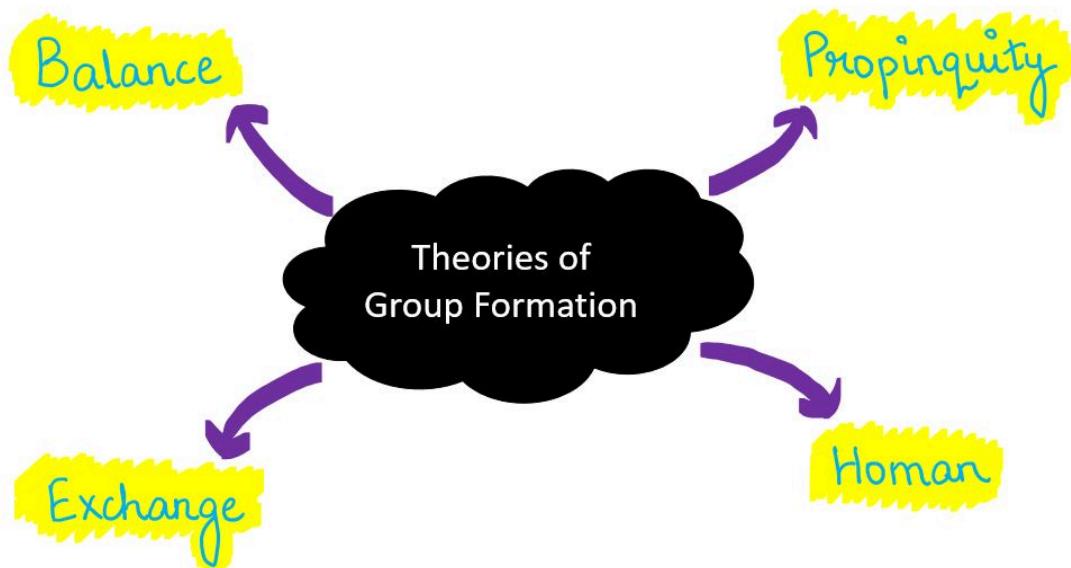


Auditing Course Material

Part 9 of 61 (Chapters 801-900)

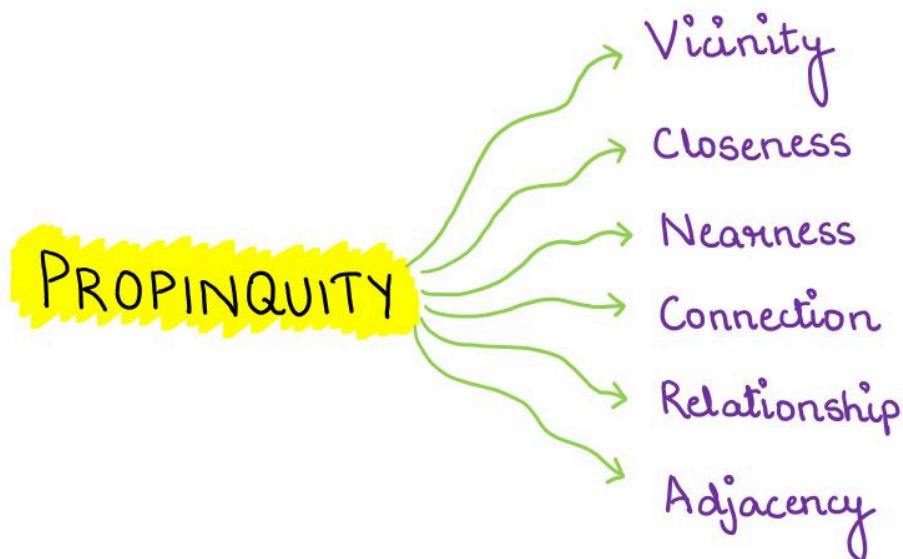
4. Theories of Group Formation

Some of important theories of group formation are discussed next.



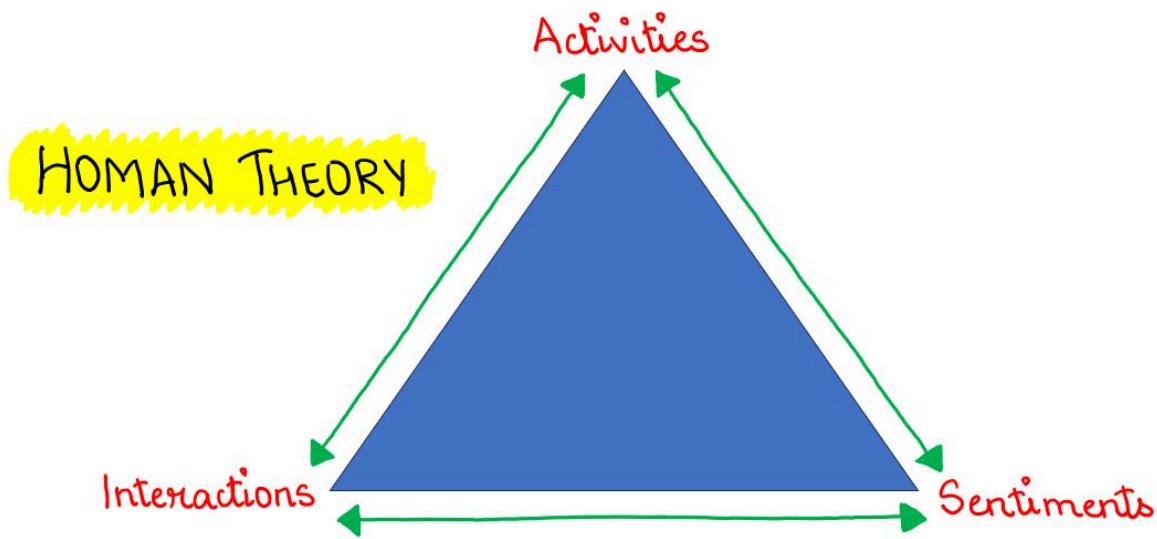
1. Propinquity Theory
2. Homan's Theory
3. Balance Theory
4. Exchange Theory

4. Theories of Group Formation



This theory proposes that people affiliate with each other based on spatial or geographical proximity. It was introduced by Leon Festinger, Stanley Schachter, and Curt Back. For instance, in an organization, employees who work in the same area or have offices close to one another are more likely to form groups than those who are not physically located together.

4. Theories of Group Formation



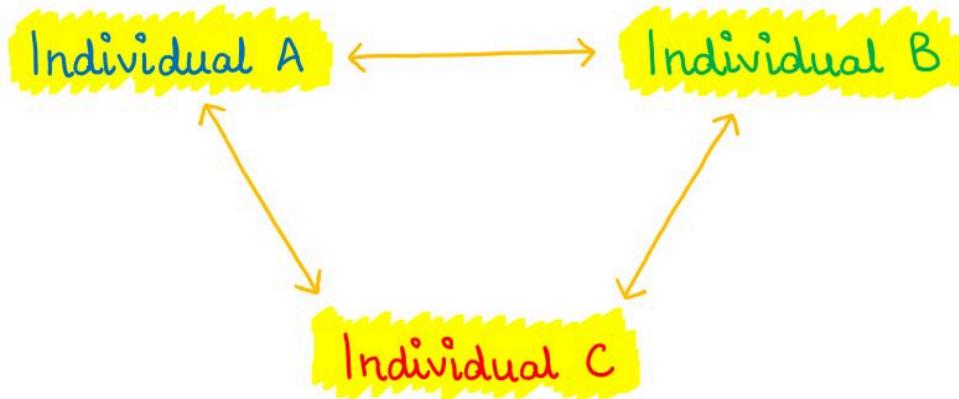
George C. Homans introduced this theory, which suggests that the more activities people share, the more they will interact with each other, the stronger their shared activities and sentiments will be, and the more sentiments they will have for one another. This theory is based on activities, interactions, and sentiments.

3. **Balance Theory** : This theory, proposed by Theodore Newcomb, states that individuals are attracted to one another based on similar attitudes towards commonly relevant objects and goals. Once a relationship is formed, it seeks to maintain a symmetrical balance between attraction and common attitudes. Attempts are made to restore the balance if an imbalance occurs. If the balance cannot be restored, the relationship dissolves.

4. **Exchange Theory** : Thibaumont and Kelly proposed this theory, which is based on the reward-cost outcomes of interactions. For an individual to be attracted to a group, they consider what they will gain in exchange for interacting with group members. To form an affiliation, there must be a minimum positive level of outcome (rewards greater than costs). The exchange theory considers propinquity, interaction, and common attitudes.

4. Theories of Group Formation

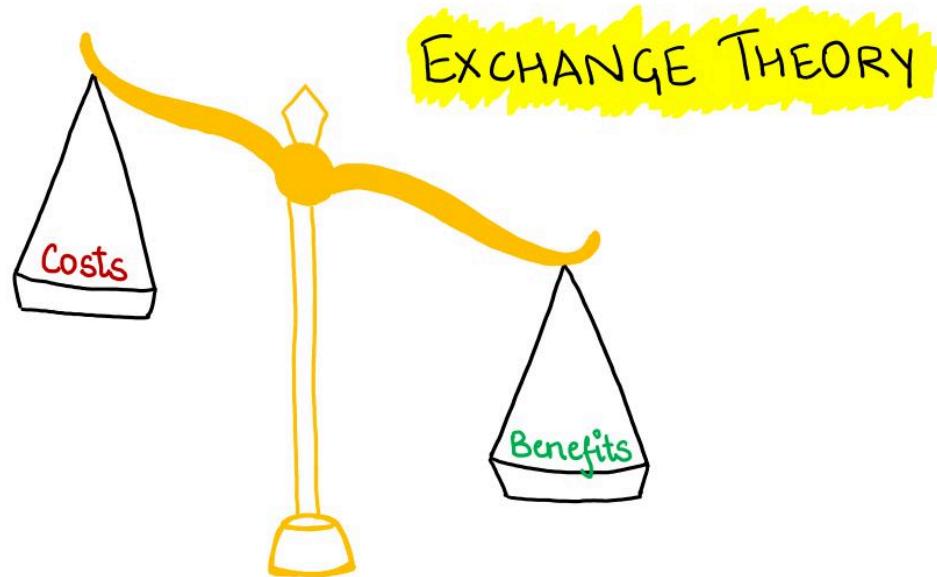
BALANCE THEORY



Common Attitudes (Work, Authority, Religion, etc.)

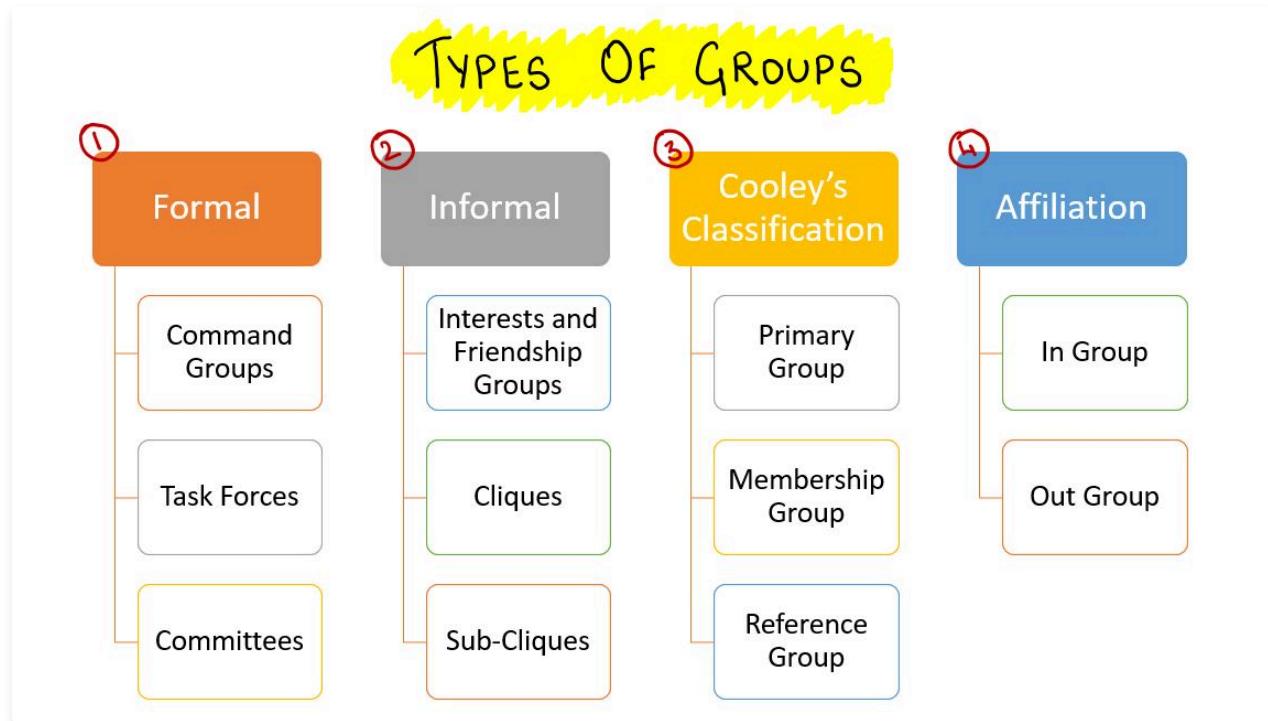
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4. Theories of Group Formation



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5. Types of Groups



Groups can be classified into various types and subtypes, which help us understand their characteristics and behaviors.

5. Types of Groups

There are two types of groups, Formal Groups and Informal Groups, which have further sub-types.

Formal Groups

These groups are established by the organisation to accomplish specific tasks. These groups include **Command Groups** which consist of managers and their direct subordinates; and **Committees** and **Task Forces** which are created to carry out "specific" organisational assignments or activities.

For example, in an educational institution there are three broad formal groups of teachers, students and administration. In the command group, the top administrator or principal or head of the institution has Heads of Departments of different disciplines as his direct subordinates. Various committees to look at academic activities of teaching and research are made to carry out the assignments of the organisations. Various task forces are set to carry out specific activities such as selecting students, making of a curriculum; developing teaching and evaluation methods, moderating performance, etc. in each department for a specific discipline or course.

In all cases, command groups and committees continue to exist whereas task forces are usually established to solve a particular problem. They are disbanded after the work is done.

Informal Groups

These groups are formed within the structure of the organisation but by the members themselves rather than by the organisation. Sometimes they do not have the approval of the management. Basically, informal groups are formed to satisfy social needs on the job. Sometimes they are formed to perform a task better, sometimes they are formed to hold production at a certain level. In a rigid system of organisation, these informal groups meet fairly regularly to cut short the rigid bureaucratic practices of the management.

Consequently, Informal Groups may be of different types as explained below:

(a) **Interest and Friendship Groups:** People who may or may not be aligned into common command or task groups may affiliate to attain a specific objective with which each is concerned. This is called an Interest Group. For instance, the employees who group together to pressurize the management for subsidized transport constitute an interest group. A Friendship Group includes close friends or relations.

