD department during lunch time everyday as the latter listens to the former's problems, offers solutions and shares his ideas. Further, Mr. Alok supports Mr. Dwarakanath during his distress caused due to his failures in meeting the targets. Thus, both formed into a cohesive informal group due to the social needs.

- ii. **Insignificant role in formal group:** Some employees with the need of high degree of recognition and affiliation face the confronting situation, if their roles in the formal group are insignificant. This confronting situation forces them to fulfill their need through informal groups. Therefore, such employees form and join informal groups. Most of the trade union leaders in the past formed trade unions due to their insignificant role in formal groups.

Mr. Jogesh of Ranbaxy works in its Materials Management Department as a checker. His family members work as executives in various other companies. This insignificant role in the materials management department of Ranbaxy in comparison with his family background created a deficiency of social recognition in Mr. Jogesh and made him to take initiatives for forming a social group with the Manager of the marketing department and Assistant Manager, HRD of the company.

- iii. **Recognition for achievement:** Some employees fail to get due recognition for their job achievements and contributions to the organisation. The reasons for this situation are:

- ★ Organisational politics
- ★ Stealing the credit by the superiors
- ★ Non-appreciative attitude of the boss and
- ★ Lack of interpersonal skills by the employee concerned.

If the management fails to recognise the achievements of the employee, he is attracted by informal groups where he gets the recognition and words of appreciation for his contributions to the formal job.

- iv. **Failure to abide by the formal rules:** Some employees fail to abide by the rules and regulations of the company either due to their incapacities or due to their state of mind or frustration. Such employees receive warnings or other kinds of punishments. This category of employees joins together informally for defending themselves and to challenge the formal authority.
- v. **To release frustration:** Employees experience frustration due to various causes in the organisation. They include: inconsistency of the leadership skills with the situations, inconsistency of rules and regulations of the company, conflicting job structure, job expectations beyond the capabilities of the employees and organisational politics. Formal groups may not provide the scope for the ventilation of employee frustration. Therefore, the frustrated employees join social and other informal groups in order to release their frustration.
- vi. **Techno-structure of the jobs:** The job design and structure of certain jobs is influenced more by the technical aspects rather than social and psychological factors. The incumbents of such jobs experience monotony, boredom and alienation. Therefore, employees performing such jobs prefer to form informal groups in order to free their minds and relax from the consequences of alienation, boredom and monotony.
- vii. **Low work pressure:** Certain jobs demand less work from the employees compared to their capabilities, skills, etc. In such cases, the employees have more of leisure time and untapped potentialities. Employees use that leisure time and those of untapped potentialities for forming and developing informal groups.
- viii. **Tall organisation structure:** Tall organisation structures are mostly bureaucratic. They are characterised by strict controls, rules and regulations. As such, these structures are mostly mechanistic and the social needs of the employees cannot be fulfilled in the formal groups. As such, employees in these organisations prefer to form informal groups in order to satisfy their social and psychological needs which hitherto could not be met in the formal groups.

Having studied the reasons for the formation of informal groups, now we shall study the types of informal groups.

## Types of Informal Groups

Informal groups are classified differently by various authors.

Mayo and Lambard identified three groups viz.,

- i. **Natural:** They are formed out of the natural course of action without any predetermined structure.
- ii. **Family:** This group consists of the regular members. Each member influences, moulds and determines the behaviour of other members.
- iii. **Organised:** This is a highly structured group with an acknowledged leader.

Sayles identified the four types of informal groups viz:

- i. **Apathetic Group:** Unaccepted leadership, lack of cohesiveness, disunity and conflict are the features of this group.
- ii. **Erratic Group:** Absence of control, inconsistent behaviour, and autocratic leadership is the characters of this group.
- iii. **Strategic Group:** These groups are highly organised, consistent and planned. They build up continuous pressure and take up grievance activity.
- iv. **Conservative Group:** These groups are characterised by cooperation, collaboration, unity to a moderate extent. They build up pressure to a limited extent. These groups also take- up grievance activity through trade union means.

Informal groups produce both favourable and unfavourable outcomes. First, we shall study the favourable outcomes of informal groups.

## Advantages of Informal Groups

Though the informal groups are formed and developed outside the scope of organisational structure, they contribute to organisational goals, employee satisfaction and welfare. As such, most of the companies recognise the



informal groups and started encouraging the formation and development of informal groups. The favourable outcomes of informal groups include:

- i. **Collaborative group:** Members of common interest, values and aptitude join together and form informal groups. These members understand each other's values, ideas, habits, aptitude etc. They mould their aptitude and values in order to accommodate others' values. Sometimes group members also sacrifice for others. Thus, all the members of the group have the same values, aptitude, attitude and as such formulate and achieve common goals. Thus, informal groups develop collaboration among the group members. Formal groups can achieve cooperation but they can rarely achieve collaboration. Efforts of the informal group would result in synergy benefiting the total organisation.
- ii. **Employee satisfaction:** As indicated earlier, employees who cannot have status, significant role and recognition in formal groups, join informal groups. This is because informal groups provide status, significant role and recognise employees' achievements. In addition, informal groups provide wide scope for interaction to the employees across the organisational hierarchical levels and across the departments. In simple terms, an assistant finance manager can interact with the General Manager of his company, share his ideas, discuss his family and career issues, etc. Thus employee experiences social satisfaction.

In addition, the informal groups at the work place reduce boredom, monotony and the feeling of alienation. They provide conducive environment for social interaction. The enhanced socialisation process improves the employee job satisfaction. Thus, informal groups contribute to employee satisfaction.

- iii. **Efficient employee performance:** The informal groups exert the employee skills, knowledge, abilities, etc., and direct them towards the job performance. Further, reduced boredom, monotony and alienation also pave the way for directing employee resources towards job performance. In addition, these groups provide favourable social and psychological environment and enable the employees to come up with creative and innovative ideas. All these aspects of informal groups enhance employee performance on the job.



- iv. **Norms of behaviour:** Informal groups also formulate and maintain norms, mostly unwritten. In fact, the members follow the norms willingly and effectively. These norms provide the guidelines for good conduct, and acceptable activities to the majority of the members of the group. In addition, the informal group specifies other norms such as honesty, loyalty, sacrifice for the group, cooperation, collaboration, etc.

Though the informal groups formulate norms for their conduct, they do also mould and shape the employee behaviour in tune with the organisational requirements regarding employee behaviour. In fact, informality with the formal group certainly enables the members to follow the norms more willingly and behave in the manner of organisational expectations.

- v. **Protection to members:** Members of the informal groups interact very intensively with each other, share their resources and talents. This process enhances group cohesiveness. The group with a high degree of cohesiveness achieves high degree of unity and strength. Such informal groups protect members from social uncertainties, economic fluctuations, psychological problems and physically unsafe conditions. Informal organisations also protect the members from the top management's autocratic and bureaucratic decisions.
- vi. **Effective communication:** Communication in formal groups flow through official channels of authority and mostly from the top to bottom. The parent ego of the superiors mostly does not allow the free flow of communication from bottom to top.

In contrast, communication flows freely through all directions in informal groups. In addition members in informal groups send and receive communication with an open mind. Members receive the information that is actually sent by the sender. Further, they understand the message in the same meaning and sense of the sender of the message. The purpose of the communication is served mostly in the informal groups. Thus, the communication would be effective in informal groups.

- vii. **Effective human resources management:** Line managers can manage the employees effectively, when the former understand the traits, skills and qualities of the latter. Informal groups allow the

managers to interact with their employees closely and understand them. In other words, managers understand the skills, qualities, characteristics, needs and desires of the members of the informal groups. Having understood the subordinates, the line managers manage the human resources effectively. Thus, informal groups enable managers to manage the human resources of the organisations more effectively.

- viii. **Improved productivity:** Informal groups improve employee commitment, loyalty and understanding. In addition, informal group members contribute their human resources to the maximum extent, which in turn maximizes employee productivity.

Most of the global companies experienced these favourable outcomes and realised that the informal groups provide maximum contribution to the organisational goals when they are interwoven with the formal groups. As such, these companies allowed the formation of informal groups within the formal groups, work in coordination with them which result in collaboration between both these groups. However, the proverb, "every coin has two sides" indicates that the informal groups can create hindrances to the organisational process.

Now, we shall discuss the hindrances caused due to informal groups.

### **Disadvantages of Informal Groups**

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

- i. **Challenge the formal authority:** Employees derive power from the informal groups. They challenge the formal authority of their superior with the help of power they derive from the informal groups. This may result in insubordination.
- ii. **Challenge the formal leadership:** Formal leaders direct and influence their subordinates. They also lead and motivate the members of the formal group. The same members also belong to the informal group and the informal leader also leads them. Thus, the same employees are led by both the formal leader and informal leader. Both of them may lead

differently. In most of such cases, the employees prefer the informal leader rather than the formal leader. Thus, the informal leader challenges the formal leader. For example, trade union leaders challenge the authority of the General Manager.

- iii. **Role conflict:** Members of the informal group are also the members of the formal group and they may play conflicting roles in these two groups. Formal groups require adherence to rules, hierarchy and regulations whereas informal groups require more of adherence to relationships and interests. The conflicting norms of these two groups sometimes result in conflicts. Thus, informal groups may result in role conflict.

Mr. Subrahmanyam works as Research Analyst in the General Manager's office of Kakatiya Cements Ltd. Thus, he attends to various needs of the General Manager as he is the subordinate of the latter. But as leader of an informal group Mr. Subrahmanyam teaches Palmistry to a number of people including the General Manager. Mr. Subrahmanyam faces the problems of conflicting roles of subordinate in the formal group and leader in the informal group.

- iv. **Miscommunication:** Informal groups sometimes create rumours and may fail to communicate the correct message.
- v. **Resistance to change:** Formal organisations plan to introduce changes for growth and development. But the informal groups prefer to continue the status quo. Therefore, informal groups resist the changes.
- vi. **Conformity:** Leader and members of the informal group influence and exert pressures for conformity. They disobey the formal commands and controls, once the group activities are confirmed.

Most of the managements discourage the formation and avoid the informal groups in view of the hindrances caused by them. But the modern managements prefer to modulate and rationalise the informal groups as there are clear benefits of these groups.

Having studied the formal and informal groups, now we shall study the structure of the groups.

## 8.6 GROUP STRUCTURE

Formal groups are structured while informal groups are mostly unstructured. Formal groups are structured according to several variables, which determine the behaviour of individual members within the group and the overall group behaviour. The group structured variables include:

### **Group Norms**

'Technical Personnel do not speak much.' Marketing people do not speak close to reality. 'Administrative personnel mostly confirm to the precedents.' 'Bureaucrats strictly follow rules.' These are some of the common behaviours of groups. Groups of people behave in a similar pattern. This type of similar behaviour of groups is called the normative function of groups. Normative function enables the managers why and how the group members behave as per the group norms. Now, we shall study what is a norm and what is meant by group norms.

According to Stephen P. Robbins, norms are, "acceptable standards of behaviour within a group that are shared by the group's members."<sup>10</sup> Norms specify the group members 'Dos' and 'Don'ts'. They also indicate the expectations of the group from its members'. Thus, norms influence and shape the individual behaviour in accordance with the group expectations. Norms vary from group to group, but certain norms are common for groups. All the work groups have the common norms of achieving high performance, improving productivity, doing the job in the right time, working smart, etc. Other common norms include appearance norms including dress, facial expressions, body language, social norms like treating the guests, friends, respecting the elders and superiors, salary levels, job family, etc.

Individuals' values and behaviour vary from that of the group's norms. But the group influences the individuals to modify their behaviour in accordance with the group's norms. Adjustment of employee's behaviour to align with the norms of the group is called conformity. Employees sometimes modify their attitude and behaviour willingly to conform to the expectations of the group as the employee is aware of other members of the group. Such groups are called 'reference groups.'

Thus, employees modify their values, attitudes and behaviour in accordance with the group norms.

**Roles**

Mr. Tirumalacharya is in-charge of the Cigarette design in VST Industries and also an honorary Priest in the temple of the colony where many employees of the company live. He is very serious with his subordinates while at work and shares love and affection with the same employees while performing his duties in the temple. Similarly, he respects and obeys the orders of his boss in the company and feels embarrassed when his boss bends his head before him while he is in the temple. He occasionally experiences conflicting situations while making innovative decisions regarding the inputs for the cigarettes. These conflicting situations are regarding customer taste versus ethics. Mr. Tirumalacharya, thus plays a variety of roles in addition to the roles in his family in different dimensions.

**Definition**

Role is defined as a “set of expected behaviour patterns attributed to someone occupying a given position in a social unit.” Each role expects a specified behaviour pattern from the employee. Now we recall the previous example. Product design — job requires innovative skills, skills of being serious at work and also with the colleagues, exploit the unsatisfied want of the customer by infusing a new input into the cigarette, etc.

**Role Shift**

But different roles expect different kinds of behaviour. The role of the Priest in a temple requires counselling, preaching, sympathetic, compassionate, accommodative and stress releasing skills. Mr. Tirumalacharya is able to shift his role quickly and perform both the duties efficiently. People normally have the abilities to shift roles and meet the expectations of the jobs and/or roles. The teachers who were student leaders earlier had different attitudes compared to their present attitude towards college administration and education system. Thus, they have the ability to shift the roles when the situation and its demands require new and changing attitudes.

**Role Perception**

Individual employees play different roles based on their own assumptions and views of their performance in the organisation. Thus, individuals perform the role based on his/her own perception of the role functions. This is known as role perception. In addition, individual employees play their role depending up on the expectations of others.

**Role Expectations**

Now we recall the example of VST industries. Other employees expect Mr. Tirumalacharya to be ethical while designing a cigarette as he is also a priest in a temple.

The belief of others regarding the role performance by the role incumbent is called role expectation.

**Role Ambiguity**

The example of VST Industries indicates that the colleagues of Mr. Tirumalacharya expect him to be ethical while deciding the inputs whereas the management of the company expects him to design the product based on the customers' tastes. These divergent expectations result in ambiguity and such an ambiguity is called role ambiguity. When an individual is confronted with contradicting expectations from the role, the result is ambiguity of the role. The individual has to balance the expectations and reduce or eliminate the ambiguity.

**Role Conflict**

Mr. Tirumalacharya is expected to be at the workplace on an auspicious day and time and also be present at the temple at the same time, and offer prayers to the deity by the visitors of the temple. Mr. Tirumalacharya is confronted by the divergent expectations of the two roles resulting in conflict. Such a conflict is called role conflict. Role conflict results when an individual experiences that compliance with one role requirement may make more difficult the compliance with another role requirement.

**Group Cohesiveness**

Information technology revolution along with liberalisation, privatization and globalisation (LPG) brought significant changes in the management of various businesses. The important among them are Enterprise Resource Planning (ERP), Business Process Reengineering (BPRE) and Supply Chain Management (SCM). All these three concepts require the employees to

work very closely through the groups. Group members are attracted to work closely and continue in the group when they perform innovative and challenging work. This is known as a high degree of cohesiveness.

Group cohesiveness is the degree to which group members are attracted to each other and are inspired and motivated to stay in the group.

Group cohesiveness is high when:

- ★ the employees spend more time for working together
- ★ the group size is small
- ★ group members interact with each other closely and frequently
- ★ the group members have common threats
- ★ members agree with the common goals
- ★ the members aim at increase in the group status
- ★ there is competition with other groups
- ★ when they physically isolate the group.

Exhibit 8.1 presents the effects of group cohesiveness and Exhibit 8.2 presents the factors that increase or decrease group cohesiveness.

### Exhibit 8.1 Effects of Cohesiveness

**Effects of Cohesiveness:** Cohesiveness influences productivity. Cohesiveness alongwith induction and performance norms influences productivity.

High cohesiveness along with positive induction of the employee to the work, company, colleagues, etc. leads to high productivity

Low cohesiveness along with negative induction leads to low productivity

High cohesiveness along with high performance norms result in high productivity

High cohesiveness along with low performance norms leads to low productivity

Low cohesiveness along with high performance norms results in moderate productivity

High cohesiveness along with negative induction results in low productivity.



### Exhibit 8.2 Factors that Increase and Decrease Group Cohesiveness

Factors that Increase Group Cohesiveness	Factors that Decrease Group Cohesiveness
<ul style="list-style-type: none"> <li>★ Group members spend more time with each other</li> <li>★ Small size of the group</li> <li>★ Frequent interaction among members</li> <li>★ Group members have common threats</li> <li>★ Agreement on Common Goals</li> <li>★ High competition with other groups</li> <li>★ Personal attractiveness</li> <li>★ Favourable Evaluation</li> </ul>	<ul style="list-style-type: none"> <li>★ Spend less time with each other</li> <li>★ Large size of the group</li> <li>★ Infrequent interaction among members</li> <li>★ No Threats</li> <li>★ Disagreement on Common Goals</li> <li>★ No competition with other groups</li> <li>★ Unpleasant experiences</li> <li>★ Domination by one or more members</li> </ul>
(Source: Modified version from Andrew D.Szilagyi et al., "Organisational Behaviour and Performance," 1990, pp. 282-283.	

### Social Loafing

Some members have the tendency of not contributing or reduce the contribution whenever possible in the group environment and rely on the efforts of others for achievement of group goals. This situation is referred to as social loafing. Thus, social loafing occurs when, "one or more members of the group rely on the efforts of others members of the group and fail to contribute their own time, effort, thoughts, or other resources to a group." Social loafing or free riding results in reduction in group output though it is the normal character of some of the people. Some argue that social loafing is a rational behaviour of some people in response to inequity or when the individual efforts can't be measured. However, members may not resort to social loafing when the individual roles and tasks are clearly assigned and individual performance is measured categorically.



## Loss of Individuality

Intensive group activity with no clear-cut direction and purpose coupled with excitement and emotional imbalance would result in loss of individuality of members. Thus, loss of individuality is a 'social process in which individual group members lose self-awareness and its accompanying sense of accountability, inhibition and responsibility for individual behaviour.' People engage in social loafing resort to violent and immoral acts as there won't be any direction and responsibility for individual as well as group acts. People resort to violent acts when they act in a mob during strikes and attacks. For example, attacks on Reliance businesses in Andhra Pradesh, India and on all government properties during separate Telengana state movement within Andhra Pradesh, India are examples for violent behaviour consequent upon loss of individuality. (See Box 8.1).

### Box 8.1 Statewide Attacks on Reliance Stores

Congress activists on Thursday attacked Reliance outlets in many places in the state after private TV news channels aired a report allegedly filed by a Russian website that named Mr Mukesh Ambani in relation with the death of Y.S. Rajasekhara Reddy.

The report reportedly appeared in theXile.ru, a Russian lifestyle magazine, on September 6 last year, four days after the death of the then Chief Minister in a helicopter crash. The report alleged that the crash was the result of a conspiracy. theXile.ru was banned in Russia in 2008 and shifted to the United States where it is facing restrictions.

The report surfaced in local TV channels on Thursday evening, and triggered attacks on the outlets belonging to the company. Police promptly posted personnel to guard the outlets.

Employees and guards of Reliance Fresh in the city downed shutters and in some cases abandoned their stores after they came under attack by Congress activists. Two Reliance offices in Brodipet and Lakshmipuram were attacked and local activists staged a dharna, a report from Guntur said. In Vijayawada, company officials closed their outlets as a precautionary measure.

In Gandhi Chowk, Nellore, activists attacked a Reliance Web World showroom and damaged glasses and furniture. They burnt computers and fled before the police reached the spot with their forces.

In Tirupati, Congress activists led by the Tirupati Urban Development Authority (TUDA) chairman, Mr C. Bhaskar Reddy, stormed Reliance outlets.

In Visakhapatnam, petrol and retail outlets belonging to Reliance were damaged. Activists in Khammam called for a district bandh on Friday as a fallout of the report. Two closed Reliance petrol bunks were burnt in the district.

When asked whether any action would be initiated against TV channels for triggering such attacks, Hyderabad police commissioner B. Prasada Rao said, "We will look into the matter after verification."

<http://www.deccanchronicle.com/hyderabad/state-wide-attacks-reliance-stores-330> (Accessed on 22/01/2010).

### **Group Leadership**

Leaders make significant impression on the group members in exerting their human resources towards organisational goals. Similarly, the inefficient leaders mar the group activities. Therefore, the management has to appoint an efficient employee as the leader of the group. The leader is expected to balance the expectations of the group members, management and the informal group. He has to follow different types of leadership styles depending upon the situational requirements.

### **Group Status**

During the initial days of industrialisation, production group in the industries was treated on a priority basis compared to that of the marketing group, finance group and human resources group. This priority has been shifted to other groups over the period. This is because of the social requirements. In other words, when a variety of products were not available, the society used to give top priority to the production group. This type of priority or position given by the society to groups and group members is referred to as status.

Status is "a socially defined position or rank given to groups or group members by others." Group members get high status or low status in the group based on their authority and performance. High-status members of the group have more freedom to deviate from the norms. This facility enables them to have the discriminatory powers in decision-making. Low-status members of the group should not have freedom to deviate from the norms as it leads to status inequality. Similarly, high-status groups should also have freedom to deviate from norms as it enables high organisational performance. In such cases, group members believe that there is status equality. Otherwise it results in status disequilibrium, which needs corrective behaviour.

**Group Size**

Group size plays an important role in group behaviour. Certain activities like problem solving, investigation and inquiry need to be performed by larger groups. In fact, larger groups perform these activities efficiently. However, certain activities like decision-making can be efficiently performed by small groups. Smaller groups complete the tasks quickly and also work productively than the larger groups.

Research findings indicate that groups with odd numbers are preferable. Groups with five to seven members are efficient. However, the size of the group needs to be large when there is social loafing among the group members. Social loafing is the tendency among the group members to extend less effort when working collectively than when working individually.

**Group Composition**

Groups are formed with a number of people, may be with the diversified skills and characteristics or with unified skills and characteristics. The modern and global organisation prefers diversified groups because diversified groups have members with varied skills, cultures and heterogeneous background which bring a variety of information to the company. Such information is useful to the company for making organisational strategies. Further, diversified composition of the group in terms of skills, knowledge, age, education, experience, gender, functional specialisation, personality traits, culture, etc., make creative decisions and perform creativity-demanding tasks.

Group members belonging to the same demography can do the non-creative jobs more efficiently. Group demography is the degree to which group members "share a common demographic attributes such as age, sex, race, educational level or length of service in an organisation."

The appropriate group structure should result in efficient group performance and sound group decision-making.

## 8.7 COMMUNICATION NETWORK IN GROUPS

Communication is a process by which all forms of information are transferred from one person to the other. So, for the communication to take place there must be some information to be conveyed and there must be two or more persons — one to deliver the message and the other to receive it. Communication is said to be perfect only when the receiver understands it in the sense the sender expected him to understand.

According to McFarland communication is, 'a process of meaningful interaction among human beings. More specifically it is the process by which meanings are perceived and understandings are reached among human beings.'

Communication is said to be complete when the receiver has understood it in the same sense the sender has conveyed it. It is up to the sender to find out whether the receiver has understood the true meaning of the message. So a constant feedback becomes an essential component of the communication process.

### **Communication Channel and Network**

#### **Downward Communication**

Downward communication flows from higher level to lower level in the organizational hierarchy. This type of flow is an essential character of an authoritarian atmosphere. Thus, downward flow of information is from superior to subordinate.

#### **Upward Communication**

Upward communication flows from lower level to upper level in organizational hierarchy. This flow is often hindered by managers in the chain particularly in case of unfavourable information.

Upward communication is necessary to offer suggestions, to lodge complaints, ventilate grievances, to response to the counselling, opinion survey, exit interviews, to discuss in meetings and participate in decision-making.

## **Methods of Improving the Effectiveness of Upward Communication**

Group members initiate and encourage upward communication for the operational and organizational efficiency. Managements use the following methods to improve the effectiveness of upward communication.

1. Managing by Walking Around;
2. The Open-door/ Open-mind Policy;
3. The Ombudsman Position;
4. An Empowerment Strategy;
5. Participative Management;
6. Counselling, Attitude Surveys and Exit Interviews;
7. The Grievance Procedure; and
8. E-mail.

## **Communication Network**

Groups establish communication flows with others in different patterns in order to facilitate the flow of information from one point (or source) to all other points. These patterns of flow of information are called communication network. There are innumerable ways or patterns of communication. There are a few frequently used networks.

Communication networks reduce the channels by which information flows. These networks are classified into two, viz., formal networks and informal networks.

Formal networks are typically vertical, follow the authority chain and are limited to task-related communications. In contrast, the informal network usually known as grapevine- is free to move in any direction, skip authority-responsibility relationship levels- The likely purpose of informal network is to satisfy social needs of the group members with a view to motivate the members of task accomplishment.

## **Formal Networks**

There are three common small-group networks. These are chain, wheel, and star. The chain rigidly follows the formal chain of command. In the wheel network, communication flow depends on the superior to act as the central point for all group communications. The star or all- channel network

all group members actively communicate with each other. This type of network is essential for teamwork.

The effectiveness of each network depends on the dependent variables. For example, speed of communication is fast in wheel and star. Accuracy of information is high in chain and wheel networks. Dependency on leader is high in wheel network. Members are highly satisfied in star network. Distortion is high in chain network and low in star network. Work overload is moderate in chain and star networks and very high in wheel network. All chain/star network is best for team work, which satisfies members as well as produces qualitative work. It is also clear that no single network will be the best for all occasions.

### **Informal Network**

The informal network is widely used in informal groups and has three main characteristics, viz.,

- ★ It is not controlled by management;
- ★ Most employees perceive that they get reliable information through this technique; and
- ★ It is largely used to serve the self interests of the members. There are no clear patterns of flow of information in informal network. Information can flow in any direction in this network.

### **Group Communication Networks**

Group communication networks are mostly as follows:

**Decentralised Communication Network:** Groups that need to interact intensely for sharing information, skills and competency and need to work cooperatively and collaboratively resort to interactive communication networks. Members of this network have the facility of decentralized communication network. Members in decentralized networks work interdependently and in close coordination.

**Centralised Communication Networks:** Formal groups in tall organizations resort to centralized communication as the entire management and control is normally centralized in tall organizations. Communication flows from the manager to his/her subordinates who in turn pass the information to their subordinates.

## 8.8 SUMMARY

- ★ Group is the combination of two or more people formed with a purpose of achieving their common and shared goals through their interactive effort.
- ★ Certain group goals are in conflict with organizational goals.
- ★ Types of groups include: formal, informal, command, task, interest, friendship, primary, coalitions.
- ★ Stages of group formation include: forming, storming, norming, performing and adjourning.
- ★ Normally, it is felt that group performance is highest during performing stage. But it is found that some people perform better during the stage of storming.
- ★ Groups at workplace are formal and informal groups.
- ★ Formal groups are formed and developed out of the organisational requirements.
- ★ Informal groups also contribute to organisational goals, employee satisfaction and welfare.
- ★ Global companies allowed the formation of informal groups within the formal groups, work in coordination with them which result in collaboration between both these groups.
- ★ Formal groups are structured while informal groups are mostly unstructured.
- ★ Group cohesiveness is the degree to which group members are attracted to each other and are inspired and motivated to stay in the group.

- ★ Social loafing results in reduction in group output though it is the normal character of some of the people.
- ★ Group members belonging to the same demography can do the non-creative jobs more efficiently.
- ★ Communication is said to be perfect only when the receiver understands it in the sense the sender expected him to understand.

## 8.9 SELF ASSESSMENT QUESTIONS

1. What is a group? Explain the need for formation of groups.
2. Discuss the various types of groups and their characteristics.
3. Discuss the different stages of group formation and development.
4. Differentiate formal groups from informal groups.
5. Explain the need for informal groups.
6. What are the favourable outcomes of informal groups?
7. Discuss the group structure.
8. What is group cohesiveness? Explain the factors those affect group cohesiveness.



## **REFERENCE MATERIAL**

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[PPT](#)

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[Video Lecture - Part 1](#)

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[Video Lecture - Part 3](#)

# Chapter 9

## Team Work And Team Building

### Objectives

**After studying this Chapter, you should be able to:**

- ★ Know the meaning of groups, need for formation of groups and types of groups;
- ★ Analyse the different stages of group formation and development;
- ★ Differentiate the formal groups from informal groups;
- ★ Analyse the significance and role of informal groups;
- ★ Understand the group structure;
- ★ Know the factors that increase and decrease group cohesiveness;
- ★ Understand the meaning of teams and the difference between teams and groups;
- ★ Discuss various types of teams including work teams, project teams and ad hoc teams;
- ★ Explain various strategies for building teams; and
- ★ Discuss the conditions for building-up successful teams.

**Structure:**

- 9.1 Teamwork — An Introduction
- 9.2 Types of Teams
- 9.3 Team Building
- 9.4 Team Roles, Norms and Cohesiveness
- 9.5 Self Managing and Virtual Teams
- 9.6 Summary
- 9.7 Self Assessment Questions

## 9.1 TEAMWORK — AN INTRODUCTION

Most of us normally assume that groups and teams are the same and group is synonymous to team. There are clear distinctions between the two concepts. First we discuss the meaning of the term team and then discuss the distinctions between the two terms.

### **Meaning**

Team is two or more people with complementary skills join together to work interactively as a single unit and achieve a common purpose for which all of them hold collective accountability. Complementary skills mean that the two members of the same team are not strong in the same skill. All members possess diversified skills that are necessary to achieve the common purpose of the team. Cricket team is the best example at this juncture. Indian students might draw the example of 'Lagaan' movie wherein the members of the Indian cricket team are drawn based on complimentary skills that are necessary to achieve the common purpose of 'winning the game' against that of the British team.

Team members work interactively and collaboratively does mean that the members not only share data and information, but carryout the entire work without delineating the boundaries of roles and jobs. It does mean that everyone will not only carry their work, but also carry-out the work of others who are either unable to rise to the occasion or unable to attend to the work. Thus, the training manager is ready to do the work of recruitment manager and vice versa in times of need in human resource team.

Team members work as a single unit does mean that they work like a single individual with full coordination and collaboration without any room for overlapping and missing links/piece of an activity. Everyone in the team attend to any piece of activity that seems to be. Team members held collective accountability does mean that every one works from the end/final result in mind rather than escaping from the final result. Having discussed the meaning of teams, now we discuss the differences between groups and teams.

## Groups versus Teams

We have discussed widely about groups in the previous section of this Chapter. As discussed earlier, group is a combination of two or more people formed with a purpose of achieving their common and shared goals through their interactive effort. Group is also a combination of two or more people as in case of a team. But, the group members need not have complementary skills as well as may not be held common accountability. Similarly, group members may not work as a single unit. Thus, group members come together to share information and work together, but not as a single unit. Exhibit 9.1 presents the distinctions between groups and teams.

<b>Exhibit 9.1 Distinctions between groups and teams</b>		
<b>Base</b>	<b>Group</b>	<b>Team</b>
Skills	No stipulation	Complementary
Contribution and Performance	Individual contributions	Collective contributions and work as a single unit
Accountability	Individual	Collective
Purpose and Commitment	Common purpose, but individual commitment	Common purpose and commitment
Responsive to	Management's demands	Self-imposed demands
Interaction to achieve Goal	Sharing information	Collective performance to achieve goal
Impact of Synergy	Mostly no impact	Mostly positive impact

**Skills:** Groups are structured naturally with the people who join together voluntarily without any specific selection procedure. Therefore, group members may possess the same skills and ultimately groups used to have duplicate skills. Teams are structured with a purpose and therefore team members are selected based on the skill requirements of the purpose or the project. Hence team members have complementary skills.

**Contribution and performance:** Group activity is divided into roles and tasks. These roles and tasks are delineated and entrusted to each member. Therefore, members contribute individually and these contributions are coordinated with a planned structure. Teamwork is entrusted to all members without categorically delineating the roles and tasks. Team members contribute collectively like a single individual performing the total task. Hence, coordination of activities in teams is done naturally without any pre-structured activity.

**Accountability:** As explained earlier, group activity is delineated into roles and activities and each of them are delegated to each member. Therefore, each member performs his/her role and task and assumes accountability to the role and task delegated to him/ her. Team members are not delegated with clear-cut individual task and responsibility. As such team members perform tasks in an automatic coordinated approach. Therefore, team members assume joint responsibility and accountability for the end result.

**Purpose and commitment:** Group members as well as team members have common purpose. Group members commit individually to their respective roles and tasks. But, team members work in collaboration and commit to the final results as well as to the process of the project jointly.

**Responsive to demands:** Group members are loose in structure and therefore, await management's instructions and guidelines from time to time. As such members in a group respond to management's demands. Members in teams are structured tightly leaving no room for confusion and planned coordination. Therefore, coordination is achieved naturally and automatically. As such team members respond to self-imposed demands.

**Interaction to achieve goals:** Group members mostly interact with each other to share information. They work individually after sharing information. Team members not only share information, skills and experiences, but work jointly from the beginning to the end of teamwork or the project.

**Impact of synergy:** Synergy results in teams as the sum of team output is more than the total output of all individual members. Synergy takes place in teams as a positive force is stimulated by the interactive and collaborative effort of the team members. Group activity normally does not produce any synergy as the group members don't work in collaborative

approach where as team activity results in synergy. So team activity results in higher rate of performance than that of group activity.

Having cleared the differences between teams and groups, now, we will discuss types of teams.

## 9.2 TYPES OF TEAMS

There are several types of teams. They can be grouped as work teams, project teams, high performance teams, improvement teams, self managed teams, semiautonomous teams and virtual teams.

**Work teams:** Work teams are concerned with the primary organizational activities and organizational goals. These teams use organisation's resources to achieve organisation's goals and strategies within the activity/ project assigned to the team. However, the basic orientation of these teams has been changed significantly over the period. Work teams during 1980s were to enhance good feelings of the members and now are to enhance productivity. They used to have one formal leader during 1980s and now have more than one leader depending upon the project. Exhibit 9.2 presents the shifts in work teams.

**Exhibit 9.2 Shifts in Work Teams**

Shift Factor	Teams in 1980s	Teams in 2000s
Underlying Purpose	To enhance good feelings	To enhance productivity
Leadership	One formal Leader	More than one leader depending up on the project
Organisational Level	Upper level	All levels
Performance Appraisal	Individual accomplishments	Team accomplishments
Measure of effectiveness	Feelings of members	Attainment of team goals
Typical Training	Inter-personal skills, getting along with others.	Wide variety of job skills, and soft skills.

**Source:** Adapted from Jerald Greenberg and Robert A. Baron, "Organisational Behaviour", Prentice-Hall of India, New Delhi, 2007, p.293.

**Purpose/Mission:** Work teams are designed with a specific mission/purpose like innovation, and development of new products, serving customers, developing new markets, and the like.

**High performance teams:** Members of these teams are highly committed to each others' personal development and career success.<sup>26</sup> These teams work beyond the normal characters, scope and level of work teams. Members of these teams show mutual care, trust and respect for each other like families in the eastern countries. The additional characteristics of high performance teams include:

- ★ **Empowering people to make decisions:** Members are empowered to make decisions relating their area of operation without waiting for the superior or others.
- ★ **Sharing responsibility:** All the team members share the responsibility.
- ★ **Common sense of purpose:** All the members agree to a common purpose as well as direction and follow it.
- ★ **Focus on the task at hand:** Teams project the end results and the efforts of the individuals are drawn towards the projected end results.

**Improvement teams:** These teams concentrate on improvement of existing systems, organizational improvement, finance improvement, sales improvement, etc.

**Semiautonomous work teams:** These teams have rights to make certain decisions and implement them without referring to the top management. These groups are empowered teams.

**Cross-functional teams:** These teams are formed with employees of the same hierarchical level but from different functional areas like production/operations, marketing, finance and human resource. These teams are formed in order to formulate organizational strategies, integrated/strategic and work plans, make integrated decision that has impact on various departments within an organization and external stakeholders. These teams enable team members to acquire multiple skills and knowledge by sharing and learning skills and knowledge from each other. Thus, members of these teams not only do integrated work, but become multi-skill



employees over time. They also broaden their outlook and thinking by viewing the total organization including its environment in a comprehensive manner.

**Self-managed and directed teams:** These teams are autonomous in decision-making as well as implementing them. Members of the team manage themselves as well as team activities without the interference of the top management. In addition, members of these teams direct themselves as well as other members of the team.

**Loose teams:** These teams are almost like ad hoc teams. These teams are used in independent routine work and assembly lines.

**Collaborative team:** These teams are used for constant creative work.

**Short-term specific problem/task teams:** These teams are used for temporary tasks.

**Cross-functional team:** These teams are used when different kinds of expertise are needed.

**Executive team:** Executive team is used at the top level in order to make use of cross-functional skills and knowledge by CEO.

### 9.3 TEAM BUILDING

Purpose of team building is to enhance efficiency of strategic management in an organization. Teams enhance human resources of members and thereby members' contributions as members learn from each other. Teams use members' diversity as an opportunity to win competition. Teams work in collaboration to bring innovation and manage organizational change and development.

#### **Team building Strategies**

Team building strategies include:

- ★ Select those members who can contribute to the achievement of organizational goal/strategy

- ★ Divergence of skills required
- ★ Balance the team structure
- ★ Each member should have something to contribute
- ★ Free flow of communication
- ★ Team Structure Follows Strategy
- ★ Decide appropriate team style for the Strategy
- ★ Cross-functional teams
- ★ Cross-Cultural Teams
- ★ Cross-Demographic Teams
- ★ Cross-Team Role Players
- ★ Strong Bonds with other Formal/ Informal Teams

### **Team Building Interventions**

Team building activities, for both kinds of groups, aim at

- ★ Diagnosing barriers to effective team performance,
- ★ Improving task accomplishment and improving relationship between team members.
- ★ Understanding and managing group process and culture,
- ★ Role analysis technique for role clarification,
- ★ Definition and role negotiation techniques is important.

Diagnostic meeting may involve the total group and several sub- groups and require only a brief time in order to identify strengths and problem areas and to conduct a general critique of the performance of the group.

Actual team building requires a subsequent longer meeting ideally held away from the work place. The purpose of this meeting is to improve the team's effectiveness through better management of task demands, relationship demands and group processes.

The role analysis technique is designed to clarify role expectations and obligations of team members to improve team effectiveness. Role negotiation intervenes directly in the relationships of power, authority and influence within the group. A follow-up meeting evaluates the success of the action steps.

### Purpose of Team Building

The purposes of team building are:

- a. to set goals or priorities;
- b. to analyse/allocate the way the work is performed;
- c. to examine the way a group is working and its process;
- d. to examine the relationships among people.

The primary goal of team is maintenance of interpersonal relationships is secondary.

### Essential Conditions of Team Building

The essential conditions for team building include:

- ★ Every member must have a clearly assigned role;
- ★ The team must take collective responsibility for the action of each of its members;
- ★ Team must speak with one voice;
- ★ No appeal from one member to another;
- ★ Good team is small in number;
- ★ No inordinate difference in salary of members and
- ★ Each member should be able to handle responsibilities of other members.