(b) **Cliques:** Another type of informal groups is called cliques. These groups consist of colleagues or those who commonly associate with each other and observe certain social norms and standards, but the number of members tends to be smaller, and only rarely exceeds five or six. The objective is to provide recognition to each other and exchange information of mutual interest. M. Dalton has identified 3 types of cliques:

(i) *Vertical Clique:* This group consists of people working in the same department drawing membership regardless of ranks. In this case, the superior may be a member in the group consisting mainly of subordinates. Such groups which cut across hierarchical lines develop because of the earlier acquaintance of people or because the superior is dependent upon the subordinates for some formal purposes like filling gaps in his abilities.

(ii) *Horizontal Clique:* This group consists of people of more or less the same rank and working more or less in the same area. Members are able to find some points of commonness and keeping the objectives in mind, come together. This is the commonest type of informal group.

(iii) *Random or Mixed Clique:* This group draws members from different ranks, departments and physical locations. Again, people having some similarities come together for a common purpose. The members may be residing in the same locality, travelling by the same bus or may be members of the same club.

(c) **Sub-Cliques:** This group consists of some members of a clique inside the organisation forming a group along with persons outside the organisation. The members of the cliques give these outsiders due recognition because of some members of their group being associated with them. Such groups are regarded as partially external to the organisation.

5. Types of Groups

Based on Cooley Classification, groups can be classified into primary groups, membership groups, and reference groups.

Primary groups are characterized by intimate, face-to-face association and cooperation, and they are fundamental in forming the social nature and ideals of individuals. Examples include families and peer groups.

Membership groups are the ones to which the individual actually belongs, such as clubs, cooperative societies, and workers unions.

Reference groups are the ones with which an individual identifies or would like to belong, such as socially or professionally prestigious groups.

5. Types of Groups

Based on Affiliation, groups can be classified into in-groups and out-groups.

In-groups represent a clustering of individuals holding prevailing values in a society or having a dominant place in social functioning, such as a member of a team or family members.

Out-groups are conglomerates looked upon as subordinate or marginal in the future, such as street performers for an office worker or a hawker for a surgeon. In a win-lose situation in a competitive task, members of the win or lose group show tremendous in-group feelings within themselves, and their group, in relation to the other group, is called an out-group.

6. Informal Organization by Chester I. Barnard



Informal
Organization

Chester I. Barnard

Chester I. Barnard describes an Informal Organization as a system of unconscious activities and is essentially structure less. According to him, the existence of formal organizations presupposes the existence of informal ones. It is from the informal organizations that formal ones emerge and, the creation of formal organizations inevitably brings into being informal ones, which, in turn, influence the formal, making them viable. At times, informal organizations may act contrary to the purposes of the formal organizations.

Yet there are three positive functions, which can be performed only by informal organisations:

1. To perform the communication of intangible facts, opinions, suggestions, suspicions that cannot pass through formal channels without raising issues.
2. The second is to maintain cohesiveness in formal organizations.
3. The third is to help maintain the feeling of personal integrity, of self-respect, of independent choice. It may be regarded as a means of maintaining the personality of individual against certain effects of formal organization, which tend to disintegrate the personality.

7. Group Development



Effective teamwork is essential in today's world, but as you'll know from the teams you have led or belonged to, you can't expect a new team to perform exceptionally from the very outset. Team formation takes time, and usually follows some easily recognizable stages, as the team journeys from being a group of strangers to becoming a united team with a common goal.

Whether your team is a temporary working group or a newly-formed, permanent team, by understanding these stages you will be able to help it quickly become productive.

Psychologist Bruce Tuckman first came up with the memorable phrase "forming, storming, norming, and performing" back in 1965. He used it to describe the path to high-performance that most teams follow. Later, he added a fifth stage that he called "adjourning" (and others often call "mourning" – it rhymes better!)

Forming - Stage 1: In the first stage, forming, team members are introduced to one another and begin to develop a social dynamic. The members of the team are still unsure about how to relate to one another, what behaviors are considered acceptable, and what the ground rules are for the team. Through group member interaction over time, team members become more comfortable and a group dynamic begins to emerge. Leader coaches (similar to Situational Leadership 'Telling' mode).

Storming - Stage 2: During the storming stage, the interaction may be volatile and the team may lack unity. Because the team is still relatively new, this is the stage at which goals and objectives begin to develop. Team members will brainstorm to develop ideas and plans and establish a broad-ranging agenda. It is important at this stage for team members to grow more comfortable around the others so that they can contribute openly. At this time, the leadership role likely will be formally undefined. A team member may emerge as the informal leader. The success or failure of the ideas in storming determines how long the team will take to reach the next stage. Leader coaches (similar to Situational Leadership 'Selling' mode).

Norming - Stage 3: After storming and the first large burst of activity, the team begins to stabilize during the norming stage. During this process, each person's role within the group starts to become apparent, and members begin to recognize the roles of others. A sense of unity will become stronger. If it has not occurred already, an identified leader will emerge. The group still may be somewhat volatile at this point and may regress back to the second stage if any conflict, especially over the leadership role, occurs. It is similar to the Situational Leadership 'Participating' mode. Leader facilitates and enables.

Performing - Stage 4: The fourth stage, performing, is when the team achieves its full potential. It is usually slow to develop and occurs when the team begins to focus strongly on the assigned task and away from team-development issues. The members of the team work in harmony under the established roles to accomplish the necessary goals. Leader delegates and oversees (similar to the Situational Leadership 'Delegating' mode).

Adjourning- Stage 5: In the final stage, adjourning, the team is disbanded because the project has been completed. Team members may be reassigned to other teams or tasks. This stage does not always occur if the team is placed together for a task with no specific date of completion. For example, a marketing team for Zara may continue to develop promotional efforts for a

store even after a specific promotional task has been accomplished. This stage is especially common in problem-solving teams that are dismantled after the assigned problem has been resolved.

8. Group Structure

Group structure refers to the established and relatively enduring arrangement of relationships among members within a group. When individuals come together in a group setting, differences in behaviors, roles, and interactions emerge, forming the foundation of the group's structure.

These distinctions among group members, such as who speaks, listens, makes decisions, or provides information, serve as the building blocks of group structure. As these differences materialize, relationships and roles within the group become defined, creating a pattern of interactions known as group structure.

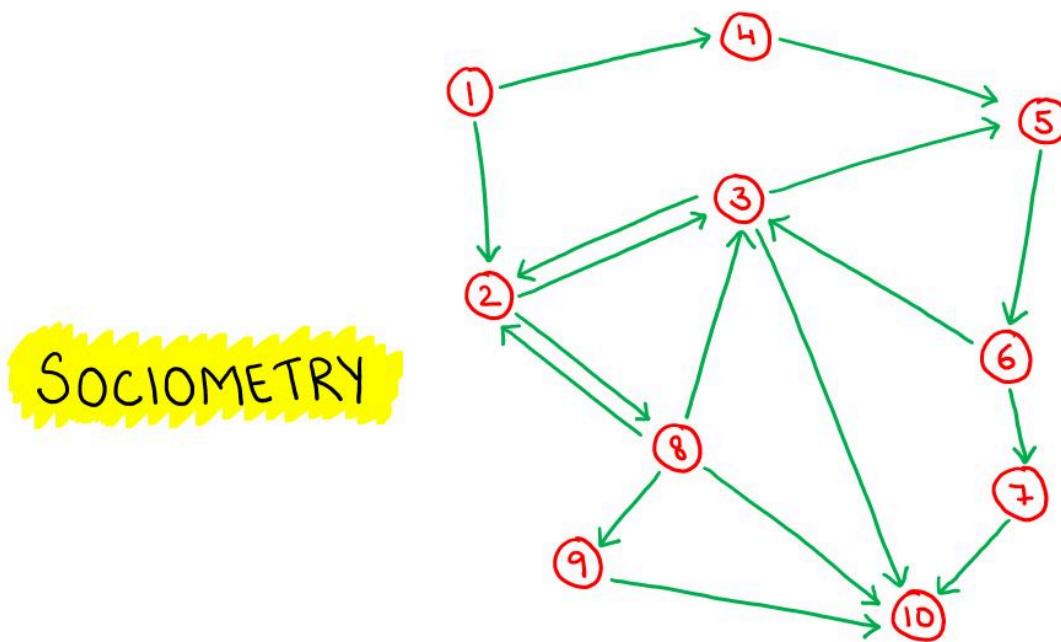
While group structure implies stability, it's essential to recognize that these relationships are not static. They evolve and transform over time as members continuously engage and interact with each other. Describing a group's structure is akin to capturing a snapshot in time—a portrayal of relationships that existed at that moment, acknowledging that they might have been different before and after that snapshot.



A group's structure is influenced by its processes, which encompass various aspects of how the group functions:

- *Direction of Communication:* Identifies who interacts with whom within the group.
- *Quantity of Communication:* Reflects the frequency or number of times each member contributes to discussions or interactions.
- *Content of Communication:* Encompasses the type or nature of information exchanged verbally among group members.
- *Decision-Making Style:* Describes how the group makes decisions, whether through consensus, voting, or other methods.
- *Problem-Solving Style:* Outlines the approach taken by the group when addressing and resolving problems or challenges.

8. Group Structure



Sociometry is a social science methodology that focuses on examining and understanding the interpersonal relationships, connections, and sentiments that exist within groups. It involves the systematic study of the social interactions, emotional ties, and preferences among individuals within a group setting.

A central tool used in sociometry is the **sociogram**, which is a visual representation or diagram illustrating the social connections, preferences, and degrees of liking or social attraction among members within a specific group. It's a graphical depiction that showcases the relationships between individuals in the group based on their mutual feelings, affinities, or preferences toward one another.

Sociograms are typically created through surveys or structured questions that inquire about the relationships between group members. Participants might be asked to indicate whom they prefer, trust, or enjoy working with, providing data that is then organized graphically to create the sociogram.

The sociogram visually presents these interpersonal relationships using symbols or lines connecting individuals, showcasing patterns of social attraction, friendship, or other relationship dynamics within the group. This diagrammatic representation offers insights into the social structure of the group, highlighting who is well-connected or popular within the group and identifying potential cliques, isolated members, or influential individuals.

8. Group Structure

The roles play a crucial part in defining how individuals fit into an organization and what they must do to perform effectively. Role efficacy, role making, role centering, and role linking are important factors that influence an individual's ability to perform effectively. However, organizations must also be mindful of challenges such as role overload, role conflict, role ambiguity, and role incongruence, which can impact the effectiveness of an individual in their given role.

Roles in a group refer to the set of behaviors and responsibilities expected of individuals who hold a given position. It defines how a person fits into the organization and what they need to do to perform effectively.

A **role set** is a number of roles attached to a single position. For example, a manager's role set might include roles like leader, decision-maker, and communicator.

Role identity refers to how an individual perceives themselves in their role within a group. It is the extent to which a person takes on a particular role as a central part of their identity. For example, a teacher may have a strong role identity and see themselves primarily as a teacher rather than a parent or a friend.

Role perception is the way individuals view their own roles and the roles of others in the group. This can be influenced by personal values, expectations, and experiences. For instance, two people holding the same position in an organization may have different perceptions of their role based on their own unique perspectives.

Role expectations refer to the behaviors and responsibilities that are expected of individuals in a particular role. These expectations can be explicit, such as those laid out in a job description, or implicit, such as those that are communicated through social cues and interactions.

Role efficacy is an important factor that influences an individual's ability to perform effectively. It refers to the potential effectiveness of an individual occupying a particular position in an organization. Role efficacy is influenced by the environment in which an individual works, including the level of control and participation in decision-making. People with high role efficacy are better able to cope with problems, show commitment to their work, and experience less role stress and work-related tension.

There are three aspects of role efficacy – role making, role centering, and role linking. *Role making* is an active attitude towards the role, i.e., defining and making the role one likes to take on. *Role centering* is concerned with increasing the power of the role, making it more important. *Role linking* is concerned with extending the relationship of the role with other roles and groups.

However, the perceptual nature of organizational roles can lead to situations such as role overload, role conflict, and role ambiguity. *Role overload* occurs when an individual perceives the role as being more than he or she can bear with. *Role conflict* arises when an individual receives mixed messages about what is expected from them by others, such as a boss and co-workers. *Role ambiguity* arises when an individual feels that their role is unclear, often the result of assuming a new position.

Role incongruence is another challenge that organizations face. It refers to the differences between the role an individual is expected to fulfill and the role they actually perform. Role incongruence can occur when an individual's perception of their role is different from the role others expect them to fulfill.

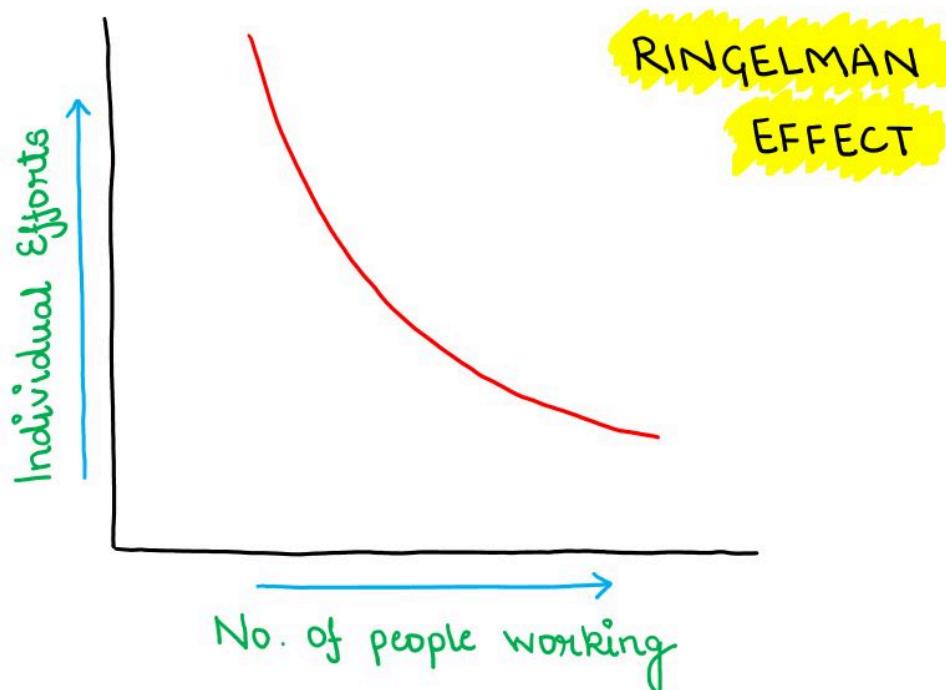
9. Group influence on Individual Performance

Group behavior has a significant impact on individual performance, and this influence can be explained through various social and psychological phenomena.

Social influence is one such phenomenon that describes the impact of the presence of others on an individual's attitudes and behavior. This influence can be positive or negative, depending on the context. For example, in a study on cycling, it was found that individuals tend to cycle faster in the presence of others.

Social facilitation is a type of social influence that refers to an individual's improved performance in the presence of others. For example, athletes often perform better when competing against others than when practicing alone. In contrast, **social inhibition** occurs when the presence of others reduces an individual's performance. For example, a shy student might perform worse during a group presentation than when presenting alone.

Social compensation refers to persons actually increasing their effort and working harder when in a group. For example, students who are typically less motivated might increase their effort and perform better when working with a group of motivated peers. However, **choking** is the opposite phenomenon where an individual performs worse under pressure than expected in situations with a high degree of perceived importance. For instance, an athlete who usually performs well in training might choke in a critical competition.



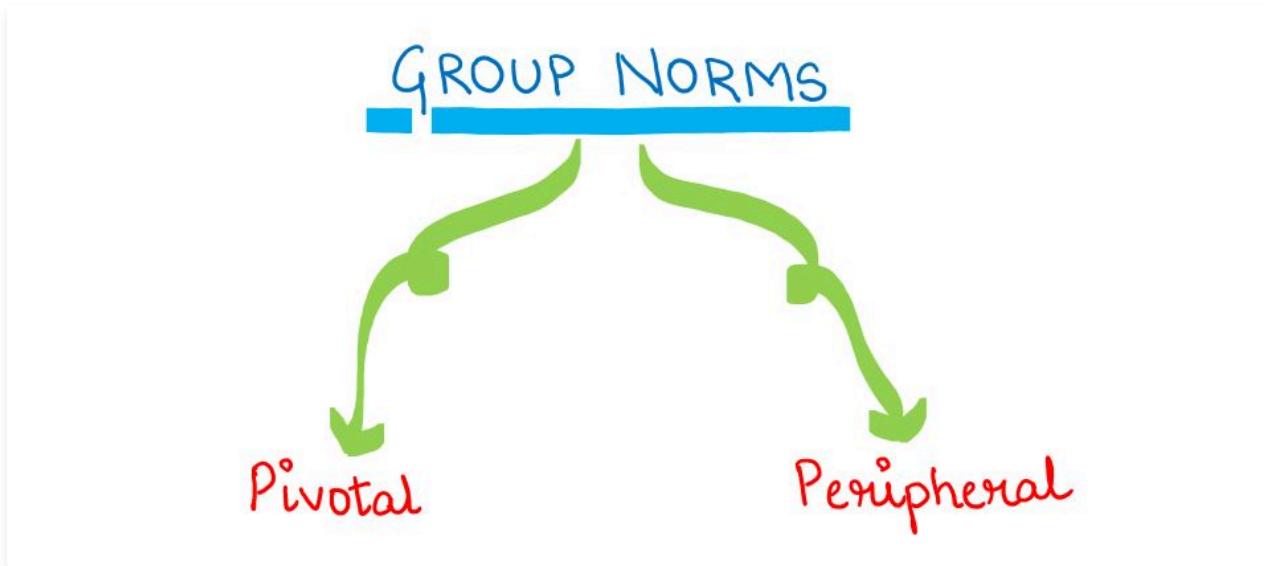
Social loafing or the Ringelman effect is the tendency for individuals to exert less effort when working as part of a group than when working alone. For example, an employee might slack off when working with a team as they believe their effort will be diluted, and others will pick up the slack.

Lastly, a **free rider or sucker effect** occurs when a member obtains benefits from team membership without bearing a proportional share of the costs for generating that benefit. For instance, a group project may suffer when one member relies on the effort of others without contributing enough themselves.

In conclusion, group behavior can have both positive and negative influences on individual performance, and social and psychological factors such as social influence, social facilitation, social inhibition, social compensation, choking, social loafing, and free riding play a critical role in shaping group dynamics and outcomes. Understanding these phenomena can help individuals and groups enhance performance, collaboration, and overall outcomes.

10. Group Norms

Group norms are the unwritten rules and expectations of behavior that are established within a group. These norms serve as a guide to the behavior of the group members and help in maintaining social order and cohesion. For example, in a work group, the norm may be to arrive at work on time, meet deadlines, and maintain a professional demeanor.



Group Norms are of 2 types:

1. *Pivotal norms* are the norms that are critical to the group's functioning and success, and their violation could lead to severe sanctions. For example, in a surgical team, the norm of maintaining strict sterility is pivotal, and any deviation from this norm could have serious consequences.
2. *Peripheral norms*, on the other hand, are less critical and more flexible in nature. These norms do not have a significant impact on the group's success, and their violation is less likely to result in sanctions. For example, in a work group, the peripheral norm may be to take breaks at specific times, and deviation from this norm may not result in any significant consequences.

Key Terms on Group Norms

Deviant workplace behavior refers to the intentional violation of established norms by organizational members, which results in negative consequences for the organization or its members. For example, an employee who steals from the company or engages in harassment is engaging in deviant behavior.

Group sanction refers to the positive or negative consequences that result from conforming or deviating from group norms. For example, an employee who consistently meets deadlines and performs well may receive a promotion, while an employee who engages in deviant behavior may be reprimanded or terminated.

Ostracism refers to the act of excluding or ignoring a group member who deviates from group norms. For example, a team member who consistently misses deadlines may be excluded from future projects.

Group cohesion refers to the degree of unity and cooperation among group members. A cohesive group has a strong sense of shared identity and goals. For example, a sports team that works together and supports each other is an example of a cohesive group.

Group socialization is the process by which new members are introduced to the norms and expectations of the group. For example, a new employee may go through an orientation program to learn about the company's culture and norms.

11. Group Decision Making

Group v/s Decision Making

Criteria of Effectiveness	Groups	Individuals
More Complete Information	✓	
Diversity of Views	✓	
Decision Quality	✓	
Accuracy	✓	
Creativity	✓	
Degree of Acceptance	✓	
Speed		✓
Efficiency		✓

Group decision making refers to the process of making decisions collectively by a group of individuals rather than an individual making the decision alone. While group decision making can bring a greater pool of knowledge, different perspectives, and greater comprehension, it also has some drawbacks such as personality factors, social conformity, and diffusion of responsibility.

One advantage of group decision making is that it allows for a greater range of knowledge and information to be brought to the decision-making process. Additionally, groups can generate more alternatives and have a better comprehension of the problem using multiple perspectives. This can improve the quality of group effort and facilitate wider decision acceptance, with more members understanding the decision and feeling a sense of ownership through participation.

On the other hand, group decision making can also have disadvantages. For example, social conformity and pressure to conform can stifle creativity and prevent some members from offering their opinions and knowledge. Diffusion of responsibility can also occur, with members avoiding responsibility for their actions, believing it can be shouldered by others present. Other drawbacks of group decision making include the potential for minority domination, logrolling, and goal displacement. Group brainstorming can also lead to a reduction in the quantity and quality of ideas compared to individual performance. In some cases, cohesive "in-groups" may let the desire for unanimity override sound judgement when generating and evaluating alternative courses of action, leading to a phenomenon called "groupthink."

Advantages	Disadvantages
Greater pool of knowledge: A group can bring much more information and experience to bear on a decision or problem than an individual alone.	Personality factors: Traits such as shyness can prevent some members offering their opinions and knowledge to the group.
Different perspectives: Individuals with varied experience and interests help the group see decision situations and problems from different angles.	Social conformity: Unwillingness to 'rock the boat' and pressure to conform may combine to stifle the creativity of individual contributors.
Greater comprehension: Those who personally experience the give-and-take of group discussion about alternative courses of action tend to understand the rationale behind the final decision.	Diffusion of responsibility: Members feel able to avoid responsibility for their actions believing it can be shouldered by the others present.
Increased acceptance: Those who play an active role in group decision making and problem solving tend to view the outcomes as 'ours' rather than 'theirs'.	Minority domination: Sometimes the quality of group action is reduced when the group gives in to those who talk the loudest and longest.

<p>Training ground: Less experienced members learn to cope with group dynamics by actually being involved.</p>	<p>Logrolling: Political wheeling and dealing can displace sound thinking when an individual's pet project or vested interest is at stake.</p>
	<p>Goal displacement: Sometimes secondary considerations such as winning an argument, making a point, or getting back at a rival displace the primary task of making a sound decision or solving a problem.</p>
	<p>Groupthink: Sometimes cohesive 'in-groups' let the desire for unanimity override sound judgement when generating and evaluating alternative courses of action.</p>
	<p>Satisficing: Making decisions which are immediately acceptable, but not necessarily optimal or efficient.</p>

11. Group Decision Making



Group decision making is an area of interest in Organizational Behavior that can be impacted by two phenomena – Groupthink and Groupshift.

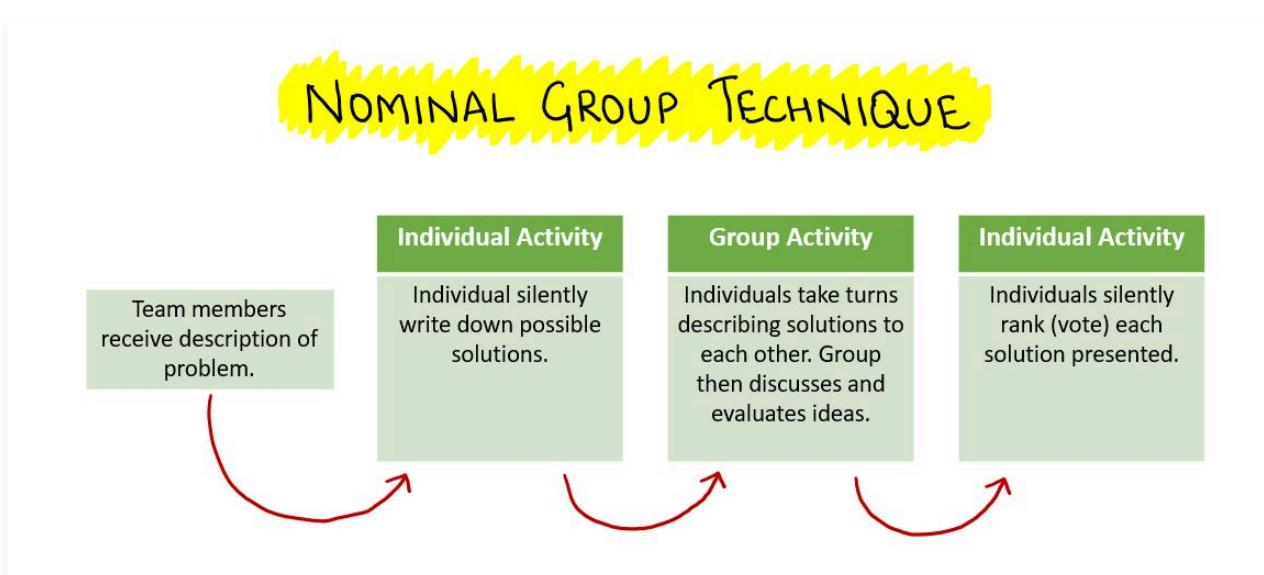
Groupthink refers to situations where group pressures for conformity deter members from appraising minority or unpopular views objectively. Symptoms of Groupthink include the illusion of unanimity, direct pressure on members expressing doubt, and rationalization of resistance to the majority's favored alternative. The consequences of Groupthink can negatively impact group performance.

Groupshift occurs when group members shift to an exaggerated initial position in making decisions, either towards conservatism or risk. It is also called Group Polarization. Groupshift can be managed through various techniques that help groups make quality decisions.

Groupshift can be seen as a particular instance within the broader concept of groupthink. The decision made by the group mirrors the prevailing norm established during the group's deliberations. Whether this shift in the group's decision leans towards increased prudence or heightened risk-taking is contingent on the prevailing norm before the discussion took place.

To prevent Groupthink and Groupshift in a group, five methods can be employed:

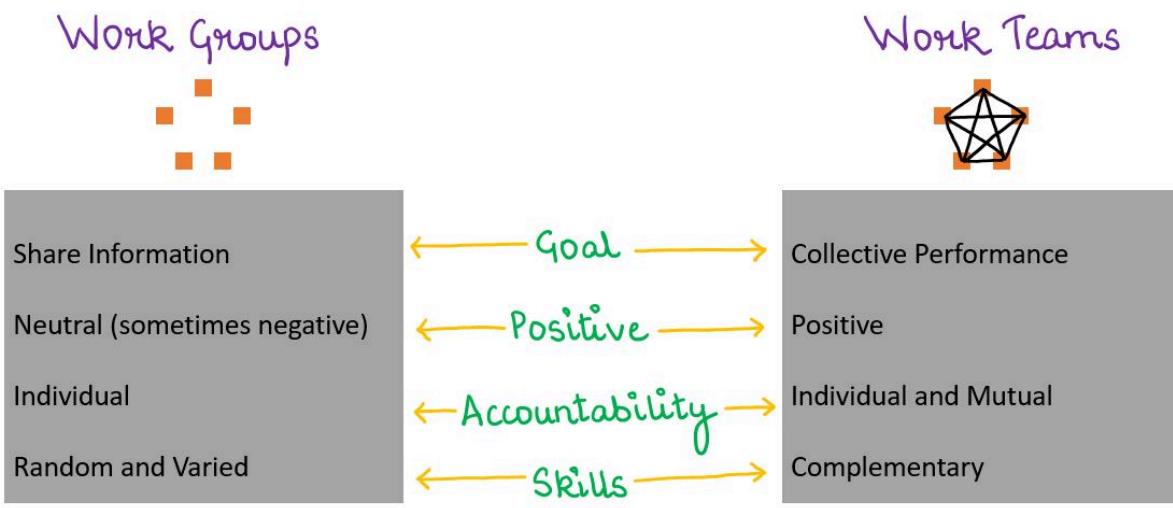
1. **Brainstorming:** An idea-generation process that specifically encourages any and all alternatives while withholding any criticism of those alternatives.
2. **Nominal Group Technique:** A group decision-making method in which individual members meet face to face to pool their judgments in a systematic but independent fashion.
3. **Didactic Interaction:** two sub-groups list the pros and cons of a problem and interchange viewpoints until a final decision is reached.
4. **Delphi Technique:** a panel of experts provide potential solutions to a problem through a series of questionnaires, until a general agreement is obtained.
5. **Electronic meeting:** A meeting in which members interact on computers, allowing for anonymity of comments and aggregation of votes.



In addition, the Stepladder Technique improves group decision-making by considering each member's contributions independently and sequentially. It begins with two members discussing and making a tentative decision before new members join and the process is repeated until all ideas have been discussed. Rushing and discussing prior ideas are to be avoided.