## **Ingredients of Team Building**

The major ingredients of team building are:

- ★ Get the right people with complementary skills together;
- ★ Begin with a meeting to let team members get to know each other;
- ★ Emphasize that they have to work together;
- ★ Ask for ideas, suggestions and past experiences that they believe will help the group work as a team;
- ★ Have a large block of uninterrupted time;
- ★ Deal with high priority problems/opportunities;
- ★ Work on all the identified problems;
- ★ Structure in all ways to enhance the likelihood of success;
- ★ Develop realistic solutions and action plans;
- ★ Implement the solutions enthusiastically; and
- ★ Follow up to assess actual vs expected results.

## **Building Teams Successfully**

The essential hints to the manager to build the team successfully are:

- ★ Hold small and informal meetings for minor problems and large and long meetings for strategic issues;
- ★ Build appropriate team structure based on the activity assigned to the team;
- ★ Provide appropriate leadership to lead the team activities;

- ★ Create a climate of trust and cooperation;
- ★ The rule of order is to pick easy problems first;
- ★ Keep the atmosphere casual and light;
- ★ Compliment the participants and strengthen the spirit of cooperation and collaboration;
- ★ Keep an open mind;
- ★ Don't harp on a pet idea and do not let anyone else hog the floor either;
- ★ Encourage the subordinates to formulate the goals though you are the boss;
- ★ Workers expect something to fulfill their goals;
- ★ Help the members when they need it;
- ★ Protect the workers when they do something wrong;
- ★ Provide a provision for evaluation of team performance and reward it;
- ★ Provide the members all necessary resources like physical, human resources, material, finance, etc.;
- ★ Follow feed-forward and feedback and keep the members informed always; and
- ★ Be aware that the situational management and leadership is almost always the best policy.

### **Team-building Goals**

Teams are formed to achieve the goals of a business unit in a comprehensive manner by integrating the complementary skills of members based on the goal requirements. Team goals are formulated in order to achieve the business unit goals, Team goals include:

- ★ Directing the members' behavior and skills towards business goals by clarifying core values;
- ★ Translating the business unit goal into specific performance requirements of members;
- ★ Selecting and developing right mix of skills;
- ★ enhancing creativity in task performance;
- ★ Enhancing morale of team members more than individually derived morale;
- ★ Achieve productivity higher than that of individually derived productivity with the help of synergy;
- ★ Provide the scope for greater pride for members in job performance;
- ★ Build employee loyalty to the company;
- ★ Improving technical skills of members via mutual learning from each other in the process of working in a team;
- ★ Developing problem-solving skills of members;
- ★ Developing soft skills and inter-personal skills of members in the process of teamwork.

**Exhibit 9.3 Guidelines to Build a High performing Team**

- ★ Communicate clearly standards for high performance.
- ★ Set the tone in the first meeting.
- ★ Create a sense of urgency.
- ★ Set a compelling context for action.
- ★ Make sure team members have the right skills.
- ★ Establish clear rules for behavior of team members.
- ★ Exhibit 'model behaviour' as a team leader.
- ★ Identify specific goals that can be achieved to create success as soon as possible.
- ★ Introduce new facts and information to the team members continuously.
- ★ Make sure the team members spend a lot of time together.
- ★ Provide positive feedback.
- ★ Reward high performance results appropriately.

(Source: Katzenbach and Smith, 1993, p.113. Quoted in Wood et.al., "Organisational Behaviour", John Wiley, Milton, 2004, p.323.

**9.4 TEAM ROLES, NORMS AND COHESIVENESS**

Team structure is critical as team members should possess complementary skills as each member of the team is expected to play a different role. Team roles include leader, critic/ challenger, implementer, external contact, coordinator, idea generator, inspector, contributor, collaborator, and communicator. Activities of each of these roles include:

**Team leader:** Team leader finds new team members and develops the team working spirit, judge the talents and personalities of members, adopt him to overcome weaknesses and communicates efficiently with superiors as well as subordinates.

**Critic/challenger:** Team critics or challengers act as a guardian and analyst of the Team's long-term effectiveness. They are never satisfied with anything less than the best. They analyse weaknesses of the members and possible failures of the teamwork and mercilessly correct faults. They act as devil advocates. These members further, challenge the goals, methods, and even the ethics of the team. They are even willing to disagree with the leader or higher authority and encourage the team to

take well-conceived risks. As such the team members and others appreciate the value of challenger's candour and openness. People describe the challenger as honest, outspoken, principled, ethical and adventurous.

**Implementer:** Members of this category ensure momentum and smooth running of the team's actions. These members are born time- tablers. They predict possible delays and provide information before hand to the members.

**External contact:** These members look after the team's external relationship, judge others' needs and provide resources to meet the needs. They grasp overall system and external agencies related to the organization as well as teams. They handle confidential information.

**Coordinator:** The member playing this role pulls together the work of all members as a whole into a cohesive plan, understands interrelationship of tasks, sense priorities, grasp several things at one time, maintains internal contacts and networks and heads of potential troubles.

**Idea generator:** The member playing this role sustains and encourages the team's innovative vitality and energy. He/she is enthusiastic and lively with a zest for new ideas, sees every problem as an opportunity and never at a loss for a hopeful of suggestions.

**Inspector:** The member playing this role ensures that high standards are sought and maintained, strict/pedantic in enforcing rules, judges performance of others, brings problems to surface and praise the members for success and find fault of other members.

**Contributor:** Members playing this role provide the team with good technical information and data by doing homework push the team to set high performance standards and to use their resources wisely. These members may become too bogged down in the details and data and do not see the big picture or the need for positive team climate. People describe these members as responsible, authoritative, reliable, proficient and organized. People also see the contributor as dependable.

**Collaborator:** Members playing this role sees the vision, mission, goal of the team as paramount and are flexible and open to new ideas. They are willing to pitch in and work outside his or her defined role and are able to



share the limelight with other team members. People view them as a big-picture person. They may fail periodically to revisit the mission, to give enough attention to the basic team tasks, and to consider the individual needs of other team members. These members are forward-looking, goal directed, accommodating, flexible and imaginative.

**Communicator:** The member playing this role is a process-oriented member, effective listener and facilitator of involvement, conflict resolution, consensus building, feedback, builder of an informal, relaxed climate, positive "people person". People may see him/her as process and an end in itself. This member may not confront other team members, or may not give enough emphasis to completing task.

## Team Norms

Norms are rules or standards about the behavior that team members are expected to exhibit. According to Stephen P. Robbins, norms are, "acceptable standards of behaviour within a group that are shared by the team's members." Norms specify the group members 'Dos' and 'Don'ts'. They also indicate the expectations of the team from its members'. Thus, norms influence and shape the individual behaviour in accordance with the team expectations.

Norms vary from team to team, but certain norms are common for teams. All the teams have the common norms of achieving high performance, improving productivity, doing the job in the right time, working smart, etc. Other common norms include appearance norms including dress, facial expressions, body language, social norms like treating the guests, friends, respecting the elders and superiors, salary levels, job family, etc.

Team members' values and behaviour vary from that of the team's norms. But the team influences the individuals to modify their behaviour in accordance with the team's norms. Adjustment of employee's behaviour to align with the norms of the team is called conformity. Employees sometimes modify their attitude and behaviour willingly to conform to the expectations of the team as the employee is aware of other members of the team. Such teams are called 'reference groups.'

Thus, employees modify their values, attitudes and behaviour in accordance with the team norms.

Team members have an understanding of norms, members' power, skills, duties and rights of all and respect each other. Team leaders counsels and arrange negotiations, in case of violation of team norms by any member.

### **Team Cohesiveness**

Team cohesiveness is the degree to which team members confirm to the team norms and are attracted to each other and are inspired and motivated to stay in the group.

#### **Team cohesiveness is high when:**

- ★ the employees spend more time for working together;
- ★ the team size is small;
- ★ team members interact with each other closely and frequently;
- ★ team members have common threats;
- ★ members agree with the common goals;
- ★ the members aim at increase in the team status;
- ★ there is competition with other team;
- ★ when they physically isolate the team.
- ★ Team members are homogeneous in age, attitudes, needs and backgrounds;
- ★ Team members respect one another's competencies;
- ★ Team members agree on common goals;
- ★ Team tasks require interdependent efforts;
- ★ Team is isolated from other teams;
- ★ Team experiences performance success; and
- ★ Team experiences performance failure.

Exhibit 9.4 presents the effects of team cohesiveness and Exhibit 9.5 presents the factors that increase or decrease team cohesiveness.

### Exhibit 9.4 Effects of Cohesiveness

**Effects of Cohesiveness:** Cohesiveness influences productivity. Cohesiveness along with induction and performance norms influences productivity.

- ★ High cohesiveness along with positive induction of the employee to the work, company, colleagues, etc. leads to high productivity
- ★ Low cohesiveness along with negative induction leads to low productivity
- ★ High cohesiveness along with high performance norms result in high productivity
- ★ High cohesiveness along with low performance norms leads to low productivity
- ★ Low cohesiveness along with high performance norms results in moderate productivity
- ★ High cohesiveness along with negative induction results in low productivity.

### Exhibit 9.5 Factors that Increase and Decrease Group Cohesiveness

Factors that Increase	Factors that Decrease
Group Cohesiveness	Group Cohesiveness
Group members spend more time with each other	Spend less time with each other Large size of the group
Small size of the group	Infrequent interaction among members No Threats
Frequent interaction among members	Disagreement on Common Goals No competition with other groups
Group members have common threats	Unpleasant experiences
Agreement on Common Goals	Domination by one or more members
High competition with other groups	
Personal attractiveness	

**Favourable Evaluation**

(**Source:** Modified version from Andrew D.Szilagyi et al., "Organisational Behaviour and Performance," 1990, pp. 282-283.

## 9.5 SELF MANAGING AND VIRTUAL TEAMS

### **Employee Empowerment**

The traditional management/administration believed that lower level employees do not have managerial skills, managerial knowledge and managerial aptitude. Therefore, the manager at the top level used to take strategic decisions, managers at middle level used to take executive decisions and managers at the lower level used to take operational decisions and the workers used to carry out/implement the decisions taken by the lower level managers.

Increase in levels of formal education, increase in the contents in the educational programmes, entry of high qualified candidates even at the lower levels of the organisations made the managements to realise that even the employees at the lower levels can take operational and executive decisions, if they are (i) provided with the required additional skills and knowledge through training and development and (ii) are delegated with the required authority and responsibility. Some of the modern managements enabled the employees to take executive and operational decisions and also implement them by providing training and development and delegating authority and responsibility.

Empowerment refers to enabling a lower level employee to make all the decisions required/relevant for carrying out his duties or discharge his responsibilities, on his own and implement them.

### **Importance**

Organisational restructuring/reorganisation through Business Process Re-engineering can be possible only with employee empowerment. The liberalisation, globalisation and privatisation resulted in severe competition. The competition forced the companies to serve and satisfy mostly the customer. Therefore, the organisations started empowering the employees to serve the customers better without any loss of time and inconvenience of going around various departments like finance, production and

marketing/commercial. Empowerment enables the customer to get the better service/products without the loss of any time and at one point of contact. Thus, the satisfied customer will not only be loyal to the company but acts as a link in the chain of advertisements without any cost.

**Job Enrichment and Self Management:** Job enrichment provides authority to make decisions and responsibility to implement those decisions and control the activities to achieve job goals and accountable to the job targets. Thus, job enrichment provides freedom to the employee to perform job and satisfy employee's esteem needs as the employee manage job himself/herself.

**Empowered Teams and Self Management:** Empowered teams have the following characteristics:

- ★ They do not have barriers between people and departments
- ★ Formulate a vision
- ★ People at all levels are made champions of the vision
- ★ Create the feeling of belongingness
- ★ Creativity of the employees is encouraged
- ★ Keep the organisation strengths simple
- ★ Employees learn and teach the art of self-leadership.

**Conditions for Effective Team Empowerment:** The following conditions are necessary for effective team empowerment:

- ★ Provide the information of the company to the team;
- ★ Team members should have multi-skills and knowledge including technical/functional expertise, managerial skills and inter-personal skills;
- ★ Team members should have problem solving and decision- making skills;
- ★ Team members should assume power to make substantive decisions;
- ★ Team members should understand all the jobs, job specification and descriptions;
- ★ Management should create and maintain conducive organisational culture;
- ★ Management should delegate authority and power;

- ★ Management should encourage the employees to take risk;
- ★ Management should reward the employees adequately;
- ★ The environment should be receptive to people with innovative ideas, risk taking, new methods and practices; and
- ★ Empowered teams should be accountable for the results, cost, behaviour, credibility and positive approach.

**Meaning:** Self-managing teams are empowered small teams to manage, direct, coordinate and control themselves towards the achievement of team tasks goals in collaboration with other teams within and outside an organization. Thus, members of the self-managing teams make decisions, implement and held accountability collectively with regard to job design, work division, work allocation, perform the team tasks in collaboration. They train each other in various tasks and evaluate one another.

Conditions for Establishment of Self-Managing Work teams: Organizations that establish and maintain self-managed work teams should satisfy the following conditions:

- ★ Understanding the modus operandi of self-management and self-managed work teams;
- ★ Design appropriate team structure with required authority, power, responsibility, accountability and linkages with intra-organizational and extra-organizational structures;
- ★ Communicating to and ensuring commitment of all team members of organizational vision, mission, goals and strategies;
- ★ Link the team to organizational design and structure; and
- ★ Designing supportive mechanism wherever and whenever necessary.

## **Benefits of Self-Managed Work Teams**

- ★ Organizations that establish self-managed work teams derive a number of benefits. Important among them include:
- ★ Exploitation of human potentialities of team members;
- ★ Satisfaction of esteemed needs of team members;
- ★ Improvement of social and inter-personal relations among team members;
- ★ Increase in efficiency of team members and team productivity;
- ★ Increase in quality;
- ★ Fewer job classifications;
- ★ Reduced efforts of direction and control activities;
- ★ Customization of production and organizational activities;
- ★ Ensuring highest customer satisfaction due to effective implementation of single-window system in serving the customer;
- ★ Fewer management levels;
- ★ Lower employee turnover;
- ★ Positive employee attitude towards work and customers; and
- ★ Increased adoption to all organizational change efforts.

## **Virtual Teams**

Information technology and globalisation brought the flexible work place concept in human resource management. The number of telecommuting employees has been increasing year by year. Telecommuting is the use of personal computers, networks and other communication technology like fax, telephones and e-mail to do work in the home that is traditionally done in the work place. Telecommuting does not involve geographic relocation of employees quite often. Thus telecommuting helps to form virtual teams where people can do their part of work of a team by staying in their own geographical area.

Virtual team, is a network of members with complementary skills to achieve a common goal in which all the geographical and time boundaries are removed. It consists of individuals working out of physically dispersed workspaces, or even individuals working from mobile devices and not tied to any particular workspace and time horizon. Virtual team is the collaboration and information and communication technology intense structure.

Virtual team members coordinate the functions and activities of various activities combine the human skills, financial resources, marketing/customer needs, innovations etc; with the help of communication and information technology. Network of relationships coordinates the manufacturing, financing, human resourcing, marketing and all other activities of a team.

There are partial virtual teams. These teams physically perform certain activities and perform the remaining activities using information and communication technology devices.



## **Characteristics of Virtual Teams: Characteristics of virtual teams include:**

- ★ Flexi-work, flexi-time and flexi-work place
- ★ Part-time work
- ★ Job/ activity sharing
- ★ Home-based working
- ★ Dependency on information technology like e-mail integration, voice-mail, mobile phone network, Computer-Telephony Integration etc.
- ★ Loose organizational boundaries
- ★ De-jobbing
- ★ Multi-skilling
- ★ Flexibility in power, work, etc.
- ★ Goal directed
- ★ Customer centred.

## **Critical Success Factors of Virtual Teams**

Critical success factors for virtual teams are:

- ★ Supportive human resource policies in the areas of recruitment, training, career planning and development, remuneration;
- ★ Training in the areas of information and communication technology;
- ★ Cost-benefit analysis of team formation, work and development;
- ★ Provision for state-of-the- art information technology;
- ★ Provision for multi-directional flow of communication and information;

- ★ Support of top management;
- ★ Competencies of team leader and team members in virtual meetings, operations, interaction and working;
- ★ Flexible work and organizational culture that enables virtual work; and
- ★ Understanding the culture of team members via on-line interactions.

Difference between Normal and Virtual Teams: Virtual teams are invariably different from normal teams. The significant differences are:

- ★ Virtual teams are dependent on information and communication technology (ICT). The variations in the use and operation of ICT among team members lead to variations in performance of team work;
- ★ Virtual team can't take the advantage of non-verbal cues in communication as some times actions speak louder than words;
- ★ Culture influences widely the interaction among team members. Virtual teams can't take the advantage of the role of culture in team interaction fully;
- ★ Virtual teams encounter the issue of time differences among different geographical regions of the world;
- ★ Virtual teams can't take the advantage of private and inner communication channels that involve confidential communication; and
- ★ Virtual teams can't provide provision for recording of team processes.

### **Advantages of Team Building**

The main factor in the success of Japan is teamwork. Team does wonders. It can do the things what the high technology cannot do. It creates an open and participatory climate. It improves communication, problem solving and interpersonal skills of the members. It results in high level group effectiveness, mutual influences, trust, confidence and personal involvement. It enhances the power of self- reliance, trust one's own capacities and manipulate the circumstances. It minimises interpersonal and intergroup conflicts and enhances collaboration and thereby enhance organisational effectiveness. Ultimately, it results in high organisational efficiency and productivity.

## 9.6 SUMMARY

- ★ Team is formed when two or more people with complementary skills join together to work interactively.
- ★ Groups and teams are distinguished on the basis of skills, contribution and performance, accountability. Purpose and commitment, responsive to demands, interaction to achieve goals and impact of synergy.
- ★ Teams can be grouped as work team, project teams, high performance teams, improvement teams, self-managed teams, semi-autonomous teams and virtual teams.
- ★ Team building helps in enhancing efficiency of strategic management in an organisation.
- ★ Team roles include leader, critical challenger, implementer, external contact, coordinator, idea generator, inspector, contributor collaborator and communicator.
- ★ Team norms are the rules or standards about the behaviour that team members are expected to exhibit which includes achieving high performance, improving productivity, appearance norms, social norms, etc.
- ★ Team cohesiveness is the degree to which team members conform to the team norms and are attracted to each other and are inspired and motivated to stay in the group.
- ★ Empowerment refers to enabling a lower level employee to make all the decisions required/relevant for carrying out his duties or discharge his responsibilities, on his own and implement them.
- ★ Organisational restructuring/reorganisation through Business Process Re-engineering can be possible only with employee empowerment.
- ★ Self-managing teams are empowered small teams to manage, direct, coordinate and control themselves towards the achievement of team tasks goals in collaboration with other teams within and outside an organization.

## 9.7 SELF ASSESSMENT QUESTIONS

1. What is a group? Explain the need for formation of groups.
2. Discuss the various types of groups and their characteristics.
3. Discuss the different stages of group formation and development.
4. Differentiate formal groups from informal groups.
5. Explain the need for informal groups.
6. What are the favourable outcomes of informal groups?
7. Discuss the group structure.
8. What is group cohesiveness? Explain the factors those affect group cohesiveness.