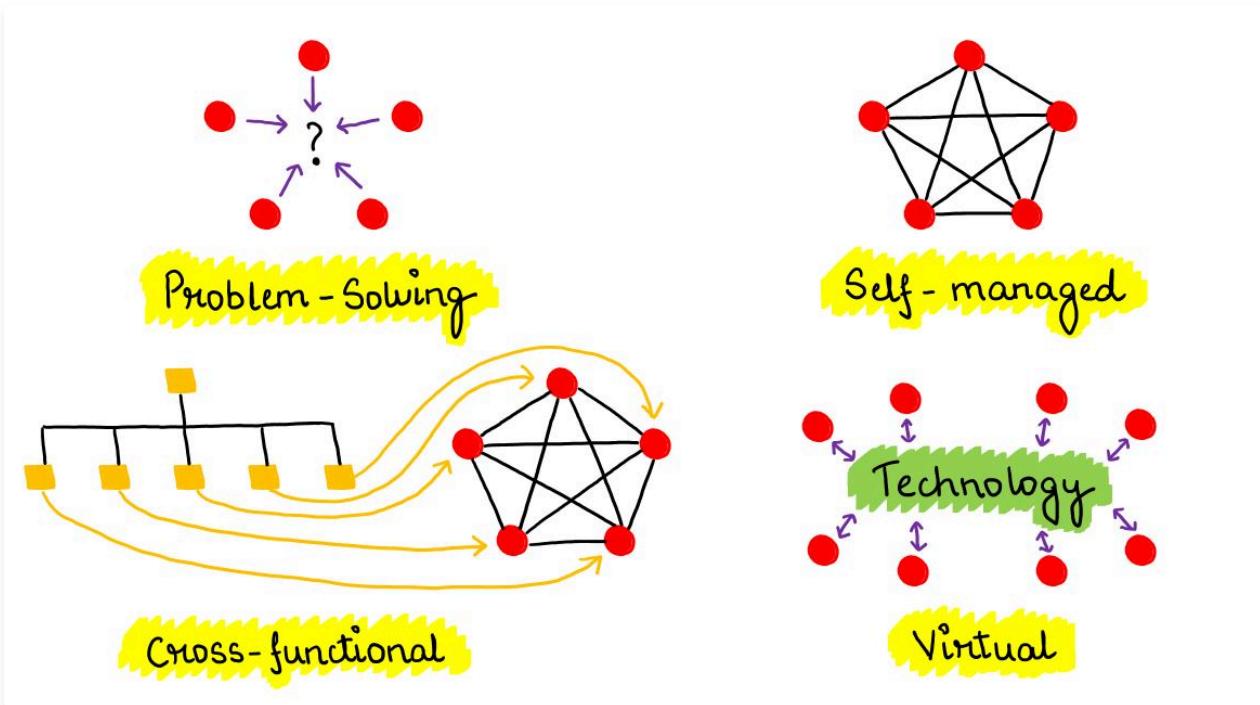
12. Groups and Teams

A team is a specific form of group that is made up of individuals who work together in a coordinated effort. A team is different from a group in that it is a small number of individuals with complementary skills committed to a common purpose, common performance goals, and an approach for which they hold themselves collectively accountable. The purpose of a team is to generate positive synergy through coordinated effort, where individual efforts result in a level of performance that is greater than the sum of those individual inputs. Organizations form different teams for different purposes.



A work group, on the other hand, is a group that interacts primarily to share information and to make decisions to help each member perform within his or her area of responsibility. Work groups have no need or opportunity to engage in collective work that requires joint effort. Their performance is the summation of each group member's individual contribution. There is no positive synergy. Management is looking for that positive synergy that will allow their organizations to increase performance. Merely calling a group a team doesn't automatically increase its performance.

12. Groups and Teams



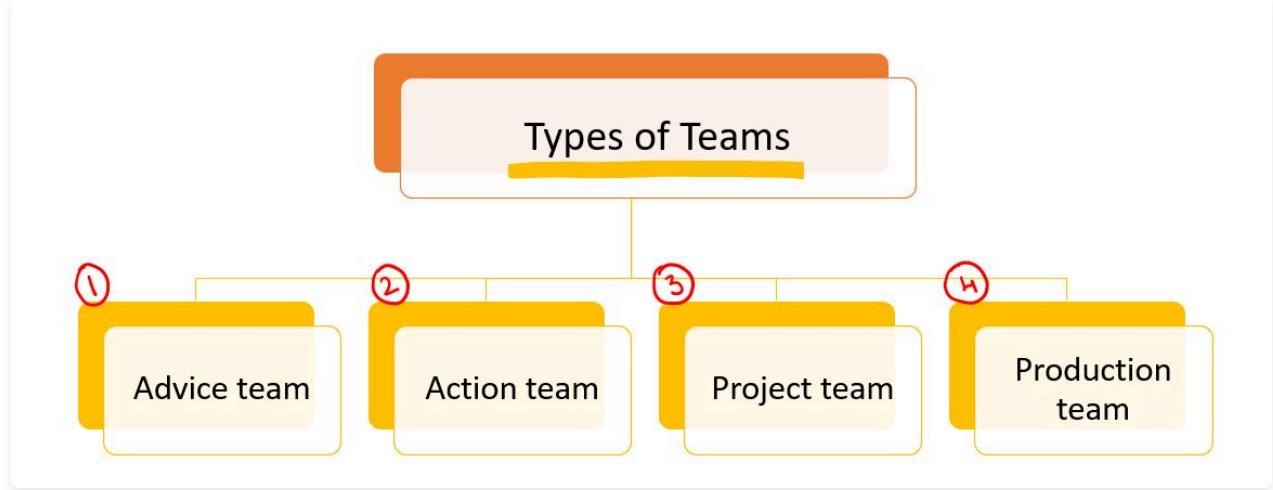
There are different types of teams that organizations can form.

One type is **problem-solving teams**, which are typically composed of 5–12 hourly employees from the same department who meet for a few hours each week to discuss ways of improving quality, efficiency, and the work environment. Members share ideas or offer suggestions on how work processes and methods can be improved. They are rarely given the authority to unilaterally implement their suggested actions.

Another type of team is **self-managed work teams**. These groups of employees (typically 10–15 in number) perform highly related or interdependent jobs and take on many of the responsibilities of their former supervisors. This includes planning and scheduling of work, assigning tasks to members, collective control over the pace of work, making operating decisions, and taking action on problems. Fully self-managed work teams even select their own members and have the members evaluate each other's performance. As a result, supervisory roles become less important.

Cross-functional teams are another type of team, made up of employees from about the same hierarchical level, but from different work areas, who come together to accomplish a task. Many organizations have used horizontal, boundary-spanning groups for years. A task force is really nothing other than a temporary cross-functional team.

Finally, there are **virtual teams**, which use computer technology to tie together physically dispersed members in order to achieve a common goal. Virtual teams allow people to collaborate online and can include members from the same organization or link an organization's members with employees from other organizations. They can convene for a few days to solve a problem, a few months to complete a project, or exist permanently.

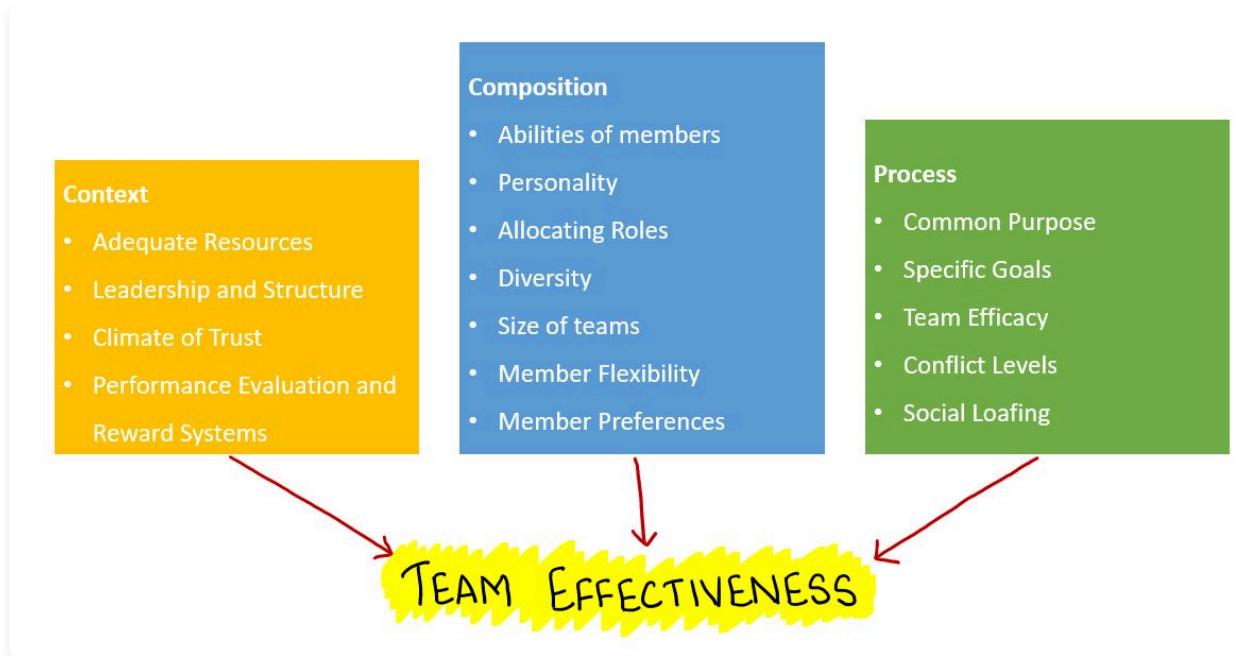


The teams can also be divided into following types:

1. An **advice team**, established by management, serves to furnish information for decision-making purposes. It's designed primarily to supply management with crucial insights without necessitating extensive coordination with other company units. For instance, following significant incidents, governments often form committees comprising experts to advise on future courses of action. In organizational contexts, quality circles or kaizen teams serve as prominent examples of advice teams.
2. An **action team** executes brief performances repeatedly under varying conditions, involving technically specialized members who coordinate their distinct contributions. Each performance is transient and occurs in different contexts, demanding high levels of specialization from team members and significant coordination among them.
3. A **project team** comprises individuals from diverse organizational areas assembled for a finite period to achieve a specific task. This collection of employees collaborates temporarily on management-assigned objectives, such as product development, service enhancement, or facility commissioning, after which the team disbands upon task completion.
4. A **production team** consists of a consistent group of individuals sharing production-related goals, each performing specific roles supported by a framework of incentives and consequences to maintain productivity and performance standards.

12. Groups and Teams

Creating effective teams in the workplace can have a significant impact on the organization's success. A team is a group of people who work together towards a common goal or objective. To achieve team effectiveness, it is essential to consider the team effectiveness model, which includes three crucial points.



First, teams differ in form and structure. This means that the team's structure should match the specific goals and objectives that the team is trying to achieve. However, the team should not be overly rigid, and the model should be used as a guide. Second, teamwork is preferable to individual work, but only when individuals cannot do the job better. Therefore, creating effective teams should be done with the right mindset and approach. Finally, the model assumes that team effectiveness includes objective measures of productivity, manager ratings of performance, and member satisfaction.

There are three key components of effective teams, including context, composition, and process.

The first component, **context**, includes adequate resources, leadership and structure, a climate of trust, and performance evaluation and reward systems. Teams need sufficient resources, including equipment, materials, and human resources, to work effectively. Strong leadership and a supportive structure are necessary to set the team's direction, clarify roles and responsibilities, and support collaboration.

The second component, **composition**, includes the abilities and personality of team members, the allocation of roles, team size, diversity, member flexibility, and member preferences. An effective team should be composed of members who have the necessary skills and knowledge to achieve the team's goals. Personality and diversity should be considered to ensure that there is a balance in perspectives and working styles. Allocation of roles and responsibilities should be clear to avoid confusion, and team members should be flexible and willing to adapt to the team's changing needs.

The third component, **process**, includes having a common purpose, specific goals, team efficacy, conflict levels, and social loafing. The team should have a clear and shared purpose and specific, measurable goals to achieve. Team efficacy is a team's belief in its ability to achieve its goals, which can be enhanced through regular feedback and positive reinforcement. Conflict levels should be monitored and managed to avoid damaging relationships and team dynamics. Finally, social loafing, or the tendency for individuals to reduce their effort when working in a group, should be avoided by having clear expectations and individual accountability.

In conclusion, creating effective teams in the workplace requires careful consideration of the team effectiveness model and the key components of context, composition, and process. By focusing on these elements, organizations can build high-performing teams that achieve their goals, maintain positive relationships, and contribute to the overall success of the organization.

1. Introduction

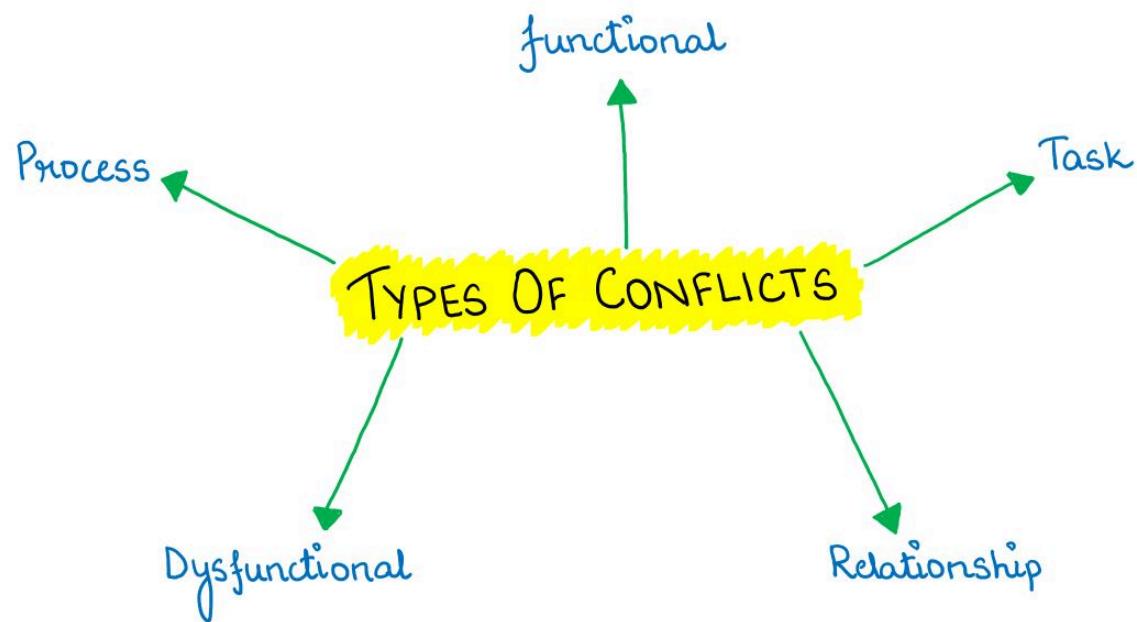


Conflict can be defined as a disagreement between two or more individuals or groups, in which each party is trying to gain acceptance of their views or objectives over the others. Conflict is a process that starts when one party perceives that another party has affected something they care about in a negative way.

Business managers benefit from studying conflict for several reasons:

1. **Resolution Strategies:** Understanding conflict helps in developing effective strategies for resolution, reducing its negative impact on productivity and relationships.
 2. **Team Dynamics:** Managers need to navigate conflicts within teams, fostering collaboration and maintaining a positive work environment.
 3. **Innovation and Growth:** Properly managed conflict can lead to constructive outcomes, fostering innovation and growth by challenging existing ideas or processes.
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2. Types of conflicts



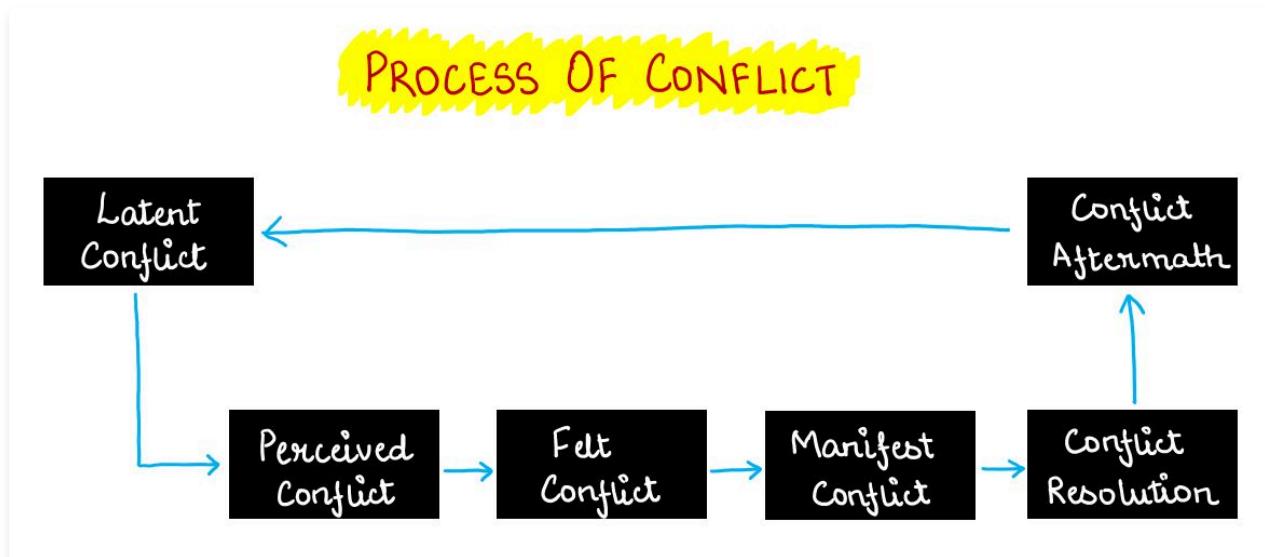
There are various types of conflict, which are discussed next.

1. **Functional conflict:** This type of conflict supports both individual and group goals, leading to improved performance. For instance, a marketing team might have differing opinions on a campaign approach, fostering discussions that ultimately lead to an innovative and effective strategy.
2. **Dysfunctional conflict:** This form of conflict impedes individual or group performance and tends to have destructive consequences. An example could be a conflict within a department that escalates to personal attacks, affecting productivity and team morale.
3. **Task conflict:** Task conflicts involve disagreements over goals or specific aspects of a task. For instance, in a sales team, there might be differing opinions on the target market or sales approach for a new product launch.
4. **Process conflict:** Process conflicts arise from disagreements over methods or procedures to complete a task. An example could be conflicting ideas on the workflow or software to manage inventory between different departments.
5. **Relationship conflict:** These conflicts stem from personal or emotional tensions between individuals or groups. For example, a strained relationship between a manager and an employee due to personality clashes affecting collaboration and communication within a team.

3. Process of Conflict

Conflict can be defined as a dynamic process consisting of a chain of events which tend to unfold in a particular sequence.

According to Pondy in 1967, there are 5 stages of a conflict episode:



1. **Latent Conflict:** This stage is the beginning of a conflict episode, where conflict exists in the background, but has not yet been recognized. Latent conflict is caused by factors such as competition for limited resources, different goals between sub-units, and conflicting roles.
2. **Perceived Conflict:** In this stage, the parties involved become aware of the conflict. Perceived conflict can occur when there are misunderstandings between individuals and the absence of latent conflict conditions.
3. **Felt Conflict:** This is the stage where the parties become emotionally involved in the conflict and experience negative emotions such as tension, frustration, and hostility. It is important to note that just because conflict is perceived does not mean that it is personalized.
4. **Manifest Conflict:** This stage is where the conflict behavior is displayed through open aggression, violence, sabotage, and other forms. Parties engage in behavior that elicits responses from each other.
5. **Conflict Aftermath:** The aftermath of a conflict can be either positive or negative for the organization depending on how the conflict was resolved. It can either be the end of a conflict episode or can lead to another conflict episode in the future.

In conclusion, conflict in organizations occur as a series of conflict episodes that rise and fall, with each episode consisting of these 5 stages. It is important to understand these stages in order to manage conflict effectively.

4. Frames of reference on conflict

A "Frame of reference" on conflict refers to a particular perspective or viewpoint on how conflicts should be approached, managed, and resolved. It provides a lens through which one can understand the nature of conflict, the reasons for its existence, and the strategies for managing it.

Frames Of Reference on Conflicts

Traditional View → Harmful & be avoided

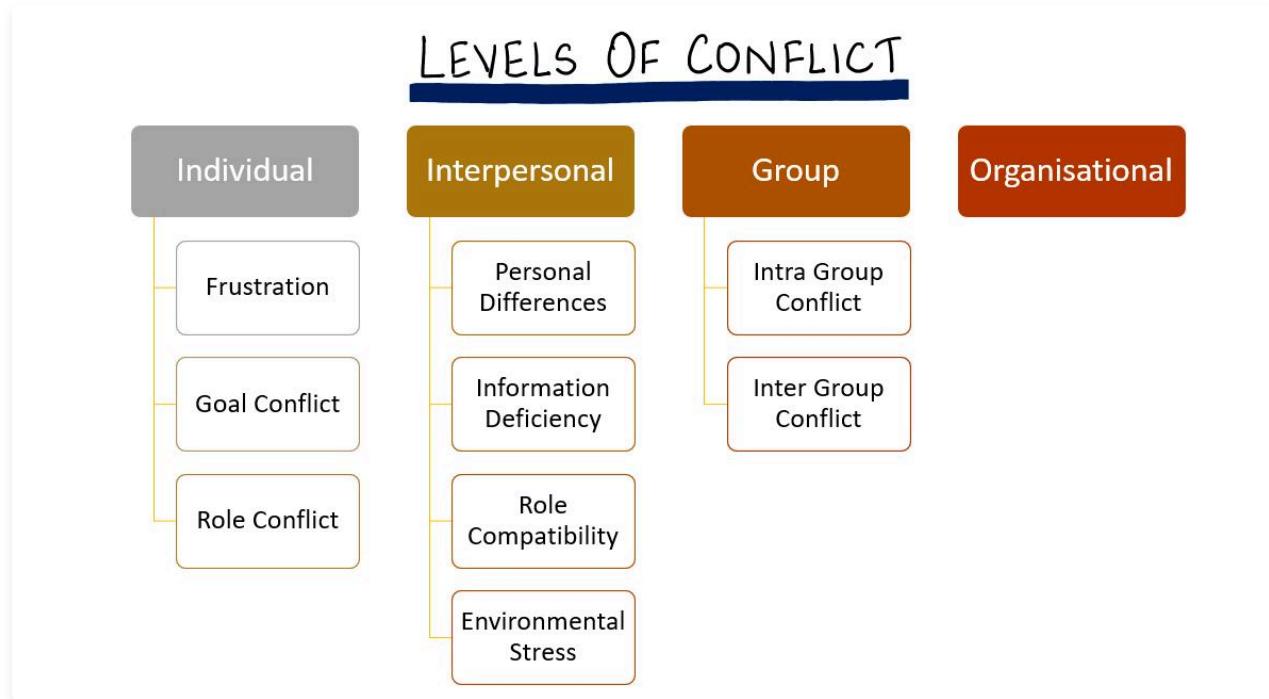
Human Relations View → Natural Occurrence

Interactionist View → Absolutely Necessary

3 major frames of reference on conflict are:

1. **The Traditional View (Unitarist)** - In the 1930s, the traditional view portrayed conflicts as entirely harmful and negative. Conflict was linked with violence, chaos, destruction, and irrationality. For instance, Frederick Taylor, a proponent of "Scientific Management," believed that applying scientific principles would dissolve conflicts between labor and management. This view simplistically suggested isolating and eliminating conflict-causing factors to maintain peace. Despite evidence disputing this stance, many still consider conflict as unnecessary and always detrimental.
2. **The Behavioural View" (Pluralist)** - Behaviouralists recognized that within organizations, individuals held varying perceptions, values, and priorities, inevitably leading to conflicts. Different department managers might clash over resource allocation or differing priorities. For example, disagreements among team members over the best approach to completing a project could lead to conflict. They acknowledged that while conflict was unavoidable, it could sometimes stimulate innovative problem-solving, focusing on finding better solutions.
3. **The Modern View" (Interactionist)**: The prevailing interactionist view acknowledges and even encourages conflict within limits, unlike the behaviouralists who saw it as inevitable. Interactionists emphasize regulating conflict to prevent dysfunctional outcomes. They believe conflict arises from the struggle for limited rewards within an organization and people's inherent competitive instincts. Interactionists argue that long-term harmony can lead to stagnation, making a group unresponsive to change and innovation. Therefore, maintaining a minimum level of conflict becomes necessary to keep the group self-critical and creative. Managers, according to this view, should not eliminate but manage conflict to maximize its benefits and minimize its harms. Stimulating conflict, when its absence hampers innovation, is considered part of effective conflict management to drive an organization toward optimal performance.

5. Levels of Conflicts



There are 4 levels of conflicts in an organization, as described next.

Level 1- Individual Level Conflict

Level 2- Interpersonal Conflict

Level 3- Group Level Conflict

Level 4- Organisational Level Conflict

5. Levels of Conflicts

Conflict can arise within individuals due to blocked drives, motives, and competing roles and goals. Some of the factors responsible for individual conflict are Unacceptability, Incomparability and Uncertainty.

There are several types of conflict at an individual level. Let us discuss them one by one.

1. Frustration

Frustration occurs when an individual faces obstacles preventing them from achieving their desired goals, leading to dissatisfaction. This dissatisfaction often triggers conflict within the individual. The defensive responses or reactions to frustration are commonly grouped into four categories: (i) Aggression, (ii) Withdrawal, (iii) Fixation, and (iv) Compromise.

2. Goal Conflict

Goal Conflict occurs when conflicting motives hinder an individual's decision-making regarding their objectives. It arises due to conflicting positive and negative aspects of goals or the competition between multiple goals. Various types of goal conflicts have been identified:

(i) **Approach-approach conflict:** This occurs when an individual is torn between two equally appealing options. For instance, choosing between two attractive job offers can create tension as the person must select one, making the other less appealing. However, in complex scenarios, such as deciding between pleasing parents or pursuing an inter-caste relationship, the decision becomes more emotionally challenging, leading to inner conflict and imbalance.

(ii) **Avoidance-avoidance conflict:** In this conflict, the individual faces two undesirable options and must choose between them. For example, being compelled to work in a job disliked intensely or facing unemployment creates a dilemma. The person feels trapped between two unappealing situations, possibly leading to attempts to escape, like resorting to harmful habits or, in extreme cases, contemplating suicide.

(iii) **Approach-avoidance conflict:** This complex conflict arises when a single goal possesses both positive and negative aspects. Consider accepting a job offer with an attractive salary but significant risks involved. Similarly, desiring marriage for companionship but fearing the responsibilities associated with it creates inner tension due to the conflicting positive and negative aspects of the same goal.

(iv) **Multiple-approach-avoidance conflict:** Here, a situation presents both positive and negative aspects of a multifaceted nature. For instance, a woman faced with an impending marriage might perceive positive aspects like security and marrying her beloved but also negative aspects such as sacrificing a fulfilling job and becoming dependent. The resolution depends on the cumulative impact of positive and negative aspects; if the positives outweigh the negatives, she might opt for marriage, or vice versa if the negatives dominate.

3. Role Conflict

Role Conflict emerges when an individual's anticipated behavior in a specific role clashes with the expected role behavior, creating a dilemma as meeting one expectation means rejecting the other. In organizational settings, individuals often encounter conflicts when their perceived roles differ from expected behaviors, especially in superior-subordinate relationships.

Conflicts arise due to role overlap, where an individual simultaneously plays multiple conflicting roles. For instance, a manager reprimanding a subordinate, interrupted by communication from their own superior. The manager, consumed by anger, fails to transition from the role of superior to subordinate, resulting in temper outbursts towards the boss due to overlapping roles.

Four types of role conflicts can be identified:

(i) **Intra-sender Role Conflict:** Occurs when a person is asked to perform a task beyond their capabilities or within insufficient time/resources. For instance, expecting a team member to complete a task with limited resources that exceed their capacity leads to conflicting role expectations from a single source.

(ii) **Inter-sender Role Conflict:** Arises when expectations from one sender clash with those from another or multiple senders. For instance, conflicting directions from different department heads regarding the prioritization of tasks creates inter-sender role conflicts for an employee.

(iii) **Self-Role Conflict:** Occurs when a person is expected to perform a task conflicting with their own value system. For example, a manager asked to accomplish a task by offering bribes contradicts their ethical values, causing self-role conflict.

(iv) **Inter Role Conflict:** Arises when an individual simultaneously holds multiple conflicting roles, each with incompatible expectations. For example, a person juggling roles as a parent, employee, and community leader may face conflicts due to differing expectations associated with these roles.

Conflict at individual levels can occur in organizations when role expectations are not properly communicated or understood. The following are the three sub-types of individual-level conflict in organizations:

- *Role Ambiguity:* When the duties and expectations associated with a role are unclear or undefined, it can result in role ambiguity. This can happen when the manager fails to communicate the responsibilities of a subordinate or when the subordinate misunderstands their boss. Role ambiguity can lead to stress and difficulties in performing the role.
 - *Role Conflict:* This type of conflict arises when the role expectations are understood but cannot be met due to other reasons. This can happen when a person is unable to respond to the expectations of others and leads to potential tension.
 - *Role Overload:* Role overload occurs when too many role expectations are communicated to a person at the same time. This can happen when managers rely on one-way communication and fail to consider valuable feedback from subordinates. As a result, they may not be aware of the stress experienced by their subordinates.
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5. Levels of Conflicts

Interpersonal conflict involves disputes between two or more individuals and is commonly acknowledged as the most prevalent form of conflict. In essence, most conflicts entail clashes between individuals from different organizations or groups.

Whetten and Cameron identified four sources of interpersonal conflict:

1. **Personal Differences:** Variances in upbringing, cultural backgrounds, family traditions, education, and values can ignite major conflicts among individuals. For instance, disagreements between colleagues due to diverse cultural perspectives or conflicting values can lead to interpersonal conflicts.
 2. **Information Deficiency:** Insufficient information often leads to conflict. When communication breaks down within an organization, conflicts arise due to misunderstandings or incomplete information. For example, a team facing conflict because of unclear project guidelines demonstrates how information deficiency fuels disputes.
 3. **Role Incompatibility:** In modern, cross-functional organizations, managers' roles and tasks frequently interconnect, leading to potential clashes. When the responsibilities of different managers conflict or don't align, it results in interpersonal conflict. An example would be conflicting objectives or goals assigned to different departments within a company.
 4. **Environmental Stress:** Stress stemming from the environment, such as limited resources, downsizing, competitive pressures, or uncertainty, contributes significantly to interpersonal conflict. For instance, a company facing financial constraints might witness heightened conflicts among employees competing for scarce resources or positions during downsizing, resulting in interpersonal tensions.
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5. Levels of Conflicts

Group Dynamics involves interactions among individuals within a structured framework defined by roles, status, values, and behavior norms. Groups influence their members' behaviors and have broader impacts on other groups and the entire organization.