## **REFERENCE MATERIAL**

Click on the links below to view additional reference material for this chapter

[Summary](#)

[PPT](#)

[MCQ](#)

[Video Lecture - Part 1](#)

[Video Lecture - Part 2](#)

# Chapter 10

## Group Conflicts And Negotiations

### Objectives

**After studying this Chapter, you should be able to:**

- ★ Know the causes of intra-personal conflicts and analyse conflicts due to frustration, goals conflicts and role conflicts;
- ★ Understand the causes of inter-personal conflicts and evaluate them through Transactional Analysis, and Johari Window model;
- ★ Negotiate the means and strategies by which inter-personal or intra-group conflicts can either be avoided or minimised;
- ★ Discuss the reasons for and the strategies to reduce inter-group conflicts; and
- ★ Suggest how team building activity negotiate to solve group conflicts and enhance organisational productivity.

### Structure:

10.1 Introduction

10.2 Intra-personal/Intra-Individual Conflicts

10.3 Interpersonal/Intra-Group Conflicts

10.4 Intergroup Conflicts

10.5 Summary

10.6 Self Assessment Questions

## 10.1 INTRODUCTION

We have already studied various concepts of group in the chapter on “Foundations of Group and Team Behaviour.” Now, we refresh the important concepts relevant to group conflicts and negotiations.

Group dynamics describe how a group should be organized and conducted. It encompasses the dynamics of interaction patterns within the group, the subtle and not-so-subtle pressures exerted by group members, the manners in which decisions are made in the group, how work gets done and how members’ needs are met. Understanding group dynamics will enable managers to strategically and completely harness the synergy of the group members. Individuals join groups for security, social relations, affiliation, leadership, etc.

There are numerous types of groups. The important among them are primary groups, secondary groups, formal groups and informal groups.

Primary groups are small groups enough for face-to-face interaction, having a feeling of commandership, loyalty and a common sense of values among its members. Coalitions are very relevant to organisations. Coalition is group of groups.

Formal groups are collections of employees who are made to work together by the organisation to get the job done.

On the other hand, informal groups emerge on their own due to the affinities that develop among the group members.

Norms can be described as shared beliefs among group members as to which behaviours are appropriate, if one desires to be a part of the group. Status refers to the importance and difference that people give to others. Cohesion refers to the extent of unity in the group and is reflected in the members’ conformity to the norms of the group, feeling of attraction for each other and wanting to be co- members of the group.

Having refreshed our cognition, now we shall study the conflicts and negotiations.



K.W. Thomas defines the term conflict as “a process that begins when one party perceives that another party has negatively affected, or is about to negatively affect, something that the first party cares about.” Conflict may be a difference between what is expected and what really happens or is going to happen. It may be disagreement or misunderstanding with others or events. Conflicts may be over expectations, roles, goals, viewpoints, etc. They also may be struggle between or among incompatible interests, needs, goals, people, ideas, etc.

Conflicts also arise due to competition between individuals or groups for the same resources, opportunities, positions, markets, etc.

### **Shift in Views on Conflict**

The traditional view is that a conflict, whatsoever, is bad. Conflicts were viewed equal to violence, destruction and irrationality. They are further viewed as dysfunctional. It was viewed that conflicts were undesirable and as such, they should be avoided. The human relations' school view that conflict is a natural aspect in the group process in an organization and as such they should be accepted as an inevitable part of group relations and functions. Therefore, conflicts can't be totally avoided. The modern view is that conflicts result in constructive competition and they enhance individual as well as organisational competitive ability and as such they are desirable up to a certain extent.

The interactionists view is that conflicts that contribute to enhancing functional performance of the group are desirable and those conflicts that hamper relationships as well as group functional performance are undesirable and should be avoided, if possible and otherwise should be reduced. Thus, the desirability of conflicts is to be judged based on their contribution to group functions, group process and relationships. According to this view the conflicts that enhance group thinking, sharing skills, knowledge, creating innovations and thus contributing to highest and constructive group performance are known as functional conflicts and are highly desirable. Functional conflicts are close to task conflicts that are desirable. Conflicts that are mostly based on ego states as well as self-centred of the members contributing negatively to group performance are known as dysfunctional conflicts and are quite undesirable. Relationship conflicts are mostly related to interpersonal relations and mostly are dysfunctional and undesirable. Process conflicts are concerned with the

formation, structure and process of group tasks and performance. Process conflicts are therefore inevitable and desirable.

Exhibit 10.1 provides the details of shift in the views on conflict. The present day organisations realised that they can increase the value to the individuals, groups and to themselves by encouraging conflicts to a moderate degree. Organisations, however, should discourage and reduce the dysfunctional conflicts as they reduce the values.

<b>Exhibit 10.1 Shift in Views on Conflict</b>	
<b>Traditional</b>	<b>Modern</b>
Conflicts leads to loss of individual and group temperaments, energies, etc.	Conflicts encourage competition. They result in enhancing competency of individuals, groups and organisations.
Conflicts are the result of improper policies, unreasonable goals and dreams.	Conflicts are the result of the natural course of living of people, existence of teams and organisations. Therefore, they are the result of challenging goals which is the order of the day of global competition.
Conflicts impose ceiling on human potentialities as they affect the human psychology and hurt the feeling of individuals.	Conflicts tap the unused human potentialities. Natural resources, etc., by creating challenge.
Conflicts destroy assets and waste the resources and erode the value of existing assets. This leads to decline in organisational and country's effectiveness.	Conflicts create the value, enhance the value and create assets. They lead to organisational and country effectiveness.
Conflicts are undesirable. Therefore they should be avoided.	Conflicts to a moderate extent are highly desirable. Therefore, they should be encouraged to a moderate extent.

## Conflicts

Conflict is the difference between the perception/expectation and reality. Conflicts are of different types. They are intra-personal, inter-personal/ intra-group, and inter-group/intra-organisational conflicts.

## 10.2 INTRA-PERSONAL/INTRA-INDIVIDUAL CONFLICTS

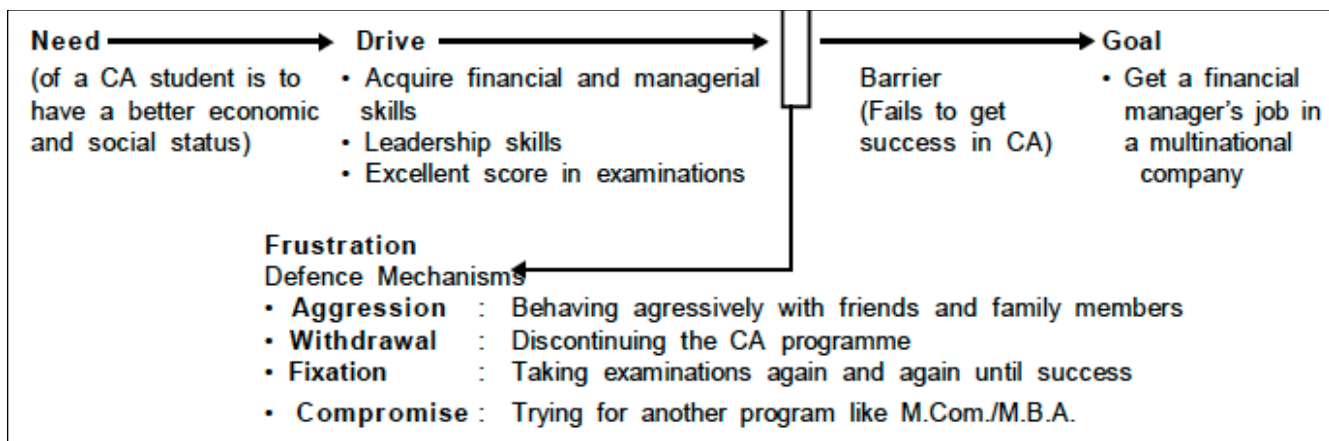
Intra-personal or intra-individual conflicts take place within one individual and is normally there within every person. These conflicts arise due to:

- ★ A number of competing needs and roles;
- ★ A variety of ways that drives and roles can be expressed;
- ★ Various barriers which can occur between the drive and the goal;
- ★ Attachment of positive and negative aspects of desired goals.

These factors complicate the human adaptation process and result in conflict. Intra-personal conflicts can be analysed in terms of the frustration model, goals and roles.

### **Conflict Due to Frustration**

For example, the need of a CA (Chartered Accountant) student is to have a better economic and social status after completing his CA programme. His drive is to acquire financial managerial skills, leadership skills, secure excellent score in the examinations. His goal is to get a financial manager's job in a multinational company. If he fails to get success in his CA programme due (barriers) to lack of time for preparation or his psychological weakness, he may get frustrated. The defense mechanisms available to a CA student are: behaving aggressively with friends or family members (aggression), discontinuing the course (withdrawal), taking the examinations again and again until the course is completed (fixation) and trying to join another course and another job in another organisation (compromise). Frustration occurs when a motivated drive is blocked before a person reaches a desired goal. The barriers which stands as an obstacle towards achieving a goal may be outward or inward. Frustration normally triggers the defense mechanism in a person. The defense mechanisms include: aggression, withdrawal, fixation and compromise. Fig. 10.1 presents the frustration model.



**Fig. 10.1: Frustration Model of a Student**

## Goal Conflict

Another common source of conflict for a person is a goal which has both positive and negative features or two or more competing goals. But in the frustration model, the single motive is blocked before the goal is reached. Three separate types of goal conflicts are normally identified:

- Approach-Approach Conflict:** A person is motivated to approach two or more positive but mutually exclusive goals. Trying for promotion from junior management position to middle level management position in the same company and trying for a middle level management position in another company is an example for this type of conflict.
- Approach-Avoidance Conflict:** A person is motivated to approach a goal and at the same time is motivated to avoid it. The single goal contains both positive and negative features. Trying for promotion and at the same time avoiding it if the promotion is accompanied by transfer to a disturbed place like Afghanistan or Iraq is an example of approach-avoidance conflict. Going to USA for higher education/job in recent times (2009 and 2010) is also an example for approach-avoidance conflict for Indian youth. (See Box 10.1).

### **Box 10.1 Approach-Avoidance Conflict for American Dream: H-1B visa-holders being deported from port of landing!**



Several Indians who arrived with an H-1B visa at Newark and John F Kennedy airports were deported based on a new rule, immigration attorneys and activists have reported. The new rule stipulates that those who arrive on a work visa should 'arrive at the place of work'.

The rule could seal the fate of thousands of Indians who have applied for Green Card too. It could bring an end to consultation, termed by some as 'body-shopping'. Airport deportations have frightened those on work visas and many have cancelled their travel plans, too.

"The airport deportations," Morley Nair, an immigration attorney based in Philadelphia, "have sent shockwaves through the H-1B community. H-1B employers, employees and their attorneys alike are flabbergasted by this brazen act of official highhandedness where individuals arriving on H- 1B visas were singled out even before their primary immigration inspection, put through sham questioning, forced into making coercive statements, issued expedited removal orders, and sent back."

Their crime? They landed in the US with legitimate H-1B visas to work for genuine US employers, but at a location other than the employer's office that is, at a client site or third party site," he said.

"Fifty to 80 per cent of Indian H-1B visa holders come for a consulting company. Their companies will send them to client sites. The new rule stipulates that the petitioner of the visa should be present at the work place," according to Aman Kapoor, founder of Immigration Voice, an organization working for H-1B visa holders and Green Card applicants.

Kapoor said the number of airport deportations were few as the memo from Donald Neufeld, associate director, Service Center Operations of USCIS, was issued only on January 8. But overzealous officers at airports began to use it in no time. H-1B employees working at a client site or a third party site is a practice as old as the H-1B program itself, and is not a violation of the regulations when supported by appropriate documentation, Nair said.

**Source:** <http://business.rediff.com/slide-show/2010/jan/25/slide-show-1-h-1b-visa-holders-being-deported-from-port-of-landing.htm#content> Top (Accessed on 25/01/2010).

- c. **Avoidance-Avoidance Conflict:** A person is motivated to avoid two or more negative but mutually exclusive goals. The person may not choose either of them and simply leave the situation. Motivated to avoid transfer to the branch office in Kashmir or another office in Sri Lanka is an example of this type of conflict.

## Role Conflict

A variety of functions which are divided into jobs, positions and tasks should be performed by those associated with the company. They perform these functions with a view to attain objectives of the organisation as well as the individual employees. This function results in the specific behaviour of the individual.

Role is defined as the action performed by the person to indicate the occupation of this position. Keith Davis viewed role as the pattern of actions expected of a person in activities involving others. Similar opinion has also been expressed by Newcomb that roles are ways of behaving towards others, which are defined for different positions. A role is dynamic. It refers to the behaviour of the occupants of a position, not all their behaviour as persons, but to what they do as an occupant of the position.

Role reflects a person's position in the social system with its accompanying rights and obligations, power and responsibility. People need some method

to anticipate others' behaviour in order to be able to interact with each other. Role performs this function in the social system.

Thus, the role theory views the person as a member of the social system. Further, a person has several roles in the society like occupational role as a worker, family role as a parent, social role as a club member, religious role as a disciple, role in marketing as a consumer, etc. The role behaviour of an employee is influenced by the various sub-systems of the organisational system, the economic system, the social system, the religious system, policies, objectives, goals and programmes of the company, etc.

## **Role Perceptions**

Activities of employees are guided by their views about their behaviour, i.e., how they think about their behaviour at work. In other words, they are guided by their imagination about their own roles in reaction to the roles of others at work. This is called perception of employees about their own roles.

Employees must be highly adaptable to different situations in order to change from one role to the other without any delay as they perform difficult roles in dynamic situations. (See Box 10.2). Managers have to essentially change the roles quickly as they work with different levels and types of people like their superiors, subordinates, colleagues, field supervisors, technical and non-technical employees. Thus, for each manager, there are three different roles like superior, subordinate and colleague. Obviously, one cannot meet the needs of the other employees, unless one can perceive what they expect.

Each manager experiences conflict of different roles as employees, managers, customers and government officials perceive and expect differently from his role and he cannot meet all his expectations without limiting/resisting others. This is mainly because a human being has limited resources and time. Thus, every employee has a role conflict.



**Box 10.2 Less than two years after Kevin Rudd took office as the Australian PM, more than half of his staff have left the Cabinet-Variations in role Perceptions.**



Less than two years after Kevin Rudd took office as the Australian Prime Minister, more than half of his staff has left the cabinet.

Rudd, who had promised to rid Australia of workplace bullies, is described as "manic" by his staff, as he has emerged as a very "demanding" employer.

"He's demanding and a bit all over the place," News.com.au quoted one former staffer of the PM, as saying.

Another said: "He gives little in the way of constructive feedback. And he just doesn't listen to anybody."

At least 23 of 39 staff have left Rudd's office at a time when the next election is just one year away. Sources said more are set to follow suit.

In recent weeks, four senior advisors - including Jack Lake, a 25-year parliamentary veteran - have announced their departures, raising questions on Rudd's office management skills.

"That is a very high turnover rate. You need to look at the work environment and your recruitment (methods)," said Kathy Kostyrko, a recruitment expert.

Rudd has not apologised for the gruelling routine his staff has to undergo, and his department has already begun making replacements for the departed staffers.

A spokesman for Rudd said: "Political staff work is both rewarding and demanding - and working in the Prime Minister's Office is no exception." (ANI)

<http://in.news.yahoo.com/139/20091017/900/twl-maniacal-kevin-rudd-is-a-boss-from-h.html> (Accessed on 18/10/2009).



## Role Ambiguity

It exists in organisations when roles are either defined inadequately or substantially unknown. In this situation, employees are not quite sure of playing their roles. Role ambiguity and role conflict reduce job satisfaction and need fulfillment.

Having studied the intra-personal conflict, we shall discuss the inter-personal conflicts, i.e., conflicts between/among two or more people.

## 10.3 INTERPERSONAL/INTRA-GROUP CONFLICTS

Interpersonal conflict arises when two or more individuals interact with one another. These conflicts are also called intra-group conflicts. Interpersonal conflict can be explained through (i) Transactional analysis and (ii) Johari window.

### Transactional Analysis

This is developed and popularized by Eric Berne through his book on “Games People Play” and Thomas Harris through his book on “I’m OK, You’re OK” respectively. Transactional analysis is the analysis of transactions between two or more persons. The major areas of transactional analysis can be explained through ego states, transactions and stroking.

Ego is a hypothetical construct and is used to help explain the complex dynamics of the human personality. Transactional Analysis uses three ego states, viz., Child (C) Ego; Adult (A) Ego and Parent (P) ego.

**Child ego:** Child ego (C) is the state in which the individual acts like an impulsive child. The characteristics of child ego include being submissive or subordinate, adaptive, emotional, joyful or rebellious. The child state is characterised by immature behaviour. For example, the Area Marketing Executive says to the Chief Marketing Manager, “you know better,” when he is asked to offer a suggestion. The ego state of Laxmana when his mothers along with Bharat and Shatrugna came to the forest in the Ramayana may be referred to as child ego as Laxmana emotionally says to the Lord Rama “brother Bharat and Shatrugna are coming to wage war against us”.

**Adaptive and free child egos:** Child ego can be classified as adaptive child and free child. People sometimes listen to others and adapt themselves as per the requirements of others' needs as well as their own situational needs. Such state is referred to as adaptive child ego. For example, the subordinate accepts the decision of the superior and modifies his/her travel plans when the superior clarifies to the subordinate the conditions under which his/ her leave was not granted. People sometimes prefer to enjoy the life, and not to accept any responsibility. Such state is referred to as free child ego.

**Adult ego (A):** In the Adult ego, an individual acts like a matured person. The characteristics of adult ego state include 'cool-headed,' rational behaviour, calculative, objectivity, fairness, gathering and analysing information, logical choice, etc. Lord Rama collected all information from his mothers; Bharat and Satrugna when the latter came to the forest to explain the reasons led to disqualifying the former from being the king of Ayodya and request the former to accept the position of the king of Ayodya. Then Lord Rama analysed the information collected and made a decision of not accepting the position based on analysis of information, consequences of all alternative solution, etc. The ego state of Rama in this incident is referred to as 'Adult ego.'

**Parent ego (P):** In the Parent ego state, individual acts like a dominating parent. The characteristics of this state include: protective, loving, controlling, nurturing, critical, directive, commanding, etc. For example, people sometimes prefer to control others and critical of others' acts and decisions. Similarly, traditional superiors used to control and of critical of subordinates' activities as well as performance.

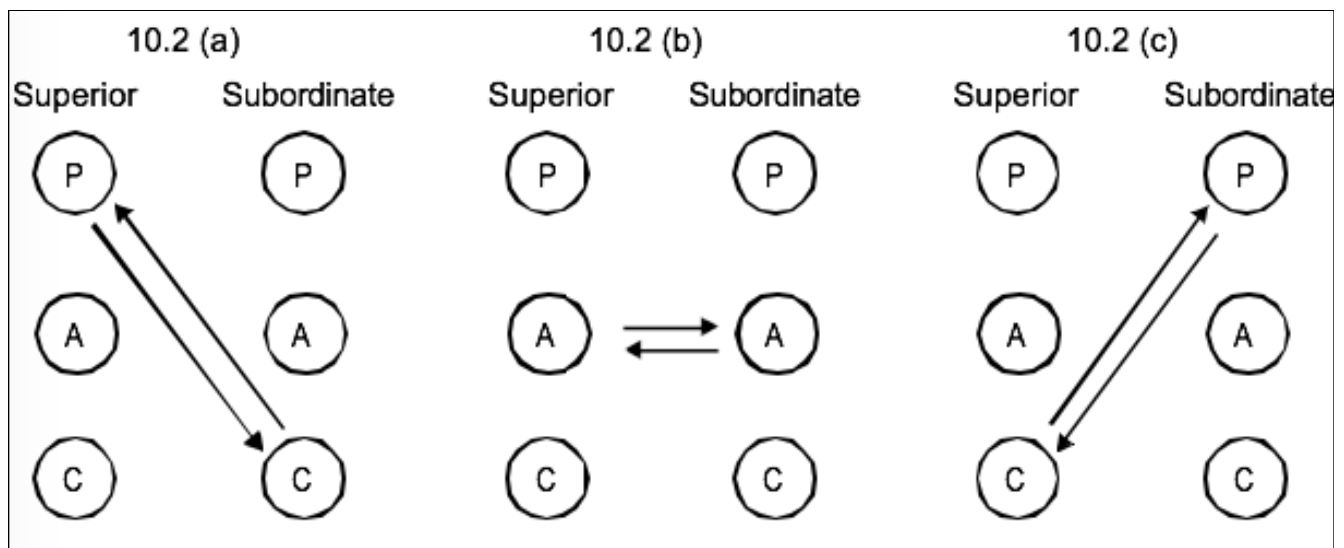
**Critical parent and nurturing parent egos:** Parent ego is further classified as critical parent and nurturing parent. People under critical parent ego prefer to criticize others' activities, decisions as well as performance. People under nurturing parent ego prefer to be supportive of others' decisions and performance even though they fail to contribute to the achievement of organizational goals.