Within group interactions, two types of conflict emerge:

1. **Intra Group Conflict:** This arises from disagreements among group members despite their desire to maintain social connections within the group. It may occur when:

- (i) The group confronts a new problem,
- (ii) External social values clash with the group's norms,
- (iii) An individual's roles outside the group conflict with their role within it. For instance, team members disagree on how to approach a new project, causing intra-group conflict similar to interpersonal conflicts but within the shared group context.

2. **Inter Group Conflict:** This pertains to conflicts between different groups within the organization, often termed as intergroup or organizational conflict. The causes can be categorized as:

- (i) Lack of joint decision-making,
- (ii) Varied goals among groups,
- (iii) Differences in perception, and
- (iv) Discrepancies in both goals and perception.

Structurally, organizational conflict can be categorized into four types:

- (a) *Hierarchical Conflict:* Arises among different organizational levels, such as middle management conflicting with top or lower-level management.
- (b) *Functional Conflict:* Occurs between various functional departments, like conflicts between production and marketing departments over strategies or resources.
- (c) *Line-Staff Conflict:* Involves conflicts between line and staff members, where staff lacks direct authority over line members, leading to potential conflicts.
- (d) *Formal-Informal Conflict:* Arises when conflicts emerge between formal and informal organizational structures, highlighting conflicts between established norms and informal practices within the organization.

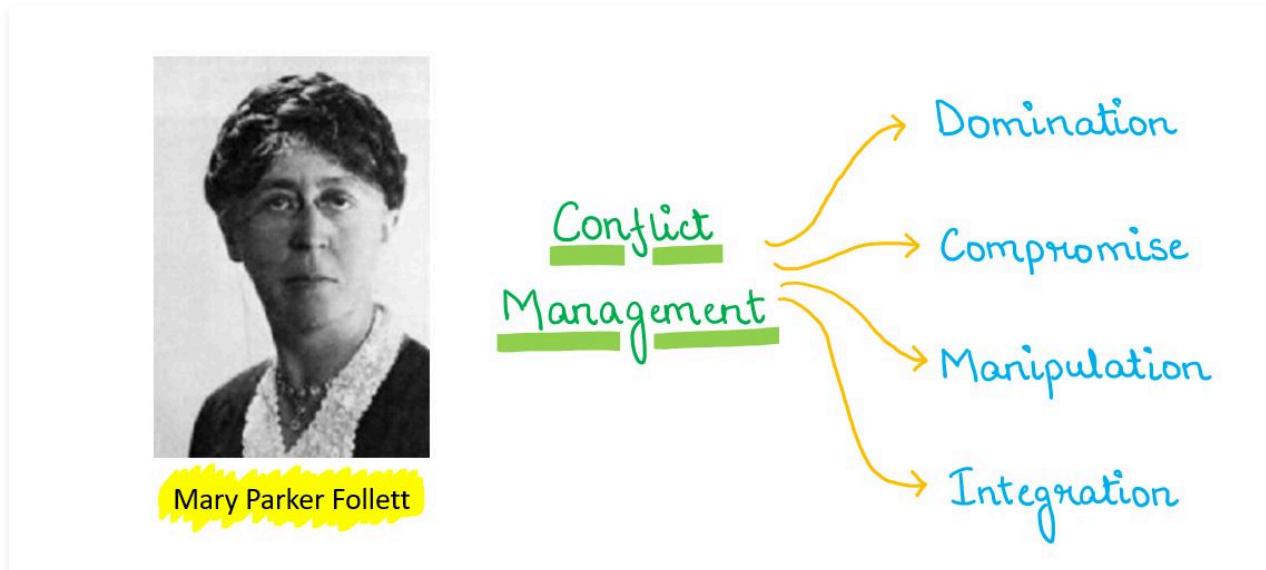
5. Levels of Conflicts

At the organizational level, conflicts may arise between entities such as buyer and seller organizations, unions and the organizations employing their members, and government agencies regulating specific organizations, affecting their functioning.

For instance, a conflict may occur between a manufacturing company and its suppliers over pricing or delivery terms. This buyer-seller conflict impacts production schedules and business operations, illustrating an organizational-level conflict.

6. Conflict Management by M P Follett

Mary Parker Follett places great importance on conflict management within organizations. In her paper "Constructive Conflict," she argues that conflict should be viewed as a normal and essential process in organizations. According to Follett, conflicts can be beneficial as they allow for the expression of differences that can lead to growth and enrichment for all parties involved.



For the constructive management of conflict, Follett proposes four conflict resolution methods:

1. **Domination:** This approach involves one side overpowering the other to settle the conflict. However, while it might provide a quick resolution, it seldom leads to sustainable success.

For instance, in a company merger, if one company dominates decisions without considering the other's perspective, it may lead to long-term discord among employees.

2. **Compromise:** Here, each side concedes something to maintain peace and resume operations. This strategy is commonly seen in trade unions negotiating labor contracts.

For instance, during labor negotiations, both workers and management might compromise on salary increments to avoid strikes and ensure continued operations.

3. **Manipulation:** Involves one party trying to manipulate the situation to its advantage.

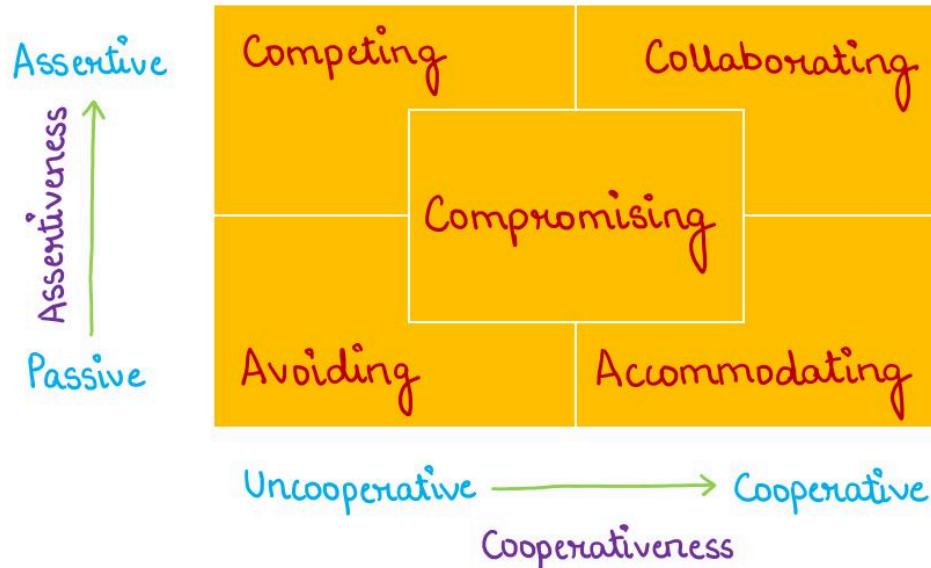
For example, in a team project, one member might manipulate information or tasks to favor their contributions, leading to resentment among team members.

4. **Integration:** Follett believed that integration is the most effective method, accommodating the desires of both parties without requiring sacrifices.

For instance, in resolving conflicts between different departments, a solution that merges diverse perspectives to streamline processes and achieve common organizational goals embodies integration, fostering stability and mutual respect.

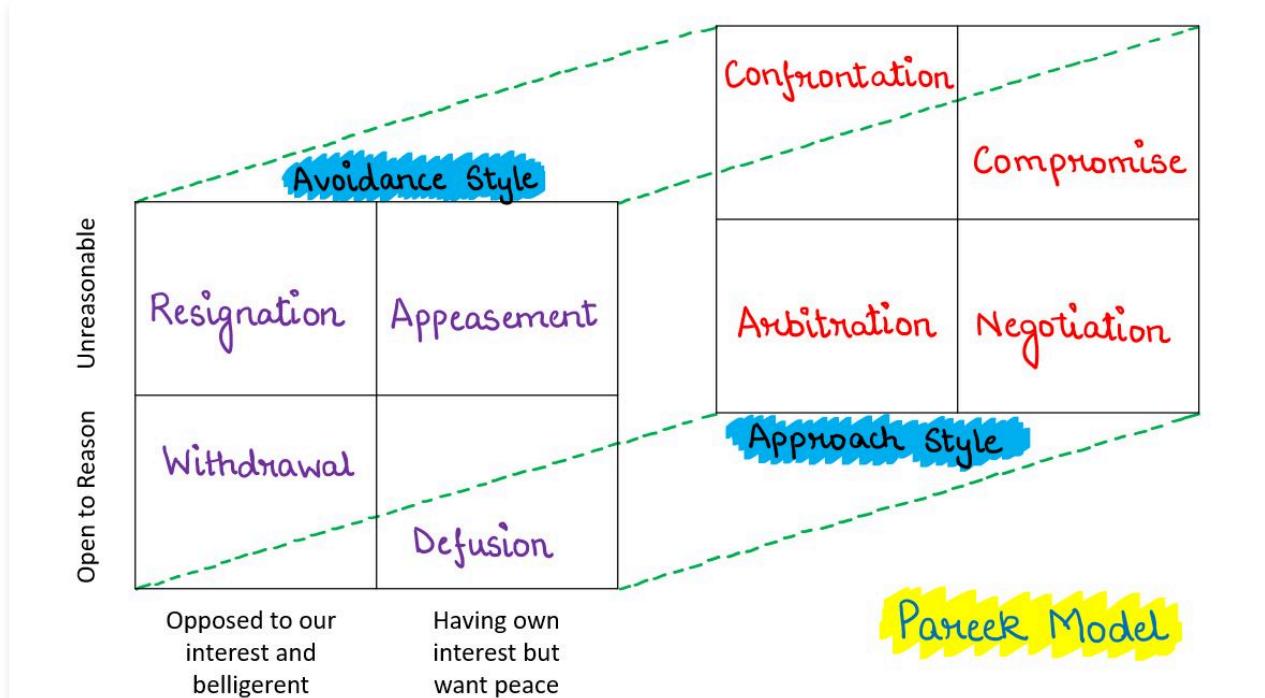
7. Thomas-Kilmann Conflict Mode Instrument

Conflict Management by Kenneth Thomas and Ralph Kilmann Behavioral scientists Kenneth Thomas and Ralph Kilmann have identified five styles of responding to conflicts in the workplace. These styles are competition, collaboration, compromise, avoidance, and accommodation. According to them, there is no right or wrong way to approach conflict, but some styles may not be appropriate for certain situations and can result in the situation spiraling out of control.



- 1. Competition (Goal: I win, you lose)** A competitive style is an attempt to gain power and influence a change at the expense of others. People who consistently use this style can come across as aggressive, autocratic, confrontational, and intimidating. This style is appropriate in scenarios such as implementing an unpopular decision, making a quick decision in a crisis, or when it is important to assert your stance on an issue. However, using this style can harm relationships beyond repair and may lead to covert methods to get needs met.
- 2. Accommodation (Goal: I lose, you win)** Accommodation is when one sets aside their own needs to keep the peace and preserve relationships. People who use this style are unassertive and cooperative and may play the role of a martyr, complainer, or saboteur. Accommodation can be useful in situations where one is wrong or when they want to minimize losses, but if used all the time, it can lead to reduced creativity in conflict situations and power imbalances.
- 3. Avoidance (Goal: I lose, you lose)** Avoidance is characterized by ignoring or withdrawing from a conflict instead of facing it. This style may be perceived as not caring about one's own issues or the issues of others. Avoidance can be appropriate in situations such as needing more time to think, time constraints, or to avoid hurting a working relationship. However, avoiding the conflict can result in simmering anger and negative outbursts.
- 4. Compromise (Goal: I win some, you win some)** Compromise involves sacrificing some of your goals and persuading others to give up part of theirs. Compromise can take less time than collaboration, but it can also be an easy way out and reduce new creative options. Constant compromising can lead to game playing and an outcome that is less than ideal.
- 5. Collaboration (Goal: I win, you win)** Collaboration views conflicts as problems to be solved, and aims to find creative solutions that satisfy all parties. In collaboration, one does not give up their self-interest and instead digs into the issue to understand the underlying concerns and views of others. Collaboration fosters respect, trust, and builds relationships, but it takes time and may not be worth the effort if the relationship between parties is not important. To foster a more collaborative environment, address the conflict directly and with a willingness to find a solution where all parties can get what they need.

8. Pareek's Model of Conflict Management



Udai Pareek's Framework introduces 8 conflict management styles based on two approaches: **avoidance modes**, which encompass avoiding or postponing conflicts, and **approach modes**, representing aggressive or confrontational approaches.

In a conflict situation, groups are categorized into in-group (we) and out-group (they). The *out-group* is perceived as having conflicting interests compared to the *in-group* and is often viewed as hostile. However, if the out-group appears disengaged or uninterested, conflicts may not arise. Once conflict emerges, the out-group's reception can be twofold—either receptive to discussion and dialogue (open to reason) or stubbornly resistant to logic (unreasonable), which minimizes the likelihood of resolution.

Avoidance Styles

There are 4 avoidance styles.

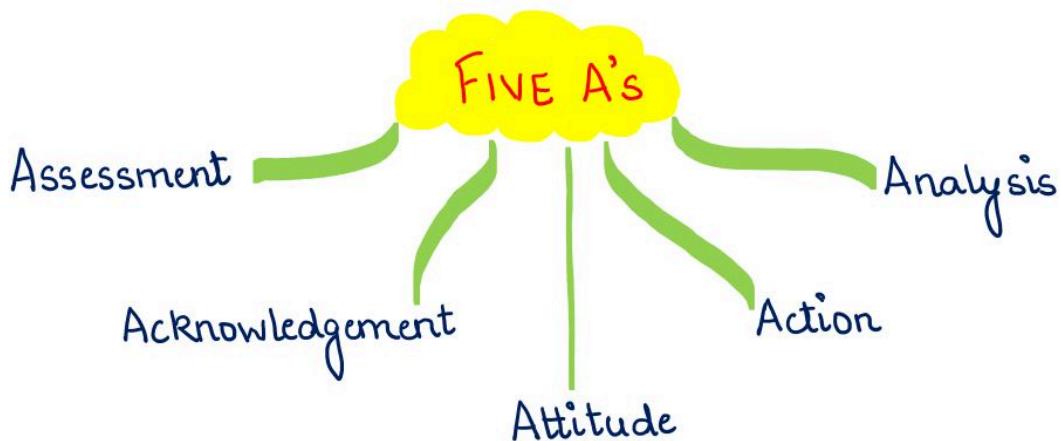
1. **Resignation:** Extreme avoidance reflects a feeling of helplessness when the out-group is perceived as aggressive and irrational, making resolution seem impossible.
2. **Withdrawal:** This style aims to distance oneself from the conflict by physically or emotionally removing from the situation.
3. **Defusion:** Buying time becomes the primary goal in this style to manage the conflict, delaying direct confrontation.
4. **Appeasement:** Temporary peace becomes the focus here, but the conflict remains unresolved, potentially worsening the situation over time.