**Transactions between ego states:** A number of transactions take place between two or more individuals. They are classified as complementary, crossed and ulterior transactions.

### Complementary Transactions

Transactions are complementary, if the message sent or the behaviour exhibited by one person receives the appropriate and expected response from another person's ego state. (See Fig. 10.2). Conflict does not arise between the transacting persons in complementary transactions.

**P-C transaction:** For example, the production supervisor tells the foreman to change the scheduling. The foreman obeyed the order. The production supervisor is in the parent ego state and the foreman is in the child ego state. This is a parent to child transaction {See Fig. 10.2 (a)}. The transaction between the production supervisor and the foreman is called complementary transaction. In this transaction, the foreman simply obeys the order of his boss without using his skills and knowledge. As such, this type of transaction does not allow the subordinates to grow. Further, the superior overestimates his competency and underutilises the human resources of his/her subordinates, which in turn leads to underutilisation of the organisation's human resources. However, this transaction is appropriate for routine decisions as well as activities where sharing of other's skills and expertise is not needed.



**Fig. 10.2: Complementary Transactions**

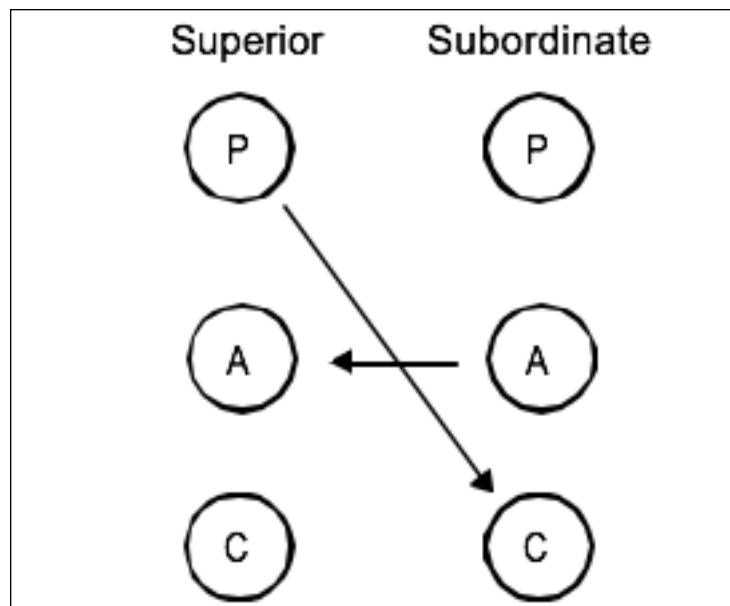
**A-A transaction:** In another incident, the Production Manager asked the Assistant Production Manager (APM) to suggest measures to reduce the cost of production. The APM analysed the data, identified the low cost sources and suggested measures to reduce the cost of production to the production manager. This transaction is Adult to Adult transaction {see fig 10.2(b)}, which encourages both the parties to think rationally and allows them to use their human resources. This type of transaction is useful to make strategic decisions as well as use the human resources of subordinates and to make most effective decisions. Further it enables the subordinates to satisfy the need for belongingness and other social needs. However, this transaction consumes more time and as such may not be needed for routine and less important issues.

**C-P transaction:** Mr. Prakash is a clerk in marketing department of Zuhari Cements, Yerraguntla- a faction area in Andhra Pradesh and also the Secretary of the Employees' Union of the Company. Mr. Prakash is a follower of powerful local fictionist. Employees' Union resorted even to the physical threats in solving their problems in the past. One day, he ordered the marketing manager to promote the Marketing Executives as the Senior Marketing Executives. The Marketing Manager had to accept the order due to the power of the trade union. Subordinate (Mr. Prakash) assumes parent ego while superior assumes child ego due to compulsion or fear of physical threat. This is Child-Parent transaction {See fig 10.2 (c)}. This transaction is also a complementary transaction, but is used by the powerful subordinates. These transactions also do not allow the employees particularly of superiors to use their human resources.

### Crossed Transactions

Crossed transaction occurs when the message sent or the behaviour exhibited by one person's ego state is reacted to by an incompatible, (See Box 10.3) and/or unexpected ego state on the part of the other person (see Fig. 10.3). For example, a customer came to the bank branch after business hours to en-cash a cheque and the branch manager ordered the officer concerned to pay the money (transaction is parent ego to child ego), but the officer replied as: withdrawals are not allowed after business hours (transaction is adult ego to adult ego). Crossed transactions are the source of much interpersonal conflict. The consequences of this type of transaction include hurt one's feelings and lead to frustration on the part of the parties and dysfunctional conflicts/consequences to the organisation. The branch manager, clerk and the customer in the previous example,

experience conflict and frustration. This type of conflict is dysfunctional and damages the bank's image. Therefore, steps should be taken to avert crossed transactions by managing ego states of oneself and others.



**Fig. 10.3: Crossed Transactions**

Crossed transaction takes place between parent ego and adult ego, between parent ego and parent ego, between adult ego and child ego and child ego and child ego. These take place as one parent can't control another parent or one parent can't nurture another parent. Similarly two persons who are in child egos can't depend on each other or can't become subordinates to each other.

### **Box 10.3 Five Signs You May Pick up a Crossed Transaction**

Here are five signs that you might be the one pushing your coworkers to the limits of their sanity:

1. **You dump last-minute work on people when you could have avoided doing so.** There will always be projects that pop up at the last minute, but don't be the coworker who sits on something and doesn't assign it out until late in the game. You'll come across as inconsiderate, and maybe disorganized, too.

2. **You complain about people without telling them your beefs directly.** We've all had the frustrating feeling of discovering that a coworker is complaining to others about something we did, but won't bother to come talk to us about it directly. When you talk to someone directly, not only do you act more fairly by giving them the chance to know about your complaint and to respond to it, but you may also learn new information that makes you see things in a different light.
3. **You exude negativity.** Suggestions, practices, the new guy down the hall- you hate them all and you make sure people know it. You may think that you're demonstrating your value by pointing out flaws all the time, but if you find fault in every suggestion, you'll lose credibility, and eventually people will start finding ways to avoid your input altogether.
4. **You bring your personal life to the office in ways that make people uncomfortable.** For instance, I used to work with someone who was constantly making personal calls that involved yelling and swearing at the person on the other end. Crying wasn't unheard of either. She never noticed that everyone around her was cringing in discomfort.
5. **You're chronically defensive.** You bristle at the slightest hint that your work wasn't perfect — even when the hint is imagined. As a result, your coworkers spend more time trying to avoid you than talking to you because they don't want to deal with your prickliness. If you recognize yourself in any of the above habits, you may be the irritating coworker that colleagues are complaining about to me. Try a one-month moratorium on the behaviour and see if any of your relationships improve.

**Source:** [http://finance.yahoo.com/career-work/article/108158/signs-you-may-be-a-bad-coworker?mod=career-worklife\\_balance](http://finance.yahoo.com/career-work/article/108158/signs-you-may-be-a-bad-coworker?mod=career-worklife_balance) (Accessed on 13/11/2009).

### How to Manage Ego States?

Crossed transactions mostly take place due to incompatibility of ego states of two or more people who are parties to a transaction. Crossed transactions can be averted or avoided by avoiding the incompatible ego states of either of the parties to the transaction. Crossed transactions take place when one person is in parent (P) ego and the other person is in adult (A) ego. In other words, crossed transaction takes place when one person is either commanding or nurturing, the other person is responding or behaving rationally and logically to the situation. Either of the parties to the transaction or both the parties have to change their ego states depending up on situational requirements to avoid/ avert the crossed transaction. If the situation is routine and less important, the one in adult

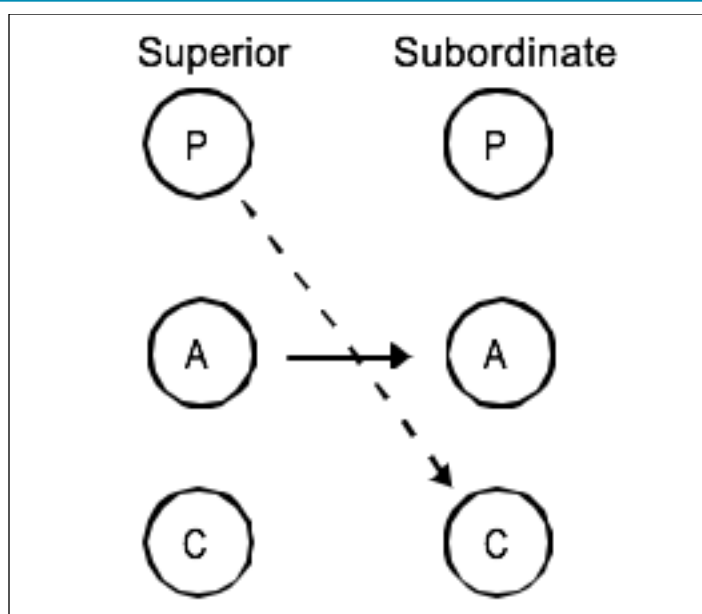
ego (A) can shift to child (C) ego and convert the Parent-Adult transaction to Parent-Child transaction to avoid crossed transaction and thereby its negative consequences. If the situation is more important and strategic, it needs the knowledge as well as expertise of other person. Then the person who is in parent (P) ego should shift to adult (A) ego. This would convert the Parent-Adult transaction into Adult-Adult transaction.

The issue here is who will change his/her ego state? It would be better to the subordinate or the younger one to change the ego state initially and then change ego state of the superior or the older one later through the convincing approach. For example the manager of a bank who is in parent ego orders an officer-in-charge of granting loans to a notorious customer without any security and the officer normally rejects it by being in adult ego. The officer can avert the situation by saying initially that he would grant the loan and after a span of 15 minutes can counsel the manager that this act would cause risk to both of them as well as the bank and convince the manager to think logically and rationally. If the manager then accepts the views of the officer, it is said that the manager shifted from parent ego to adult ego. Thus, the subordinates can change the transaction and avert the consequences of crossed transactions, as and when the superiors initially fail to change.

### **Ulterior Transactions**

The ulterior transactions involve at least two ego states on the part of a person. The individual may say one thing but mean quite another (See Fig. 10.4). For example, branch manager says to an officer: Come to me if you can't balance the day book. But the branch manager really means is: "don't come to me with your troubles. Find an answer within yourself." These transactions are very complicated and result in interpersonal conflict. They damage the psyche of the two parties and interpersonal relations. (See box 10.4). Therefore, either of the parties to the transaction should not resort to ulterior transaction.





**Fig. 10.4: Ulterior Transactions**

#### **Box 10.4 Example of Ulterior Transaction — Indian Railway Strike**

All railway trade unions of Indian Railways formed into Joint Action Committee in 1974 in order to negotiate and settle various long pending issues like parity of salaries with those of other public sector employees and bonus. At the final stage of negotiations, one-day the Joint Action Committee negotiated with Mrs. Indira Gandhi, the then Prime Minister of the Country.

There were strong arguments and counterarguments between the Joint Action Committee and the top manager during the negotiations. Mrs. Gandhi expressed her views that the demands can't be met due to reasons obvious. Joint Action Committee has given tough time to Mrs. Gandhi and hence she realized that it would be impossible to settle the issues through fair means in the negotiation process at around 10.00 pm.

Then the Prime Minister told the Joint Action Committee "the time now is already 10.00 pm and I would like to solve the problem amicably tomorrow. Shall we meet tomorrow at 8.00 am?"

(In fact, Mrs. Gandhi told to herself that I won't solve the problems of the railway employees' viz., salary hike and bonus.). The Joint Action Committee felt very happy for the change in the attitude of the top manager and replied that "we will meet tomorrow at 8.00 am."



Next day, Mr. L.N. Mishra, the then Union Railway Minister represented the top manager in the negotiations meeting and informed the same to the Joint Action Committee. The Committee said it is OK. Mr. L.N. Mishra listened the version of the

Committee and coolly replied that "Neither have I had authority to solve your problems nor the top manager delegated any power to me to solve the problems."

The Joint Action Committee realized the ulterior motive of the top manager and immediately called for the May 1974 strike in Indian Railways.

### **Situation-Transaction Match**

Normally people believe that adult (A) - adult (A) transaction is the best. But this assumption is wrong as all situations do not need the expertise and knowledge of other party to the transaction. Therefore, adult (A) - adult (A) transaction is appropriate to only those situations like strategic and important that require the expertise and knowledge of other party. The parent (A)-child (C) transaction can be used in those situations that don't require others' expertise and knowledge of others. Similarly, managers can be in the nurturing parent ego when the subordinates are in adaptive child ego state and when the situation needs counselling about performance as well as career.

Managers can be in critical parent ego when the subordinate is in free child ego when the situation needs turnaround of the company or a department. Thus, transactions should be compatible to the situations to produce positive consequences in terms of relationships as well as functions.

### **Stroking**

Stroking is recognising the presence of others. It may be positive, negative, sarcastic or mixed. Positive stroking develops interpersonal relations, whereas negative and mixed stroking damages interpersonal relations. But sarcastic stroking is highly dangerous to interpersonal relations.

## The Johari Window

The other framework to explain interpersonal conflict is Johari Window developed by Joseph Luft and Henry Ingham (Johari). There are certain things that a person knows about himself and there are certain things that are unknown. This holds good for other persons also. This idea is the basis for Johari Window. Four cells are identified based on the above assumption (See Fig. 10.5). They are: open self, hidden self, blind self, and undiscovered self.

<b>1</b> <ul style="list-style-type: none"> <li>• The person knows about the others</li> <li>• The person knows about himself/herself</li> </ul> <b>OPEN SELF</b>	<b>2</b> <ul style="list-style-type: none"> <li>• The person does not know about the others</li> <li>• The person knows about himself/herself</li> </ul> <b>HIDDEN SELF</b>
<b>3</b> <ul style="list-style-type: none"> <li>• The person knows about the others</li> <li>• The person does not know about himself/herself</li> </ul> <b>BLIND SELF</b>	<b>4</b> <ul style="list-style-type: none"> <li>• The person does not know about the others</li> <li>• The person does not know about himself/herself</li> </ul> <b>UNDISCOVERED SELF</b>

**Fig. 10.5: The Johari Window**

In the open self form of interaction, the person knows about himself/herself and about the other person. This situation results in openness and compatibility and a little interpersonal conflict.

In the hidden self situation, the individual only knows about himself/herself, but does not know about the other persons. The person remains hidden from the other since he does not know how the other might react. Thus, the person hides his true feelings or attitudes. This situation results in potential interpersonal conflict.

In the blind situation, the individual remains blind about himself but other people know about his behaviour. The individual may be unintentionally irritating the others and hurting the others' feelings. The situation is also prone to high interpersonal conflict. (See Box 10.5).

**Box 10.5 The 6 Most Annoying Coworkers — Hidden and Blind Selves**

A great coworker can help you look forward to going to work each day. An annoying coworker, on the other hand, can make hide under the covers.

A large survey by the staffing firm Ranstad USA asked employees what their biggest office peeves were. It turns out they all involved coworkers. Annoying ones.

Do you recognize any of the top six most annoying coworker types?

**The Psst-er:** Gossipers were the number one pet peeve in the survey. While some people like to hear juicy tidbits about the boss or their colleagues, too much gossip can undermine the spirit of the workplace. Plus you're always wondering when the Psst-er will make you the topic du jour.

**The Broken Clock:** These coworkers stink at time management. They're routinely late for everything, including work. They tend to spend too much time on emails, take long lunches, and then scramble to get others to help them meet their deadlines, which, for some reason, they keep missing.

**Mold Guy:** Coworkers who mess up communal spaces were third on the list of workplace pet peeves. Their month-old leftovers sport a thick layer of fur in the company fridge. Every office seems to have at least one who stinks up shared spaces.

**The Whiffy Wonder:** You can smell these coworkers wafting about from the other end of the office. They just wear too much perfume or cologne. Some have an obsession with Obsession. Others feel the need to douse themselves with Old Spice. And hiding in your cubicle won't make the overpowering smell go away.

**The Cracker:** Crackers are loud. They crack loud jokes, they crack their knuckles, they crackle their chewing gum, they clank spoons in coffee cups like they're calling the cows to come in from the fields. People who work near crackers can find themselves ready to crack.

**The Tapper:** Tappers are generally quieter than Crackers. But that doesn't make them any less annoying when they're tap-tap-tapping on their personal communication devices during meetings. It's distracting, rude, and yes, just plain annoying!

The one positive aspect of these annoying coworkers is that they tend to unite the rest of us who can bond over the latest outrageous offense. Besides laughing at the insanity, here are some other ways to cope:

- ♦ Even the most annoying types may annoy you less if you love everything else about your job. Take the free career test to find a job you absolutely love.
- ♦ If you find yourself subject to one or more of these annoying types and they're driving you batty, it may be time to find a new job that offers greater job satisfaction, with fewer obnoxious coworkers. Take the free resume test to ensure your resume is in shape.
- ♦ If you find that all of your coworkers get under your skin, you may be better off working for yourself with the power to select your own co-workers. Take a free entrepreneur test to find out if you have what it takes to start your own business.

**Source:** [http://hotjobs.yahoo.com/career-articles-the\\_6\\_most\\_annoying\\_coworkers-1022](http://hotjobs.yahoo.com/career-articles-the_6_most_annoying_coworkers-1022) (Accessed on 17/12/2009).

In undiscovered self-situation, the person does not know about himself/herself and about the others. This situation results in much misunderstanding and interpersonal conflict. Thus, this is potentially the most explosive situation.

### Strategies for Interpersonal Conflict Resolution

The simple strategies for interpersonal conflict resolution include: complementary transactions (particularly Adult ego state to Adult ego state) in transactional analysis, moving towards the open self of self-disclosure and feedback in the Johari window model, emotion management and management through reason and action.

In addition to the above, there are three basic strategies for management of conflict. They are: lose-lose, win-lose and win-win.

**Lose-Lose Strategy:** In the first approach, both the individuals lose. In other words, the solution to the problem would be a compromise or to take a middle point in a conflict. Another approach is pay-off (mostly in the form of bribes) to the one party. Third approach is to use a third party as an arbitrator. The fourth approach is to resort to the bureaucratic rules and regulations to resolve the conflict. Both the parties are involved in this strategy.

**Win-Lose Strategy:** In this approach, one party wins and the other party loses. This is I win. You lose approach. This strategy is common in a competitive type of culture.

**Win-Win Strategy:** There was only deputy production manager position in HLL during 2010. Mr. Prakash and Mr. Santosh were trying for promotion to the deputy production manager and consequently had conflicts. Both of them worked together like a team and adopted a new product based on the advise of the production manager. The company developed another unit for the new product and created another deputy production manager position and promoted both Prakash and Santosh. This is win-win strategy to solve conflicts. In a win-win strategy, energies and creativity are aimed at solving the problem rather than beating the other party. This strategy takes the advantages of win-lose strategy and eliminates many of the dysfunctional aspects. The needs of both the parties are met and both the parties receive rewards. by enhancing the resources available or output by both the parties. No one need to lose or sacrifice in this strategy.

## 10.4 INTER-GROUP CONFLICTS

Conflict between two groups or departments in an organisation refers to intergroup conflict. Conflicts between employees and management are also due to inter-group conflicts. (See Box 10. 6). Conflict between production department and marketing department is an example of this conflict. Intergroup conflict arises due to:

- ★ Overlapping roles;
- ★ Absence of cooperation;
- ★ Lack of comprehensive understanding;
- ★ Competition for sharing the same facilities;
- ★ Resource Crunch: when the available resources are less than the demand for the same;
- ★ Lack of open minded approach;
- ★ Absence of collaboration between/among groups;
- ★ More concern for group goals rather than organisational goals; and
- ★ Resistance either to communicate or receive communication.

### **Box 10.6 Management Behaviour is Meeting Employee Expectations Around 50% of the Time, Krauthammer Study Indicates**

The behaviour of managers in several fundamental areas of practice is not meeting employees' expectations in 50% of cases, indicates a study published by Krauthammer International, one of Europe's leading consulting, training and coaching companies. Krauthammer surveyed people representing a variety of industry sectors in researching the behaviour employees seek from their managers and, in return, experience.

"These potentially alarming results show that in many key tasks, and basic management skills, such as guiding others, listening to ideas, securing delivery and giving feedback, managers simply fail to meet their employees' expectations", commented Ronald Meijers, Krauthammer Executive Board member. "And this lack of performance obviously has a direct impact on companies' success in business itself, so these results present company executives with interesting food for thought, to say the least. The survey offers managers some unambiguous clues to ways in which their day-to-day behaviour can contribute to improved levels of performance and trust", Meijers concluded.

In the core areas of management behaviour that were surveyed, amongst the biggest gaps between the expectations of employees and reality were the following:

- ★ 95% would like their manager to analyse their task problems together with them, 41% experience this.
- ★ 86% would like their manager to create the right context prior to implementing a decision, this is the case 42% of the time.
- ★ 82% would like their manager to listen to their ideas, and encourage them to continue, 56% experience this.

On the other hand, managers seem to be closer in meeting the expectations of their employees in the following areas:

- ★ 94% would expect their manager to spontaneously admit their mistakes, and 69% actually do this.
- ★ 90% would like to be fully involved in the definition of their development goals, and this is the case 68% of the time.
- ★ 83% would expect their manager to arbitrate conflicts, and 65% of the time this indeed happens.

Based on the results, which indicate several common pitfalls of management, a list of “golden rules” for managers has been identified alerting managers to an important series of “win areas”. Here is a selection:

- ★ In receiving an objection, use questions (rather than defending facts) to formulate your response.
- ★ In handling dilemmas, involve employees more (rather than chewing on them in splendid isolation).
- ★ Check your own emotions and assumptions first before giving feedback - and then deliver it without a delay (rather than either telling people off or not confronting them at all).
- ★ When communicating change, the rationale behind it is not enough - people expect to hear both what the change means for them and to get regular updates on the progress.

The material in the Krauthammer Observatory has been organised into a “dashboard” - a model for management behaviour. Over the next five years Krauthammer observatory will fill the dashboard with ever more data concerning the behaviour employees seek and receive. Please download the complete study here [www.krauthammer.com](http://www.krauthammer.com)

Source: <http://www.trainingpressreleases.com/newsstory.asp?NewsID=2800>  
(Accessed on 10/02/1010).

## **Strategies to Reduce Intergroup Conflict**

- ★ Avoidance: Keep the conflict from surfacing at all.
- ★ Diffusion: Deactivate the conflict and cool off the emotions and hostilities of the groups.
- ★ Containment: Allow some conflict to surface and contain it carefully by pointing out which issues are to be discussed and how they are to be resolved.
- ★ Confrontation: Bring all issues out into the open and allow the conflict groups to confront directly in an attempt to reach a mutually satisfactory solution.



- ★ Believe in win-win situations: The groups should have belief and advantages in Win-Win situations as they help both the groups in particular and the organisation in general. (See Box 10.7).

### **Box 10.7 Conflicts between AIG and US Government: AIG Chief Urges Staff to Return Bonuses**

Edward Liddy, chief executive of AIG, on Wednesday tried to soothe anger against the bailed-out insurance group by urging employees to give back the \$165m in bonuses that have sparked a political firestorm.

He told legislators he had asked employees of AIG Financial Products – the arm that brought the group to the brink of collapse – to “step up and do the right thing”. The concession came as President Barack Obama defended Timothy Geithner, Treasury Secretary, amid criticism of the administration’s handling of the controversy.

Mr. Obama said he had “complete confidence” in Mr. Geithner as the Treasury chief faced calls to quit from at least two Republican legislators. Republicans want to know why he did not challenge the bonuses before approving \$30bn of fresh federal aid to AIG this month. Congressman Connie Mack said Mr. Geithner “should either resign or be fired for the good of the country”.

The president praised Mr. Geithner for tackling the crisis with “intelligence and diligence”, arguing that he faced the toughest challenge of any Treasury secretary since Alexander Hamilton after the Revolutionary War. “Nobody’s working harder than this guy,” said Mr. Obama.

The resignation calls were echoed by protesters at a Congressional hearing into the AIG bail-out, while Republican members pressed Mr Liddy for information about Mr. Geithner’s role in waving through the bonuses. The Obama administration has published a timeline of events that shows Mr Geithner learning of the pay-outs on March 10, phoning Mr. Liddy on March 11 and informing the White House on March 12. It stressed that Mr Geithner had no part in drafting the bonus deal.

The controversy took a new turn on Wednesday when it emerged that Fannie Mae, the US mortgage financier taken over by the government in September was planning to pay executive retention bonuses of as much as \$611,000 for 2009. Fannie issued a vigorous defense of the bonuses, arguing the scheme was specifically designed to sustain mortgage agencies’ ability to function.

Source: [www.ft.com/cms/s/0/ca794ce4-13ce-11de-9e32-0000779fd2ac.html](http://www.ft.com/cms/s/0/ca794ce4-13ce-11de-9e32-0000779fd2ac.html) (Accessed on 14/12/2010).



- ★ Information sharing: The departments in the company should share the information and data available with each other for the overall organisational development.
- ★ Free flow of communication: The groups should allow their members to communicate with each other freely.
- ★ Trust and confidence: Each group should have trust and confidence in other group.
- ★ Collaboration: Teach the groups about total organisational productivity, profitability and effectiveness and encourage collaboration, among all groups and avoid organisational politicking.
- ★ Team building: Build interdepartmental teams and encourage the people to work beyond their departmental boundaries.
- ★ Realise that organisational goals are superior to group goals.

We can understand this concept most efficiently by playing “Win-As-Much As You Can” game presented in Part-6.

Having studied the group conflicts, we shall study the negotiations through building teams.

Team-building is a method of improving organisational effectiveness at the team level by diagnosing barriers to team performance and improving inter-team relationships and task accomplishment. Team building analyses the activities, resource allocations and relationships of a group or team to improve its effectiveness. This technique can be used to develop a sense of unity among members. Team building is for two types of teams, viz., (i) an existing or permanent team comprising of a manager and his/ her subordinates often called a family group and (ii) a new group made through a merger or other structural changes in the organisation or formed to solve a specific problem called the special group.

Teamwork needs collaboration among its members. It is said that one plus one may be three in teamwork due to the impact of synergy. The synergetic effect is evident in teamwork. Each team is a linking pin to

another team and to the total organisation. Teams do wonders. They make the impossible things possible.

We can understand this concept most efficiently by playing the game on presented in Part-6.

## 10.5 SUMMARY

- ★ Conflict may be a difference between what are expects and what are happens or going to happen.
- ★ The interactionists view is that conflicts that contribute to enhancing functional performance of the group are desirable.
- ★ Approach-Approach = Two or more positive, but exclusive goals.
- ★ Approach-Avoidance = Approach a goal and at the same time is motivated to avoid it.
- ★ Avoidance-Avoidance = Two or more negative, but exclusive goals.
- ★ Role reflects a person's position in the social system with its accompanying rights and obligations, power and responsibility.
- ★ Transactional analysis = Analysis of transactions between two or more persons.
- ★ **Child Ego:** Submissive or subordinate, adaptive, emotional, joyful or rebellious.
- ★ **Adult Ego:** 'Cool-headed,' rational behaviour, calculative, objectivity, fairness, gathering and analysing information, logical choice, etc.
- ★ **Parent Ego:** Protective, loving, controlling, nurturing, critical, directive, commanding, etc.
- ★ Crossed transactions mostly take place due to incompatibility of ego states of two or more people who are parties to a transaction.
- ★ **Ulterior transaction:** The individual may say one thing but mean quite another.
- ★ Conflict between two groups or departments in an organisation refers to intergroup conflict.

## 10.4 SELF ASSESSMENT QUESTIONS

1. What are the causes of intra-personal conflict? Explain the mechanism to reduce intra-personal conflicts.
2. What are the various kinds of intra-individual conflicts? Explain them in detail.
3. What is transactional analysis? Explain various kinds of transactions.
4. Why do the conflicts take place within a group? Suggest strategies to resolve them.
5. Explain interpersonal conflicts with the help of Johari Window model.
6. What are the reasons for intergroup conflicts? Suggest the strategies to resolve them.

## **REFERENCE MATERIAL**

Click on the links below to view additional reference material for this chapter

[Summary](#)

[PPT](#)

[MCQ](#)

[Video Lecture - Part 1](#)

[Video Lecture - Part 2](#)

[Video Lecture - Part 3](#)

# Chapter 11

## Stress Management

### Objectives

**After studying this Chapter, you should be able to:**

- ★ Know the meaning of stress and differences among various terms like distress, eustress, anxiety and tension;
- ★ Understand the causes and consequences of stress;
- ★ Discuss various measures to reduce stress caused by various factors; and
- ★ Appreciate the need for and desirability of mild stress.

### Structure:

11.1 Introduction

11.2 Causes of Stress

11.3 Consequences of Distress

11.4 How to Manage Stress?

11.5 Mild-Stress: Conducive for Organisational Effectiveness

11.6 Summary

11.7 Self Assessment Questions

## 11.1 INTRODUCTION

We come across the word 'Stress' everyday. Managers, financiers, government officials, administrators, politicians, students and also housewives experience stress. Stress has its effects on all walks of life. It is important to understand the nature and effects of stress so as to effectively stress management. Stress can be explained basically as pressure upon a person's psychological system which arises out of complexity or intensity of one's work life. Though stress basically affects a person's psychological set-up, it also, in turn, affects his/her physical and behavioural systems. The sources of stress can be individual, organisational and social.

According to Beehr and Newman, stress is "a condition arising from the interaction of people and their jobs and characterised by changes within people that force them to deviate from their normal functioning."

Fred Luthans defines stress as, "an adaptive response to an external situation that results in physical, psychological and/or behavioural deviations for organisational participants."

### **Distress vs Eu-stress**

More than often stress is viewed in negative terms. In fact the negative aspect, i.e., distress is only one form of stress. But there is also positive aspect of stress which is called as **Eu-stress**.

A minimum and desirable level of stress is called as **Mild stress**. Stress to the minimum extent helps the advancement and development of a person. Though severe stress causes many problems, a small amount of stress is always desirable for efficient and active work. With no stress, work life becomes a routine, a ritual without any enthusiasm on the part of employees. Stress is a natural word which cannot be perceived only in negative terms. It can be interpreted in different ways depending upon the situation.

**Fight vs. Flight Situation**

Hans Selye, a Canadian psychologist, explains stress as a survival trait. He pioneered the concept 'fight or flight situation.' To explain this concept, any living creature, when faced with a threat, tends to react in two ways, either the person faces and fights or runs away or flees from that situation. This type of situation causes tremendous stress on a person's psychological self. In the organisational context, where an employee is given a very complex and critical task to be done within a very short span of time, he may try to escape from the situation and later when it becomes inevitable, he works towards completing the given task. This type of situation causes stress as explained by Hans Selye.

**Stress, Anxiety and Tension**

According to Fred Luthans, stress is neither anxiety nor nervous tension. He made a clear distinction between these concepts. Anxiety has its effect only on the psychological system, whereas stress affects a person's physical, psychological and behavioural system. Nervous tension is only one of the results of stress.

## 11.2 CAUSES OF STRESS

Performing almost all types of jobs inevitably causes stress, though the intensity may vary from job to job. As such, job performance depends upon effective management of stress in addition to the other factors which in turn depend upon identification of sources of stress. These sources are asunder:

**Extra-organisational**

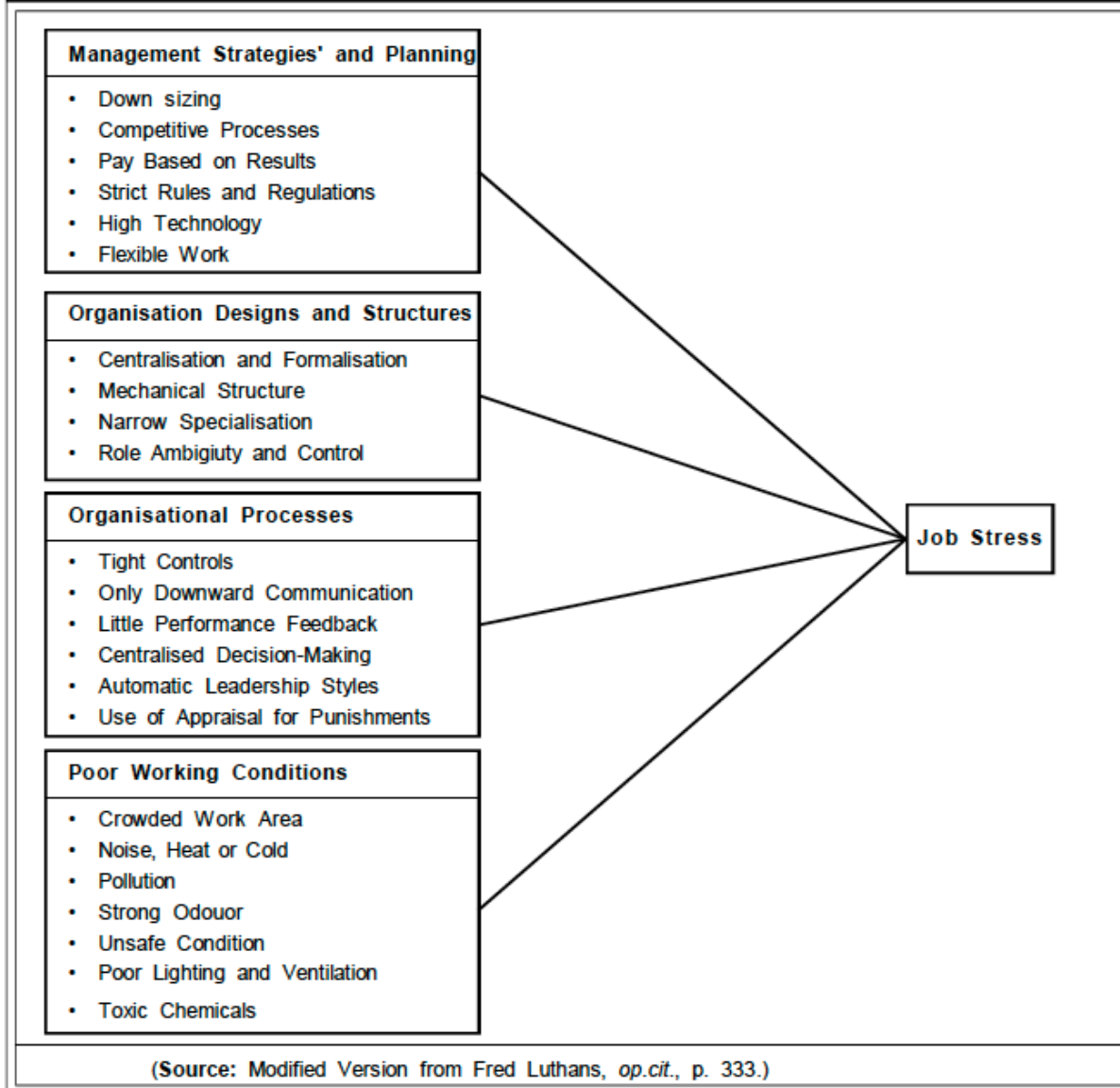
These sources do not arise from work life but are from the outside world. Though they crop up from the outside world, they may not confine to an employee's social life. It may also tend to affect his work life. For example, an employee may not be able to cope up with the demands of the family with the limited finance that he earns. This causes stress to the employee. Consequently, he may not be able to concentrate on work. This may develop forgetfulness and fatigue. Sometimes, the employee may not be able to adjust with the change of place, culture, technology and social life as they may be entirely different from what he was used to. As such, he takes time to adjust with these conditions and cannot substantiate any work for this period. Other extra-organisational stressors include:



- ★ Changing societies in terms of culture and relationships;
- ★ Globalization and competition;
- ★ Changes in organizations, jobs, practices, and relationships;
- ★ Changing organization culture towards more commercialization and demand for efficiency from employees;
- ★ Urbanisation and thereby complications in life;
- ★ Burden of dependents;
- ★ Increase in aging populations;
- ★ Changing Gender Roles and increase in women employees; and
- ★ Enhanced aspirations and demands of customers.

### **Organisational**

Organisational stressors are presented in Exhibit 11.1.

**Exhibit 11.1 Organisational Stressors**

Stress experienced in the work place may arise from role-related factors. A person in an organisation may have to play many roles, sometimes conflicting with each other. Thus, stress arises while dealing with these conflicting roles. Sometimes a person may be asked to perform many roles beyond his abilities due to absenteeism of other employees or understaffing. This type of situation mostly happens in the private sector. In such a condition, the stress arises and the person may not justify any one of the functions or roles assigned to him. Stress is also caused when a person is forced to take up a job which he does not like due to financial or other pressures. Employees also experience stress when they are forced to work in a place with poor physical conditions or with imperfect rules and

regulations, pay structure and other policies and programmes. Other extra-organisational stressors include:

- ★ Challenges of adjustments as well cultural fit at work places due to acquisition, amalgamation, absorption, and alliances (AAAA).
- ★ Challenges of adjustments as well cultural fit at work places due to mergers;
- ★ Coping up with the increased organizational demands due to expansion, diversification, and enhanced targets;
- ★ Coping up with the increased organizational demands due to privatization, competition, and business-process reengineering, and structural changes;
- ★ Need for utilization of higher order skills along with normal job skills consequent upon flat structures, job width and multi- skilling in organizations;
- ★ People management has become more complex due to shifts in the demands and conveniences of employees;
- ★ Understanding technology and operating it has become part of the job for all kinds of employees;
- ★ Relocating offices, establishment of virtual offices/workplaces; and
- ★ Increased career diversities.