Approach Styles

There are 4 approach styles.

1. **Confrontation:** In this aggressive style, the in-group fights vehemently for their resolution when perceiving the out-group as oppositional and unreasonable, often leading to a 'win-lose' outcome.
2. **Compromise:** Rather than resolving the conflict, compromise entails sharing gains between groups without fully addressing the underlying issues.
3. **Arbitration:** Seeking a neutral third party to objectively assess the conflict and propose an acceptable solution to both parties.
4. **Negotiation:** This involves both groups actively engaging in problem-solving, exploring alternatives, and jointly seeking a satisfactory resolution to the conflict.

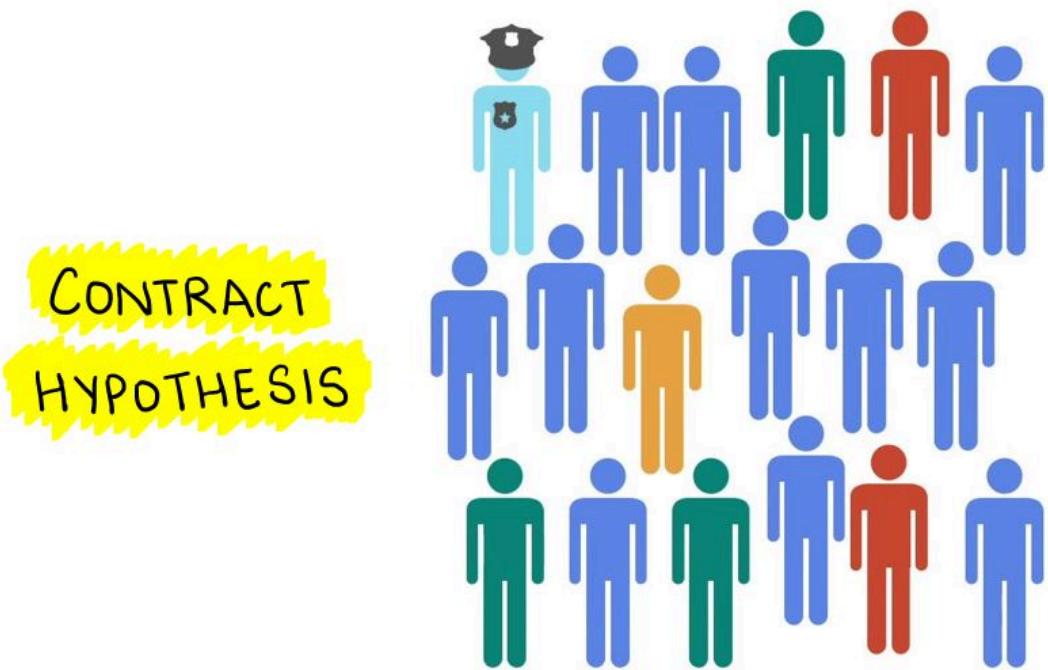
9. Five A's Technique of Conflict Management



Conflict management is a process that involves five steps, known as the "five A's" of conflict management. These steps are assessment, acknowledgement, attitude, action, and analysis. Borisoff and Victor believe that following these steps allows for an effective and ongoing process of conflict resolution.

1. **Assessment:** In this step, the parties involved gather information about the problem and choose the most appropriate conflict-handling mode.
2. **Acknowledgement:** In this step, each party listens to the other, allowing both parties to develop empathy and work towards a solution.
3. **Attitude:** This step aims to address any misunderstandings that may be the root cause of the conflict. It involves analyzing differences in communication styles and maintaining an open mind towards all parties involved.
4. **Action:** In this step, the chosen conflict-handling mode is implemented. If the mode is problem-solving, the manager facilitates a resolution based on trust and ongoing feedback. All parties must be vigilant and look for productive solutions to any new issues that arise.
5. **Analysis:** In this final step, participants summarize what has been agreed upon and evaluate whether their requirements have been met.

10. Contact Hypothesis



The Contact Hypothesis, attributed to Gordon W. Allport and also recognized as Intergroup Contact Theory, is hailed as a potent method to mend relationships between conflicting groups. Allport's theory asserts that, given suitable conditions, interpersonal contact serves as an effective means to diminish prejudice among members of different groups, particularly between majority and minority groups.

According to Allport's premise, engaging in communication and interaction with others allows individuals to gain insights into diverse perspectives and lifestyles. This newfound understanding fosters an appreciation for differences, ultimately reducing prejudice. Challenges like stereotyping, prejudice, and discrimination often plague conflicting groups. Allport proposed that well-managed contact between these groups could significantly alleviate these issues and foster more positive interactions.

For example, consider communities divided by ethnic tensions. By organizing events that encourage meaningful interactions, such as cultural exchange programs or joint community initiatives, individuals from conflicting groups may better understand each other's traditions, beliefs, and values. As a result, prejudices and biases might diminish, leading to improved relationships and reduced hostility between these groups.

1. Introduction



Negotiation refers to a strategic discussion or dialogue between two or more parties aiming to reach a mutually acceptable agreement or resolution when there are conflicting interests or goals. It involves exploring options, bargaining, and finding common ground to address differences and achieve a beneficial outcome for all involved parties.

In the business world, negotiation is crucial for business managers as it helps in securing advantageous deals, resolving conflicts, and maintaining relationships. For instance, in mergers and acquisitions, negotiation plays a pivotal role. When two companies are merging, business managers engage in negotiations to determine aspects like the valuation of the companies, the terms of the merger, allocation of resources, and the roles of key stakeholders.

An example could be seen in the negotiation process between a software company and a potential client for a new project. Business managers from the software company negotiate the scope of work, project timelines, pricing, and specific requirements with the client. Successful negotiation here ensures that both the software company and the client achieve a mutually beneficial agreement. It allows the company to secure a profitable project while meeting the client's needs, fostering a positive long-term relationship.

2. Negotiation is a Continuum

Negotiation operates along a spectrum where opposing parties converge toward a mutually agreeable position. Each party typically holds a list of desires and more realistic expectations—"wants", "could get", "should get", and "must get". The negotiation settlement range spans from the "should get" to the "must get", with negotiators aiming to secure an agreement within this spectrum. Success hinges on the overlap or common ground between the parties' expectations.

Effective negotiation involves maneuvering along this continuum, minimizing the distance between positions while achieving settlement. The negotiator's skill lies in navigating this path, balancing concessions and securing a mutually acceptable outcome.

3. Schools of Negotiation

Negotiations can be divided into two main approaches:

School Of Negotiation

Bargaining Characteristics	Distributive Bargaining	Integrative Bargaining
Goal	Get all the pie you can	Expand the pie
Motivation	Win-Lose	Win-Win
Focus	Positions	Interests
Information Sharing	Low	High
Duration of Relationships	Short-term	Long-term

1. **Distributive Negotiations - The Fixed Pie** This type of negotiation is characterized by a limited and variable distribution of resources. There is a finite number of resources that are being divided among the involved parties. This type of negotiation is often referred to as the "Fixed Pie". In such negotiations, both parties aim to get as much as possible, with the seller trying to get the highest price and the buyer aiming for the lowest price.

2. **Integrative Negotiations - A Win-Win Scenario** Integrative negotiations involve a cooperative approach where both parties work together to achieve a common goal. This type of negotiation is based on trust and relationship-building, with both parties seeking to walk away feeling that they have gained something of value. It is often referred to as "variable sum" bargaining. In real-world business, the outcome often tilts in favor of one party due to the unequal strengths of the parties involved in the negotiation process.

4. Third party Negotiations

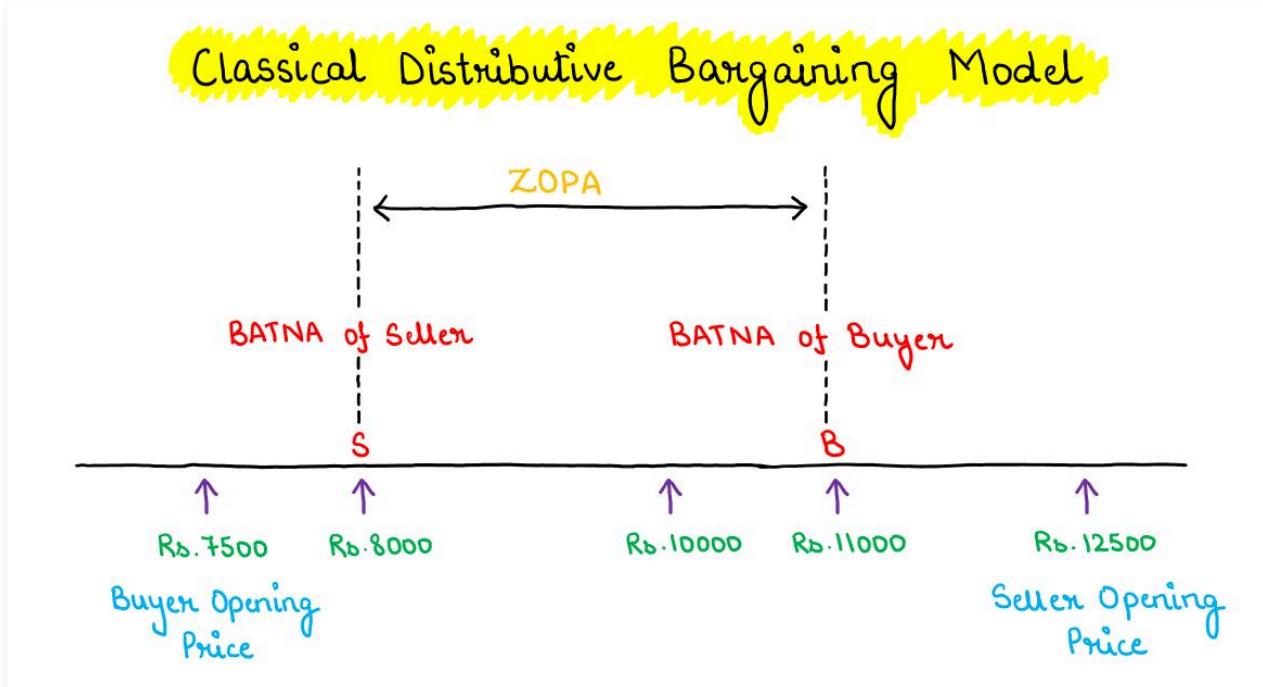
Individuals or group representatives reach a stalemate and are unable to resolve their differences through direct negotiations. In such cases, they may turn to a third party to help them to find a solution.

1. **Mediator:** A mediator is a neutral third party who facilitates communication between the disputing parties, helping them to identify their common interests and reach a mutually acceptable agreement. The mediator does not have the authority to impose a solution, but rather helps the parties to find their own solution.
2. **Arbitrator:** An arbitrator is a neutral third party who hears both sides of the dispute and makes a binding decision. The arbitrator has the authority to impose a solution, which the parties must abide by.
3. **Conciliator:** A conciliator is a neutral third party who works with the disputing parties to help them reach a mutually acceptable agreement. Unlike a mediator, a conciliator may express their own views and suggest solutions.
4. **Consultant:** A consultant provides expert advice to one or both parties involved in the dispute. A consultant does not have any role in resolving the dispute but provides a neutral assessment of the situation and provides recommendations on how to proceed.

These third-party roles can be used separately or in combination, depending on the needs of the parties involved and the nature of the dispute. The most important factor is the willingness of both parties to cooperate and find a resolution to their conflict.

5. Classic Distributive Bargaining Model

The classic distributive bargaining situation is one that everyone has experienced. For example, the issue is the sale of a piece of furniture, an automobile, or anything. The buyer and seller do not know each other, and do not expect to have any meaningful future relationship. The only issue to be negotiated is the price. The goal of the buyer is to minimize the price, and the goal of the seller is to maximize the price. Both view the situation as win-lose bargaining.



Reservation Price is the absolute minimum price that the seller will accept or the absolute maximum price that the buyer is willing to pay.

Let's call the seller's reservation price, S and the buyer's reservation price, B. It is also called as the BATNA (Best Alternative to a Negotiated Agreement). It is also called **Resistance Point**.

For sellers, the BATNA or S is the price at which they will simply continue to seek another buyer, and for buyers the BATNA or B is the price at which they will look for another seller.

Only when $B > S$, that is, if the buyer's maximum price is greater than the seller's minimum price – then there exists a Zone of Possible Agreement (ZOPA). Any offer outside of the range will be quickly rejected by one of the parties and there cannot be any negotiation. ZOPA is also called Bargaining Range, Negotiating Latitude, Contract Zone, or Settlement Range.

Suppose there are negotiations going on between Management and Union, about salary of a type of workman. Let us understand this, with help of the diagram.

The Opening Offer of Management is Rs 7500 per month but they are also willing to pay up to Rs 11000 per month. Thus, BATNA of Management is Rs 11000. The Union, in its Opening Offer is demanding Rs. 12,500 which they know would be a costly amount to ask for. Hence, they are flexible to accept a slightly less amount but not less than Rs. 8,000. Thus, BATNA of Union is Rs. 8,000. Therefore, by observing from distant point of view, it is deducible that any final negotiated amount that lies between Rs. 8,000 (BATNA of Union) and Rs. 11,000 (BATNA of Management) would be accepted and considered as a successful negotiating deal between the parties. This range of amount between Rs. 8,000 and Rs. 11,000 is known as ZOPA (Zone of Possible Agreement).

6. Steps of Negotiation



The negotiation process encompasses several key steps:

1. **Preparation and Planning:** This initial stage involves gathering information and devising a strategic approach for the negotiation.
2. **Definition of Ground Rules:** Establishing clear guidelines and rules sets the framework for the negotiation proceedings, ensuring clarity and structure.
3. **Clarification and Justification:** Both parties explain their positions and rationale behind their perspectives, fostering understanding and transparency.
4. **Bargaining and Problem Solving:** Collaborative efforts to find common ground and solve issues are at the core of this stage, aiming to reach a mutually agreeable solution.
5. **Closure and Implementation:** Finalizing the agreement and initiating the necessary steps to implement the terms conclude the negotiation process.

For instance, in a business merger negotiation, both companies engage in thorough preparation, gather financial data, and outline their merger strategies (*Preparation and Planning*). Then, they set clear rules regarding asset valuation and employee transition (*Definition of Ground Rules*). During the negotiation, each company clarifies their expectations, explaining their reasoning behind valuation and potential synergies (*Clarification and Justification*). Bargaining involves discussions on share distribution and integration strategies to find a solution beneficial for both entities (*Bargaining and Problem Solving*). Finally, when an agreement is reached, they finalize the terms, sign contracts, and begin the merger process (*Closure and Implementation*).