**Work-family imbalances:** One of the important reasons for stress is excessive organizational work by leaving less time and energy to employees to concentrate on family life. Some of the highly committed employees mostly fail to give due emphasis on family life. This situation causes disturbances in the employees' family life.

## Group Dynamics

Everyone in an organisation identifies himself/herself with some group or the other. Poor or unpleasant relationships with other members of this group may cause stress. Poor work relations with the superior, subordinates or peers cause stress to a person. Such relationships with the social groups outside the organisation also sometimes affect work life. Thus, group factors can be potential stressors.

## Individual Factors

Individual factors like traits and characteristics widely differ from person to person. People with obesity may experience more stress than the lean persons due to its impact on brain. (See Box 11.1).

### Box 11.1 Obesity Takes Big Toll on the Brain

A new study finds obese people have 8 per cent less brain tissue than normal-weight individuals. Their brains look 16 years older than the brains of lean individuals, according to researchers. Those classified as overweight have 4 per cent less brain tissue and their brains appear to have aged prematurely by 8 years. The results, based on brain scans of 94 people in their 70s, represent "severe brain degeneration," said Paul Thompson, senior author of the UCLA professor of neurology.

"That's a big loss of tissue and it depletes your cognitive reserves, putting you at much greater risk of Alzheimer's and other diseases that attack the brain," said Thompson. "But you can greatly reduce your risk for Alzheimer's, if you can eat healthily and keep your weight under control." The findings are detailed in the online edition of the journal Human Brain Mapping. Obesity packs many negative health effects, including increased risk of heart disease, Type 2 diabetes, hypertension and some cancers. It's also been shown to reduce sexual activity. More than 300 million worldwide are now classified as obese, according to the World Health Organization. Another billion are overweight. The main cause, experts say: bad diet, including an increased reliance on highly processed foods.

Obese people had lost brain tissue in the frontal and temporal lobes, areas of the brain critical for planning and memory, and in the anterior cingulate gyrus (attention and executive functions), hippocampus (long-term memory) and basal ganglia (movement), the researchers said in a statement today.

Overweight people showed brain loss in the basal ganglia, the corona radiata, white matter comprised of axons, and the parietal lobe (sensory lobe). "The brains of obese people looked 16 years older than the brains of those who were lean, and in overweight people looked 8 years older," Thompson said. Obesity is measured by body mass index (BMI), defined as the weight in kilograms divided by the square of the height in meters. A BMI over 25 is defined as overweight, and a BMI of over 30 as obese.

Conflict may arise between different traits of the same person. Sudden changes may occur in one's life, leaving a tremendous impact, like death of a dear person, which makes that person ineffective temporarily. Stress arises while performing complex jobs during this period. Sometimes, an employee may realize after joining a job that his personal traits, aptitude and preferences may not suit the job requirements. In addition, food, drinking and smoking habits of individuals also cause stress. All these situations cause stress.

As indicated in personality, there are Type A and Type B personalities. Type A personality profile causes stress (See Exhibit 11.2).

### Exhibit 11.2 Profile of Type A and Type B Personalities

Type A Profile	Type B Profile
Moves always	Never punctual
Walks rapidly	Is patient
Eats rapidly	Cool and calm
Talks rapidly	Does not brag
Impatient	Plays for fun but not to win
Seeks results immediately	Relaxes without guilt
Does two or more	No deadlines
things simultaneously	Things happen as they do
Can't cope with leisure	Mild and
Is obsessed with numbers	Never in a hurry
Measures success by quantity	
Is aggressive	

Is competitive

Never accepts #2 position and

Constantly feels under time pressure

(Source: Fred Luthans, op.cit., p. 336.)

### 11.3 CONSEQUENCES OF DISTRESS

Though mild stress makes a person attentive, active and performs better, distress always has an adverse effect on his physical, psychological and behavioural systems. Many resort to smoking, drinking, overeating and show withdrawal behaviour due to stress. As stress takes over, it begins to tell on one's age. Distress has great impact on the psychological system which in turn affects physical and behavioural systems. It is found that constant stress causes diseases like blood pressure, ulcer, heart problems, acidity and diabetes which negatively affects work performance. Distress has an impact on family, social and professional lives. Hence, there is greater need to reduce stress to the level of mild stress which is essential for effective job performance.

Thus, stress affects individual employee, employee's family and organization. Stress affects individual's physiology, psychology and behaviour. Now we shall discuss these effects:

#### **Consequences on Individual's Physiology**

- ★ Changes in metabolism,
- ★ Increase in breathing rates,
- ★ High blood pressure, and heart diseases,
- ★ Insomnia, fatigue, headache, and skin rashes,
- ★ Increase susceptibility to upper respiratory illness,
- ★ Poor immune system functioning,
- ★ Digestive disorders, and ulcer,
- ★ Dry mouth, breathlessness,
- ★ Eyes are bloodshot and puffy,
- ★ Backache, and arthritis,
- ★ Cancer,
- ★ Diabetes,
- ★ Cirrhosis of the liver, and
- ★ Lung disease

## **Consequences on Individual's Psychology include**

- ★ Unnecessarily over-emotional,
- ★ Loss in personal appearance,
- ★ Poor concentration/difficulty in remembering,
- ★ Sadness, guilt, fatigue, and apathy,
- ★ Loss of confidence in one's own ability,
- ★ Lack of self worth,
- ★ Perception far from reality,
- ★ Negative attitude,
- ★ Uncertain mindset,
- ★ Burnout: A Syndrome of emotional, physical and mental exhaustion coupled with feelings of low self esteem/low self efficacy,
- ★ Depersonalization: Becoming cynical towards others, treat others as objects, and hold negative attitudes towards others,
- ★ Feeling of low self accomplishment: Low accomplishment, feel of won't succeed in future,
- ★ Sexual dysfunction,
- ★ Depression, and
- ★ Sleep disturbances.

### **Consequences on Individual behaviour include**

- ★ Performance/Productivity: Low stress and high stress lead to low performance while mild stress to peak performance,
- ★ High stress results in absence of the employee from work,
- ★ High stress results in change of jobs,
- ★ Distress leads to rude behaviour of the employee,
- ★ Stressful employees resort to smoking, and consumption of alcohol/drugs,
- ★ High stress may result in employee involvement in accidents,
- ★ High stressful employees may resort to violence, and
- ★ High stressful employees may lose appetite, and may resort to over eating/under-eating.

### **Consequences on Employee's Family include**

- ★ High stressful employees may show anger with spouse and children,
- ★ High stress may result in family fights, and conflicts,
- ★ High stressful employees may pass stress to spouse and children,
- ★ High stressful employees may be sexually dysfunctional,
- ★ High stressful employees may face health problems, and
- ★ High stressful employees may even resort to divorce his/her spouse.

### **Consequences on Organisation include**

- ★ High stressful employees can't make decisions efficiently,
- ★ High stressful employees would be highly emotional and sometimes burnout which would affect interpersonal relations at the workplace,
- ★ High stressful employees may change the jobs and organizations frequently, and
- ★ High stressful employees may remain absent from work frequently.



## 11.4 HOW TO MANAGE STRESS?

Over the years, many techniques have been advocated by stress researchers to manage stress. Practicing managers can use some of these techniques to prevent or reduce stress. Some of the important techniques used by individual managers are discussed hereunder:

### **Individual Techniques**

1. **Time management:** Time management has gained momentum with industrial growth and the economy. It has become important to find ways of performing impending managerial functions efficiently within the limited time that is available. Here, time management is a useful device. All the functions are ranked according to their importance and maximum available time is divided to perform these functions, providing enough time for each function depending upon their importance. Thus, more time may be spent for important work and less time for routine and unimportant work. This predetermined schedule can reduce stress that the manager faces with the pile of work that awaits him when he enters into his office.
2. **Work home transition:** This is comparatively a new concept that advocates love and consider affection of family life as best medicine for stress. It is very relaxing to spend time with spouse and children after a day's long hectic work. Evenings should be reserved to spend at home. It is advised not to carry office work home. Nothing from office should be carried home, not even thoughts. A useful tip is to spend with light and routine work at the end of office hours and to prepare mind for total relaxation. Relaxing at home in the evening, playing favourite game at club or swimming can help in next day's work.
3. **Work-life balance:** Work-life balance is balancing the priorities of career goals and family goals. Career goals include ambitions, promotions, employment status, monetary earnings and the like. Family goals include spending more time with family members for spiritual activities, pleasure leisure, health, education and careers of family members (See Box 11.2). This concept reduces the gap between work and family in the process of balancing the demands of both.

### **Box 11.2 Work-Life Balance: Give Due Importance to Family- The Mayonnaise Jar**

#### **The Mayonnaise Jar**

When things in your life seem, almost too much to handle,

When 24 Hours in a day is not enough,

Remember the mayonnaise jar and 2 cups of coffee.

A professor stood before his philosophy class and had some items in front of him.

When the class began, wordlessly,

He picked up a very large and empty mayonnaise jar

And proceeded to fill it with golf balls.

He then asked the students, if the jar was full. They agreed that it was.

The professor then picked up a box of pebbles and poured them into the jar. He shook the jar lightly.

The pebbles rolled into the open Areas between the golf balls.

He then asked the students again if the jar was full. They agreed it was.

The professor next picked up a box of sand and poured it into the jar.

Of course, the sand filled up everything else.

He asked once more if the jar was full. The students responded with a unanimous 'yes.'

The professor then produced two cups of coffee from under the table and poured the entire contents into the jar, effectively

filling the empty space between the sand. The students laughed.

Now,' said the professor, as the laughter subsided,

I want you to recognize that this jar represents your life.

The golf balls are the important things - family, children, health,

Friends, and Favourite passions

Things that if everything else was lost and only they remained, Your life would still be full.

The pebbles are the other things that matter like your job, house, and car.

The sand is everything else —The small stuff.

If you put the sand into the jar first,' He continued, there is no room for the pebbles or the golf balls. The same goes for life.

If you spend all your time and energy on the small stuff,

You will never have room for the things that are important to you.

So...

Pay attention to the things that are critical to your happiness.

Play With your children.

Take time to get medical checkups. Take your partner out to dinner.

There will always be time to clean the house and fix the disposal.

Take care of the golf balls first — The things that really matter.

Set your priorities. The rest is just sand.'

One of the students raised her hand and inquired what the coffee represented.

The professor smiled. 'I'm glad you asked'.

It just goes to show you that no matter how full your life may seem,

There's always room for a couple of cups of coffee with a friend.'

Please share this with other "Golf Balls" I just did.....

Source: E-Mail from Dr. Nissar Ahmed

## Need for Work-Life Balance

Work and life demands need to be balanced in view of the following reasons:

- ★ Increased competition due to globalisation, liberalisation and privatisation enhanced work pressures on employees;
- ★ Increase in stress levels of employees due to high demands of jobs in terms of targets, high productivity, high quality, customisation and better customer relationship management;
- ★ Increase in personal ambitions for higher level salary, status and power;

- ★ Increase in pressure of family obligations along with the accelerating pace of living standards;
- ★ High performance culture eroded the long-term loyalty and a “sense of corporate community”;
- ★ Managements expect more and more from their employees yet offers little job security in return;
- ★ Job targets and attractive performance-based pay results spending more than 18 hours a day on the job and neglecting the normal family life including interpersonal and sexual relationships.

### **Impact on Women and Men Employees**

The impact of work-life balance is relatively more on women employees compared to men employees. This is because; women employees are more responsible towards taking care of children, old parents in addition to home maintenance. However, it is felt that with the breaking down of joint families even male employees need to spend more time on family responsibilities and interests.

### **Why Employers are Interested?**

Employers are interested in bringing balance between family and personal life and work life of employees as the imbalances affect workers’ health, quality and productivity. In addition the long run contribution of employees towards quality, quantity, innovation and customer care is severely affected.

In addition, the employees prefer to stay with those organisations which take care of their work and family life balance. Some organizations to be a model employer prefer to invest on work life – family life balance initiatives. Without any loss of performance, employers can introduce some initiatives like flexible working arrangements in the form of part time, casual and telecommuting work.

## Methods of Balancing Work and Family Life

The methods of balancing work and family life include:

- ★ Flexible working hours and flexible working place;
- ★ Telecommuting;
- ★ Introduction of stress releasing measures;
- ★ On-the job training for imparting skills to do the job in a smart way;
- ★ Introduction of employee-assistance programmes;
- ★ Conducting frequent surveys to understand the work-balance issues and designing appropriate measures to reduce the imbalances;
- ★ Introduction of job-sharing mechanisms;
- ★ Providing benefits for additional time consumed by the job;
- ★ Encourage the employees to avail recreational leave and sick leave by designing paid leave programmes;
- ★ Introduction of special leave programmes for women like fully paid maternity leave that provide them job security while on leave also;
- ★ Don't encourage employees to take work home often as well as large quantities;
- ★ Allow employees to take leave for community service, legal issues and other specific issues of employee;
- ★ Design the programme of getting the family members including the children to work place at least on Sundays.
- ★ Organise social and community programmes like family oriented picnics, amusement parks, fishing, religious programmes, and birthday parties;

- ★ Conducting the work-family balance programmes throughout the year as well as during the busy workschedule seasons.
- 4. **Physical exercises:** For those who do not have time or taste for outdoor games is physical exercises for a few minutes in the morning and evening help a lot. These exercises relax the body which becomes rigid due to the day long stress in the office and prepares the body for another day.
- 5. **Yoga and meditation:** Physical exercises can relax only the body but yoga and meditation help both body and mind. Both are used traditionally to keep body and mind fit. Some organisations have successfully introduced yoga and meditations as a technique of stress management. (See Box 11.3).

### Box 11.3 How Compassionate Meditation Can Reduce Stress

Can you train yourself to be compassionate? A new study says, yes. According to researchers at the University of Wisconsin, cultivating compassion and kindness through meditation affects brain regions that can make you more empathetic to other peoples' mental emotional states.

According to Richard Davidson, the lead researcher, professor of psychiatry and psychology and director of the HeathEmotions.

Research Institute, who studied a group of Tibetan monks who were master meditators, they exhibited significant activity in the brain's insula, which is important in detecting emotions and monitoring responses such as heart rate and blood pressure. In addition the temporal parietal juncture area of the right brain, associated with processing empathy became very active.

Davidson reported that these two areas of the brain, studied with an fMRI, underwent significant activation in the test subjects.

The researchers concluded that an individual's capacity to cultivate compassion which involves regulating thoughts and emotions, may be useful in preventing depression, and that self-compassion, which is a necessary first step in developing compassion for others can be developed through compassionate meditation.

In another study by researchers at Emory University's center for Collaborative and Contemplative Studies, researchers concluded that compassionate meditation improved individuals' responses to stress. They reported that the test subjects, practicing compassionate meditation, showed reductions in inflammation and distress in response to stressors. This study reflects numerous studies which show that meditation is an effective method for controlling high blood pressure.

Together these two studies demonstrate that practicing compassionate meditation can be beneficial both to the individual and in relationships with others.

6. **Humour:** Humour to a large extent contributes to relaxation, reducing mental stress and tension. Stress should not continue for long to affect the body. Those who are blessed with sense of humour and take issues in a positive sense, experience less stress. Reading humour stories or jokes and watching comedy shows also help to some extent in reducing stress.
7. **Change in the food, drinking and smoking habits:** Spicy food, junk food, fat foods and meat cause stress. Therefore, people experiencing stress should avoid these foods. A well balanced diet is crucial in preserving health and helping to reduce stress. Certain foods and drinks act as powerful stimulants to the body and hence are a direct cause of stress. This stimulation, although quite pleasurable in the short-term, may be quite harmful in the long run. Consuming too much of coffee, tea, coke and chocolates causes the release of adrenaline, thus increasing the level of stress. It is suggested that there is a link between caffeine intake and high blood pressure and high cholesterol levels. When taken in moderation, coffee can increase your alertness, increased activity in the muscles, nervous system and heart. Consume more stress-free foods as presented in Box 11.4.

Like caffeine, taken in moderation, alcohol is a very useful drug. It has been shown to benefit cardiovascular system. The irony of the situation is that most people take to drinking as way to combat stress. But, in actuality, they make it worse by consuming alcohol. Alcohol and stress, in combination, are quite deadly. Alcohol stimulates the secretion of adrenaline resulting in the problems such as nervous tension, irritability and insomnia. Excess alcohol will increase the fat deposits in the heart and decrease the immune function. Alcohol also limits the ability of the

liver to remove toxins from the body. During stress, the body produces several toxins such as hormones. In the absence of its filtering by the liver, these toxins continue to circulate through the body resulting in serious damage.

### Box 11.4 Stress-Free Foods



Eating right isn't just about weight loss—the nutrients you take in can have a serious effect on how you think, feel, and look! Our bodies and our feelings are nothing more than reflections of the various chemicals flowing through our system on a daily basis. Make sure those chemicals are the healthy kind you get from the right mix of fruits and vegetables, proteins and fats, and you'll feel healthier, more energetic, and happier than you have in years.

In *Eat This, Not That!* 2010, we compiled a list of eight foods that can help keep you young. You're only as young as you feel—so add these eight nutritious powerhouses to your daily diet, and start feeling (and acting and looking) years younger!

**EGGS**

**Benefit:** Weight loss

**Substitute:** Egg Beaters egg substitute



When it comes to breakfast, you can't beat eggs. (That was too easy, wasn't it?) Seriously, at a cost of only 72 calories, each large egg holds 6.3 grams of high-quality protein and a powerhouse load of vital nutrients. A study published in the International Journal of Obesity found that people who replace carbs with eggs for breakfast lose weight 65 per cent quicker. Researchers in Michigan were able to determine that regular egg eaters enjoyed more vitamins and minerals in their diets than those who ate few or no eggs. By examining surveys from more than 25,000 people, the researchers found that egg eaters are about half as likely to be deficient in vitamin B12, 24 per cent less likely to be deficient in vitamin A, and 36 per cent less likely to be deficient in vitamin E. And here's something more shocking: Those who ate at least four eggs a week had significantly lower cholesterol levels than those who ate fewer than one. Turns out, the dietary cholesterol in the yolk has little impact on your serum cholesterol.

Bonus tip: Breakfast is the most important meal of the day. Choose wisely—avoid the foods on our list of 20 Worst Breakfasts in America.

## GREEN TEA

Benefit: Longer life span

Substitutes: Yerba mate, white tea, oolong tea, rooibos (red) tea

Literally hundreds of studies have been carried out documenting the health benefits of catechins, the group of antioxidants concentrated in the leaves of tea plants. Among the most startling studies was one published by the American Medical Association in 2006. The study followed more than 40,000 Japanese adults for a decade, and at the 7-year follow-up, those who had been drinking five or more cups of tea per day were 26 per cent less likely to die of any cause compared with those who averaged less than a cup. Looking for more-immediate results? Another Japanese study broke participants into two groups, only one of which was put on a catechin-rich green-tea diet. At the end of 12 weeks, the green-tea group had achieved significantly smaller body weights and waistlines than those in the control group. Why? Because researchers believe that catechins are effective at boosting metabolism.

Bonus tip: The average American consumes 400 liquid calories a day. Minimize that impact—avoid the 20 Worst Drinks in America.

## GARLIC

Benefit: Cardiovascular strengthening

Substitutes: Onions, chives, leeks

Allicin, an antibacterial and antifungal compound, is the steam engine pushing forward garlic's myriad health benefits. The chemical is produced by the garlic plant as a defense against pests, but inside your body, it fights cancer, strengthens your cardiovascular system, decreases fat storage, and fights acne inflammation. To activate the most allicin possible, you have to crush the garlic as finely as you can: Peel the cloves, and then use the side of a heavy chef's knife to crush the garlic before carefully mincing it. Be sure not to overcook it, as too much heat will render the compound completely useless (and your food totally bitter).

Bonus tip: Some foods keep you looking young. Others can quite literally cure what ails you. Check out these super 15 Foods That Cure.

## GRAPEFRUIT

Benefit: Weight loss

Substitutes: Oranges, watermelon, tomatoes

Just call it the better-body fruit. In a study of 100 obese people at the Scripps Clinic in California, those who ate half a grapefruit with each meal lost an average of 3.6 pounds over the course of 12 weeks, and some lost as many as 10 pounds. The study's control group, in contrast, lost a paltry 1/2 pound. But here's something even better: Those who ate the grapefruit also exhibited a decrease in insulin levels, indicating that their bodies had improved their ability to metabolize sugar. If you can't stomach a grapefruit-a-day regime, try to find as many ways possible to sneak grapefruit into your diet. Even a moderate increase in grapefruit intake should yield results, not to mention earn you a massive dose of lycopene—the cancer- preventing antioxidant found most commonly in tomatoes.

Bonus tip: Eat well and you'll feel younger and more vibrant. Add exercise to the mix and you'll practically erase markers of age.

## GREEK YOGURT

Benefit: Feeling fuller for longer

Substitutes: Kefir and yogurt with “live and active cultures” printed on the product label

If it's dessert you want, go with regular yogurt; but if it's protein, go Greek. What sets the two apart? Greek yogurt is separated from the watery whey that sits on top of regular yogurt, and the process removes excessive sugars, such as lactose, and increases the concentration of protein by as much as three times. That means it fills your belly more like a meal than a snack. Plus a single cup has about a quarter of your day's calcium, and studies show that dieters on calcium- rich diets have an easier time losing body fat. In one study, participants on a high-calcium dairy diet lost 70 percent more body weight than those on a calorie-restricted diet alone. If only a similar claim could be made of everything you eat.

Bonus tip: Fruit-on-the-bottom yogurt is a classic example of a food that doesn't deserve its healthy reputation—see what else makes our list of the 30 “Healthy” Foods that Aren't.

## AVACADO

Benefit: Reduced risk of heart disease

Substitutes: Olive, canola, and peanut oils; peanut butter; tahini

Here's what often gets lost in America's fat phobia: Some fats are actually good for you. More than half the calories in each creamy green fruit comes from one of the world's healthiest fats, a kind called monounsaturates. These fats differ from saturated fats in that they have one double- bonded carbon atom, but that small difference at the molecular level amounts to a dramatic improvement in your health. Numerous studies have shown that monounsaturated fats both improve your cholesterol profile and decrease the amount of triglycerides (more fats) floating around in your blood. This can lower your risk of stroke and heart disease. Worried about weight gain? Don't be. There's no causal link between monounsaturated fats and body fat.

## BELL PEPPERS

Benefit: Improved immune function

Substitutes: Carrots, sweet potatoes, watermelon

All peppers are loaded with antioxidants, but none so much as the brightly colored reds, yellows, and oranges. These colours result from carotenoids concentrated in the flesh of the peppers, and it's these same carotenoids that give tomatoes, carrots, and grapefruits their healthy hues. The range of benefits provided by these colorful pigments include improved immune function, better communication between cells, protection against sun damage, and a diminished risk of several types of cancer. And if you can take the heat, try cooking with chili peppers. The bell pepper cousins are still loaded with carotenoids and vitamin C, but have the added benefit of capsaicins, temperature-raising phytochemicals that have been shown to fight headache and arthritis pain as well as boost metabolism.

## ALMONDS

Benefit: Improved memory

Substitutes: Walnuts, pecans, peanuts, sesame seeds, flaxseeds

An ounce of almonds—or about 23 nuts—a day provides nearly 9 grams of heart-healthy oleic acid; that's more than the amounts found in peanuts, walnuts, or cashews. This monounsaturated fat is known to be responsible for a flurry of health benefits, the most recently discovered of which is improved memory. Rats in California were better able to navigate a maze the second time around if they'd been fed oleic acid, and there's no reason to assume that the same treatment won't help you navigate your day-to-day life. If nothing else, snacking on the brittle nuts will take your mind off your hunger. Nearly a quarter of an almond's calories come from belly-filling fiber and protein. That's why, when researchers at Purdue fed study participants nuts or rice cakes, those who ate the nuts felt full for an hour and a half longer than the rice cake group did.

Bonus Tip: Before you go out to eat, grab a handful of almonds; it could help keep your hunger at bay.

Source: <http://health.yahoo.com/experts/eatthis/38834/8-perfect-stay-young-foods/>

8. **Playing with kids:** Playing with kids is really a pleasant situation to those who experience stress. In fact, the former Prime Minister of India Mrs. Indira Gandhi used to play with her grand children Rahul and Priyanka when they were kids particularly when she faced critical situations during the emergency period. The Human Resources Manager

of TELCO used to play with his grandsons when there were strikes during 1986-87 led by Mr. Nair. The pure and creative minds of kids work as a great stress reliever.

9. **Hobbies:** Practicing favourite hobbies in leisure times help in relaxing the mind, which in turn reduces stress. Many forget their hobbies after joining their professional careers. Hobbies can pull us out from the materialistic world. A good painting or a beautiful handicraft can give a person great satisfaction and keeps his spirits high. Depression and frustration that result from stress can be reduced through hobbies.
10. **Take measures to shift personality from 'A' to 'B':** Individual employees possessing personality 'A' traits should shift to personality 'B' type in order to reduce the effects of stress.
11. **Acquire emotional balance skills:** Handling relationships effectively under awkward circumstances makes you emotionally intelligent. By delaying the gratification of reacting to the situation instantaneously, you may come out a winner.
12. **Be philosophical:** Listen to philosophical lectures and discourses (See Exhibit 11.3).

### Exhibit 11.3 Golden Principles of Stress-Free Living

Stress is a messenger - listen to it.

Consider your pressures a challenge. Your coping ability will increase.

Meet, greet and beat your stress successfully.

There is always benefit hidden behind every event in life.

Don't compare yourself with others. You are unique.

Do not repeat your past mistakes; Past is a cancelled cheque.

Do not worry about the future. Future is a promissory note.

Don't be jealous, be content.

Don't feel superior, give up your ego.

The world is a huge drama. Don't get upset by scenes of sorrow and tragedy.

Spare time to help others, and your worries will soon be forgotten.

When you are ill or facing problems, be happy, you are simply paying off past debts.

Your critics are instruments to carry you forward, so consider them as well-wishers.

Don't criticize others behind their back.

Don't think of taking revenge. Forgive and forget.

Give happiness to others, never think of giving sorrow.

Observe your mind, control your mental traffic, and you won't have irrelevant thoughts.

Laughter is an antidote to stress. Laugh at your mistakes but not at others.

Surrender all your worries to God and relax.

Practise meditation for 15 minutes daily. It will bring peace, bliss and relaxation of mind and body.

(Source: Eswareeya Viswavidyalaya)

The above explained techniques more or less work towards reducing the impact of stress than prevent it in toto except for time management. Time management can be used to prevent stress. Stress management is not only managing stress after it has occurred, but also for prevention of stress. This can be best achieved through organisational means rather than by an individual. This is because, individuals are either reluctant or find no time to follow the above explained devices to cope up with stress.

Other individual stress coping strategies include:

- ★ Stress is messenger — Listen to it,
- ★ Pressures are challenges — increase copings,
- ★ Meet, greet and beat your stress successfully,
- ★ Don't worry of the future,
- ★ Don't feel ego,
- ★ Don't think of revenge,
- ★ Life is short — Try to enjoy,
- ★ Manage your time properly,
- ★ Think positively = positive attitudes,
- ★ Think from others' point of view,
- ★ Develop 'Can do attitude',
- ★ Change/shift your attitudes,
- ★ Discuss/share with others,
- ★ Use open/free communication,
- ★ Use detailed communication,
- ★ Communicate to all concerned,
- ★ Develop ability/willingness to communicate,
- ★ Update communication,
- ★ Negotiations/face-to-face discussions,
- ★ Hand-shake,
- ★ Wash your eyes and face with cold water,
- ★ Comb your hair with fingers,
- ★ See beautiful pictures,
- ★ See attractive sceneries,
- ★ Drink at least three litres of water a day,
- ★ Divert your attention on to other topic/issue, and
- ★ Develop hobbies like painting, dancing, and singing.

Organisations also started employing various strategies to help their employees in reducing their stress.

### **Organisational Strategies**

The organisations are in fact the worst affected, due to stress experienced by their employees. This realisation paved the way for organisations to take steps to prevent stress.

These measures include:

- ★ Establishment of health clubs in the organisations itself, where all the employees are supposed to be checked up regularly. Different health plans are devised by experts for different people depending upon their needs which are to be followed strictly. The employees have to undergo light exercise everyday before actually entering into work as physical exercises are the best means of sweating out stress and prepare for day's work.
- ★ Organisations are also taking steps to create supportive organizational climate so that employees can feel secure and show their abilities.
- ★ Efforts are also being made to make working conditions pleasant, as bad physical conditions could be potential sources of stress.
- ★ Many organisations are providing with counselling facilities to support its employees psychologically and morally.
- ★ They also devise career plans to remove any ambiguity as to their career development.

Other organizational coping strategies include:

- ★ Employee assistance programmes,
- ★ Wellness programmes,
- ★ Less controls,
- ★ Flat structures,
- ★ Employee empowerment, and
- ★ Stress management training.



## 11.5 MILD STRESS: CONDUCTIVE FOR ORGANISATIONAL EFFECTIVENESS

There is always the other side of the coin and so is stress i.e., the positive aspects of stress, which is called mild stress. Mild stress is very essential for effective and efficient working. The concept of mild stress holds good especially in the Indian context, where mostly government employees at clerical grades are employed in routine jobs which do not pose any stress. In due course, the employee becomes a lazy day-dreamer.

A clerk's job is only making entries or some simple calculations. The employee however starts his job with great zeal and works with enthusiasm and care. But this behaviour lasts only for a few months. As the employee realises that there is no stress accompanying the work, develops disinterest towards work and spends his time otherwise.

Stress need not be caused by assigning heavy work to be done within a short time. If done so, it may again lead to fatigue and depression in the employees. But moderate and desirable level of stress i.e., mild stress can always be caused through the following methods:

- ★ **Time frame:** Determining the fixed time for each task results in mild stress. But care should be taken to provide sufficient time to get work done efficiently.
- ★ **Time and motion studies:** Time and motion studies are very important devices that can be employed to find out the required time to perform each job. Time specification can pose some stress which will yield positive results.
- ★ **Job rotation:** By rotating the employees among various jobs, they are made to undergo mild stress, apart from other benefits. Learning a new job and putting it into practice also result in mild stress.
- ★ **Variations in job methods:** Change in methods of doing the job from time to time leads to mild stress to the job holders. But it helps the employees to adapt to any kind of changes comfortably in the future.

- ★ **Incentives:** They are the best means of achieving mild stress. To avail of the incentives, the employees are under stress to perform the jobs in time and efficiently.
- ★ **Proper channel of authority, clear cut powers and duties:** These should be established. The superiors should be made responsible to get things done from his/her subordinates and he/she should be delegated with proper authority, so that the boss may put his subordinates under stress. The boss should plan the work, co-ordinate employees and control them.

Resistance can be expected from employees initially for all these changes. But after some time, they come out of monotony in work and start enjoying their jobs. Human resources cannot be kept idle especially in developing countries like ours whose major asset is human resource. But to one's distress, this type of problem appears mostly in developing countries.

Below optimum level of stress is mostly experienced by middle level managers with paper work. The lower level workers with physical effort experience mild stress and top level managers experience distress with their pressing mental activities. The human resources of employees who do not experience any stress at all can be better utilised by causing mild stress, with the help of the above measures.

Two extremes of stress need to be balanced and an optimum level is to be arrived at. Organisations today are becoming more and more stress conscious. With the co-operation of employees, the organisations can effectively manage stress.

## 11.6 SUMMARY

- ★ Stress is basically a pressure upon a person's psychological system which arises out of complexity or intensity of one's work life.
- ★ Facial Expressions during Stressful Situations  
Eu-stress: Stress caused due to sudden good news or positive aspects.
- ★ A minimum and desirable level of stress is called as Mild-stress.
- ★ Extra-organisational stressors are the environmental factors that cause stress.
- ★ Organisational Stress: Stress caused due to conflicting organizational roles.
- ★ Stress arises while performing complex jobs during this period.
- ★ Distress has great impact on the psychological system which in turn affects physical and behavioural systems.
- ★ Stress affects individual employee, employee's family and organization. Stress affects individual's physiology, psychology and behaviour.
- ★ Employers are interested in bringing balance between personal life and work life of employees as the imbalances affect workers' health, quality and productivity.
- ★ Meditating Postures by Ramdev and practitioners
- ★ The organisations are in fact the worst affected due to stress experienced by their employees.
- ★ Mild stress is very essential for effective and efficient working.

## 11.7 SELF ASSESSMENT QUESTIONS

1. What is stress? Differentiate Distress from Eu-stress.
2. Discuss the causes and consequences of stress.
3. What are the various individual and organisational strategies to manage stress?
4. "Mild stress is desirable and essential for individual and organisational performance." Discuss.
5. What is distress? How do you reduce it?

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# Chapter 12

## Time Management

### Objectives

**After studying this Chapter, you should be able to:**

- ★ Role of time in today's changing scenario
- ★ Relationship of time

### Structure:

12.1 Introduction

12.2 POSEC

12.3 Benefits of Time Management

12.4 Techniques of Time Management

12.5 Summary

12.6 Self Assessment Questions

## 12.1 INTRODUCTION

In this world of globalisation, privatisation, time management plays a very crucial role. Human resource management is the need of the hour but to utilise it effectively, time plays a vital role. You must have heard a very popular saying, "Once time is gone, it never comes back". It's the duty of the organization to manage time in such a way so as to increase the productivity in less time.

As rightly said by Robin Sharma, Canadian writer "Time management is life management". Every human being on Earth is given equal time and it rests with an individual to make the best use of time. Time is the most precious capital which all individuals have.

Various famous personalities have very differently explained the meaning and importance of time. The definition of time is different for different individual. According to some, time is very precious. According to some, time is like your friend so you should handle it with care. But some people take time for granted and later on when there is hardly anytime left they realise its' worth.

Every organization considers "Time as the mantra for growth and prosperity". It's essential to categorise work into various heads so as to avoid wastage of time. The problem arises when an individual is not able to decide which is important and which work has priority. Very few people understand their priorities of work in the organization and others are busy cribbing for time as they waste most of the time in activities which can be done by others. We need to understand the difference between routine work and priority work. Most of the time is wasted by doing jobs which can be easily managed by the lower staff. This leads to wastage of time , increase in work pressure which inturn leads to less productivity.

## 12.2 POSEC

The method emphasize on prioritizing of tasks which includes individuals emotional needs.

P – Prioritize O – Organize S – Streamline E – Economize C - Contribute

1. **Prioritize:** Set goals as per your priorities
2. **Organize:** Organize your tasks
3. **Streamline:** Streamline your work as per the requirements
4. **Economize:** Avoid wastage of time
5. **Contribute:** Take care of important things which makes a difference in your life

Time management includes:

1. Planning: Short term, mid-term, long term
2. Setting targets
3. Distribution of role and responsibilities
4. Prioritization of activities

### **Planning**

It is the first and foremost step of time management. Firstly, prepare an activity chart which includes all the activities as per its priorities. Higher priority work should be completed first then less priority work and this way time can be managed in a perfect manner. The task which we have taken should be completely finished before switching over to another task. This will save time. Long term planning is basically for atleast five years. It needs very careful attention and distribution of activities as it decides future of the organization. Short term planning is basically hourly, weekly or monthly based.



### **Setting Targets**

There should be proper synchronization between activity and time which will help in the accomplishment of goals.

### **Distribution of Roles and Responsibilities**

There should be proper delegation of responsibilities as per the interest of the employees. This will lead to better implementation of task in a short span of time leading to astonishing results. It is very important to learn to say 'NO' at times. If you overburden yourself with unnecessary work, your potential to do effective work will reduce leading to more consumption of time with less productivity.

### **Prioritization of Work**

The most important work should be on the top priority list followed by less important work. There should be proper allocation of time for each work.

Time management is directly related to well organized work. The skills required for proper time management are:

#### **1. Keep your work area clean**

- ★ Take care of your personal belongings like car keys, mobile etc.
- ★ Arrange files properly

#### **2. Set priorities**

- ★ List the most important tasks
- ★ Be very careful in selecting the first priority task
- ★ Do not waste time in unnecessary activities
- ★ Once you finish your task, click ok so that you are clear what next to do and also it gives a feeling of satisfaction.

### **3. Be focused**

- ★ Do not waste time by attending unimportant calls
- ★ Do not roam around the office and waste time

### **4. Be punctual and disciplined**

- ★ Do not get late for office
- ★ Do not take too many leaves

Time management leads to increase in productivity, boosting of the employees morale and overall development of an organization. The art of time management lies in planning and delegating of responsibilities in an effective manner.

Team work plays a crucial role in an organization. The executives should be ready to adopt new responsibilities and act spontaneously. Any delay in execution of the activities may lead to sheer wastage of time. Now, creeps in the role of management information system. If the flow of information is through proper channel at proper time and proper place then the problem can be solved and decision can be made easily.

An effective manager is one who is good in delegating duties and responsibilities to employees. He prepares a brief outline of the list of tasks to be done according to the priorities. A responsible manager knows his duties and responsibilities and acts as a role model for his employees. An efficient manager is one who finishes his task on time and guide his subordinates how to do maximum work in an effective way in a short period of time. A good manager always keeps in touch with his team members and try to uplift their performance. A manager should always be a good listener then only he will understand the problems of the employees.

As the organization grows, it becomes difficult to organise the activities. Meetings are conducted time to time for effective planning of the tasks. Committees are formed so as to share the responsibilities and to perform task quickly and efficiently. It is important for the managers to discover the root cause of problems and find ways to solve it. Solving of problem requires consultation with top level management and try to solve

it as quickly as possible so as to save time. Right type of information is required to arrive at the root cause of the problem and taking decisions.

Planning alone hardly carries any weightage. Planning can only be effective if it is properly implemented at the right time and at the right place. Every task which you are not able to perform should be delegated properly. It is the duty of the manager to realize the potential of his employees.

### 12.3 BENEFITS OF TIME MANAGEMENT

- ★ Increase productivity
- ★ Saves time
- ★ Reduce level of stress
- ★ Increase in opportunities

### 12.4 TECHNIQUES OF TIME MANAGEMENT

1. Prepare a proper plan
2. Set goals
3. Prioritize tasks
4. Organize Training programs
5. Performance evaluation and rewards

## 12.5 SUMMARY

Time management acts as a booster of life. If you want to be successful in life you should be able to manage time in an effective way. It is the process of planning, organizing the activities priority wise. Time management plays a crucial role both in personal and professional life. A good manager is one who can delegate duties and responsibilities and who takes care of his employees. The organization can achieve success only if the employees are happy and free to perform. Every individual should realize the importance of time as 'Time and tide waits for no one'. Once time is gone it will never come back so we should make the utmost use of time.

## 12.6 SELF ASSESSMENT QUESTIONS

1. What is time management? How can you manage your time effectively?
2. How can you prioritize your task?
3. Discuss the role of manager in effective implementation of time.
4. What are the benefits of time management?
5. Elaborate the process of time management.

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