7. Improving Negotiations



Here are key points that contribute to the success of a negotiation process:

- 1. Preparation:** Thoroughly preparing by collecting relevant information about the subject matter, understanding interests, and knowing the counterpart's position beforehand.
- 2. Clear Objectives:** Establishing clear, achievable goals and defining priorities before entering negotiations.
- 3. Effective Communication:** Employing active listening, clear articulation of interests, and maintaining open communication channels to understand and convey information accurately.
- 4. Flexibility and Adaptability:** Being adaptable to changes, willing to explore alternative solutions, and being open-minded to new ideas during the negotiation process.
- 5. Problem-Solving Skills:** Employing creative problem-solving techniques to overcome impasses and find mutually acceptable solutions.
- 6. Maintaining Relationships:** Recognizing the importance of building and preserving relationships during and after negotiations to facilitate future collaborations.
- 7. Emotional Intelligence:** Understanding emotions, managing one's emotions effectively, and empathizing with the other party's perspective.
- 8. Patience and Persistence:** Remaining patient throughout the negotiation process, as some negotiations can take time to reach a satisfactory outcome, and persisting in finding common ground.
- 9. Closure and Implementation:** Ensuring that agreements are clear, documented, and effectively implemented after negotiation, with necessary follow-up and monitoring.

1. Introduction



Leadership encompasses the ability to inspire, guide, influence, and motivate individuals or groups to achieve a common goal or vision. It involves not just directing people but also empowering and enabling them to perform at their best.

For business managers, leadership is the cornerstone of their role, encompassing the ability to articulate a compelling vision, inspire teams to achieve it, and create an environment where individuals can thrive and contribute effectively. A manager's leadership style influences team dynamics, productivity, and organizational success, emphasizing the importance of effective communication, decision-making, and fostering a culture that values growth, collaboration, and continuous improvement.

2. Leaders and Managers

Leaders and managers differ in their approach, focus, and style.

While managers focus on day-to-day operations and management of resources, leaders focus on setting long-term goals and planning for organizational improvement.

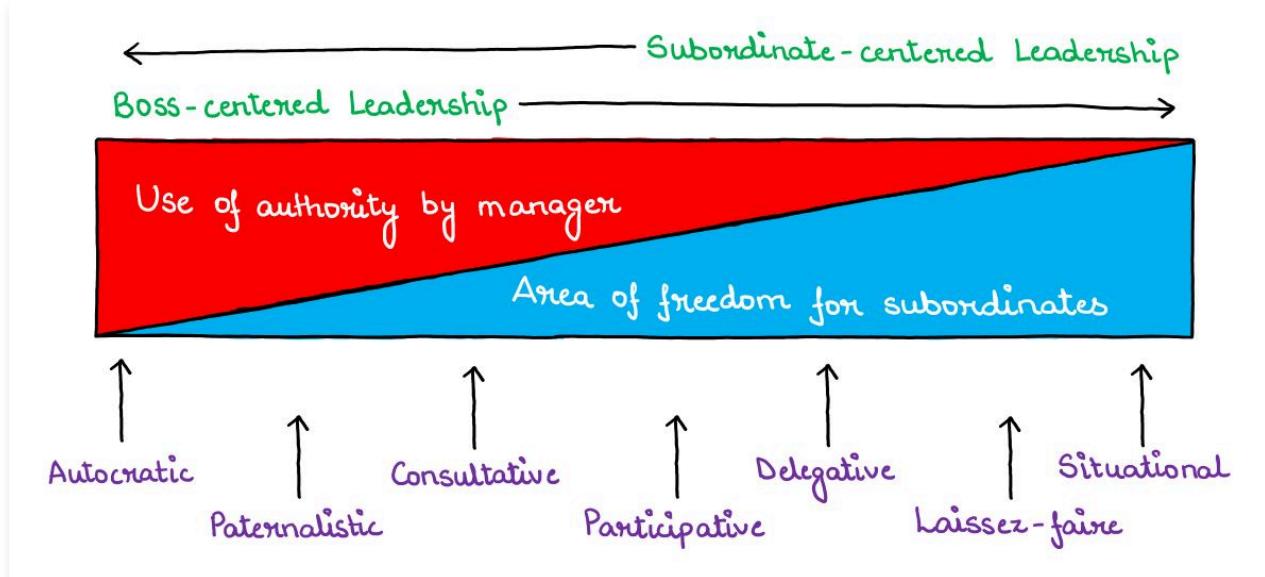
For example, a manager may be responsible for scheduling shifts and enforcing company policies, while a leader creates a compelling vision for the company and motivates employees to work towards a common goal. This difference in focus reflects the differing styles, approaches, and strategies employed by leaders and managers.

Category	Management	Leadership
Focus	Day-to-day operations and management of resources, enforcing rules within the organization	Setting long-term goals and planning for organizational improvement
Style	Maintains job standards, supervises employees	Inspires and motivates employees to bring about change
Approach	Operates within the existing framework of the organization, follows established procedures	Asks questions to challenge the status quo and drive change
Culture	Maintains the current culture of the organization, aims for stability	Shapes the vision and direction of the organization, drives change
Influence	Rely on formal authority and rewards or punishments to induce compliance	Use personal example and influence to bring about a change in values and behavior
Strategies	Use control strategies to get things done	Use empowering strategies to make followers internalize values

3. Tannenbaum-Schmidt Leadership Continuum

The Tannenbaum-Schmidt Leadership Continuum is a widely recognized model that outlines 7 different styles of leadership, ranging from highly authoritarian to highly delegative.

It was first introduced by Robert Tannenbaum and Warren Schmidt in the 1970s and provides a framework for understanding the different approaches a leader can take when working with their subordinates.



The seven styles on the continuum are:

1. *Autocratic*: The manager makes decisions unilaterally and provides clear instructions to subordinates, who are expected to carry out their duties without question.
2. *Paternalistic*: The manager acts as a mentor or a father figure, showing concern for the well-being of subordinates, but still maintaining control over decision-making.
3. *Consultative*: The manager seeks the opinions and ideas of subordinates, but ultimately makes the decision on his or her own.
4. *Participative*: The manager involves subordinates in the decision-making process and takes their opinions into consideration, but retains the final say.
5. *Delegative*: The manager delegates decision-making authority to subordinates, who are given the freedom to make decisions within the scope of their responsibilities.
6. *Laissez-faire*: The manager provides very little direction or guidance, and subordinates are left to make their own decisions with little interference.
7. *Situational*: The manager adapts his or her leadership style depending on the situation and the needs of the subordinates involved.

Leadership factors that come into play at each point along the continuum include:



1. **Manager:** The manager's own leadership preferences, experiences, and personality will play a role in determining the style they adopt. For example, a manager who values control and structure might naturally lean towards an autocratic style, while a manager who is more democratic and open-minded might prefer a participative or delegative approach.
 2. **Subordinate:** The characteristics of the subordinate, such as their level of experience, competence, and motivation, will influence the manager's choice of leadership style. For example, a manager working with a highly skilled and motivated team might delegate more responsibility to them and adopt a more laissez-faire style, while a manager working with an inexperienced or less motivated team might adopt a more autocratic or paternalistic approach.
 3. **Situation:** The nature of the situation, such as the urgency of the task, the complexity of the task, and the risk involved, will also play a role in determining the manager's leadership style. For example, a manager faced with a critical deadline and high-risk situation might adopt a highly autocratic style, while a manager working on a less complex and low-risk task might adopt a more participative or delegative approach.
-

4. Leadership Styles



Before we discuss various theories of leadership, let us understand various leadership styles.

Autocratic Leadership

This style exerts absolute control over employees, limiting their input. While effective for routine tasks, it often leads to discontent and high turnover due to the lack of participation. For instance, an autocratic approach might work in a manufacturing setup, where precision and control are critical, but it could lead to decreased morale in creative teams.

Bureaucratic Leadership

Leaders following this style adhere strictly to procedures, apt for situations involving safety risks or financial matters. However, excessive rigidity may hinder adaptability to changing circumstances. For example, in financial institutions or sectors where safety is paramount, bureaucratic leadership ensures compliance but might impede innovation.

Charismatic Leadership

Charismatic leaders inject enthusiasm and energy but can risk the organization's stability if overly reliant on the leader's presence. For instance, a tech startup might thrive under a charismatic leader initially, but dependency on the leader's persona may pose risks during transitions or changes.

Democratic Leadership

Encouraging team involvement in decision-making fosters job satisfaction and skill development. This style suits teamwork-centric environments where quality and collaboration outweigh speed. For instance, in creative industries like advertising or design, involving team members in decisions can enhance creativity and ownership.

Laissez-Faire Leadership

This style empowers experienced individuals to work independently. Effective when team members are skilled self-starters, but it might falter without sufficient managerial guidance. For instance, in research-based teams or consultancies, experienced professionals might benefit from minimal supervision, while in other contexts, it may lead to uncoordinated efforts and lack of accountability.

People-Oriented Leadership or Relations-Oriented Leadership

This approach focuses on nurturing, supporting, and developing team members, fostering a participative environment for collaboration. While encouraging teamwork and creativity, an overemphasis on this style might hinder goal achievement. Most leaders blend task-oriented and people-oriented styles for a balanced approach.

Task-Oriented Leadership

Task-oriented leaders prioritize task completion and often exhibit autocratic traits. They define roles, establish structures, and monitor progress but may neglect team welfare, leading to motivation and retention issues. Understanding the Blake-Mouton Managerial Grid can assist task-oriented leaders in engaging their team more effectively.

Transactional Leadership

This style operates on the premise that team members commit to obey the leader when taking on a job, where the organization compensates them for their compliance. Leaders can reward high standards or productivity but can also resort to corrective action if expectations aren't met. However, it lacks long-term vision and might limit job satisfaction, common in certain organizational structures.

Transformational Leadership

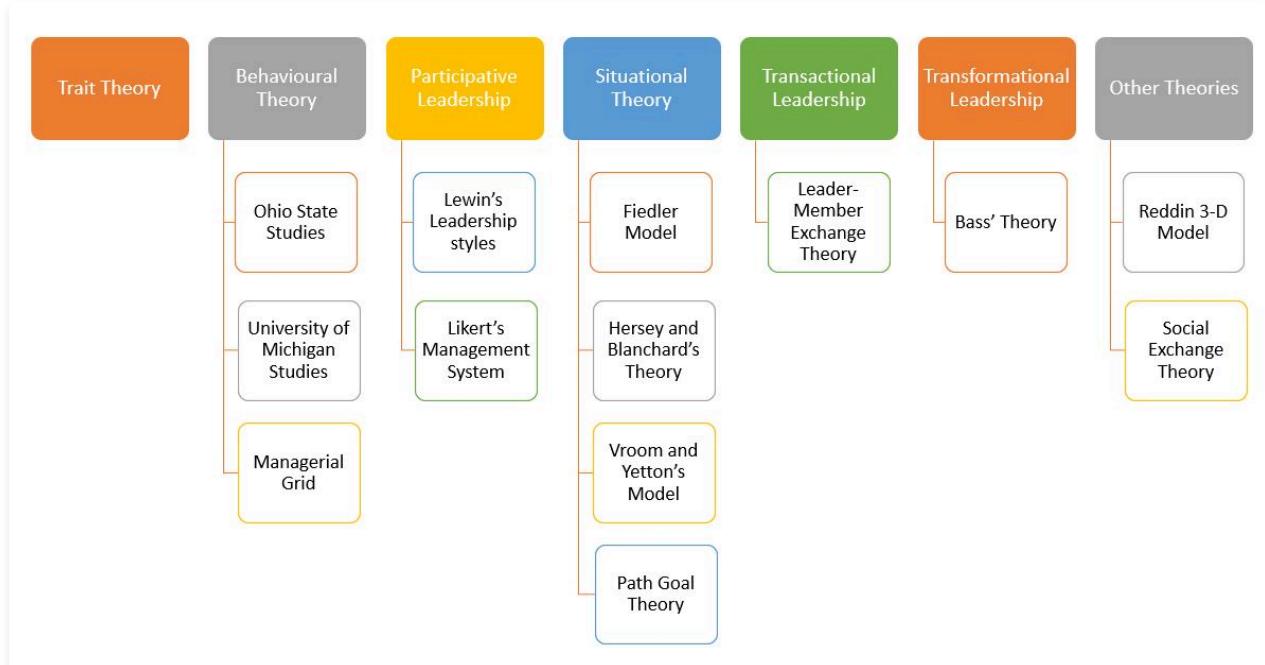
Transformational leaders inspire teams with a shared vision for the future. They communicate extensively, delegate responsibility, and foster enthusiasm. Though infectious, their focus on the big picture might require support from detail-oriented individuals. Both transactional and transformational leadership play vital roles: the former ensures consistent work, while the latter drives value-added initiatives.

Servant Leadership

This leadership philosophy centers on ethical responsibility and a spiritual comprehension of individuals. It prioritizes serving others, addressing their needs, and fostering personal development. Servant leaders excel in communication, leaning on persuasion rather than authority, and are devoted to the personal, professional, and spiritual advancement of individuals. Core values include integrity, altruism, humility, empathy, personal growth, fairness, justice, and empowerment. The efficacy of servant leadership is gauged by the degree to which followers' welfare and growth are enhanced.

5. Important Leadership Styles

Some of the important leadership styles are discussed next.



6. Trait Theory

TRAIT THEORY

Categories

- Physical
- Background
- Intelligence
- Personality
- Task-oriented
- Social

Trait theory, as defined by Kelly J. (1974), is a perspective on leadership that looks at the personal qualities and characteristics of individuals that are associated with successful leadership. This theory is based on research that links various traits to leadership success and aims to categorize these traits in order to identify what makes a leader effective.

There are six main categories of traits that are considered when evaluating a leader under trait theory:

1. **Physical characteristics:** This category includes traits such as age, height, and weight. For example, a taller leader may be perceived as more authoritative due to their physical presence.
2. **Background characteristics:** This category includes traits such as education, social status, mobility, and experience. For example, a leader with a prestigious education and high social status may be seen as more credible.
3. **Intelligence:** This category includes traits such as ability, judgment, and knowledge. For example, a leader with a high level of intelligence and good judgment may be seen as better equipped to make informed decisions.
4. **Personality:** This category includes traits such as aggressiveness, alertness, dominance, decisiveness, enthusiasm, extroversion, independence, self-confidence, and authoritarianism. For example, a leader with a charismatic personality may be able to rally their followers more effectively.
5. **Task-oriented characteristics:** This category includes traits such as achievement needs, responsibility, initiative, and persistence. For example, a leader who is highly motivated to achieve their goals may be more effective at getting things done.
6. **Social characteristics:** This category includes traits such as supervisory ability, cooperativeness, popularity, prestige, tact, and diplomacy. For example, a leader who is able to effectively manage and work with their team may be seen as more successful. These characteristics are considered valid indicators of successful leaders.

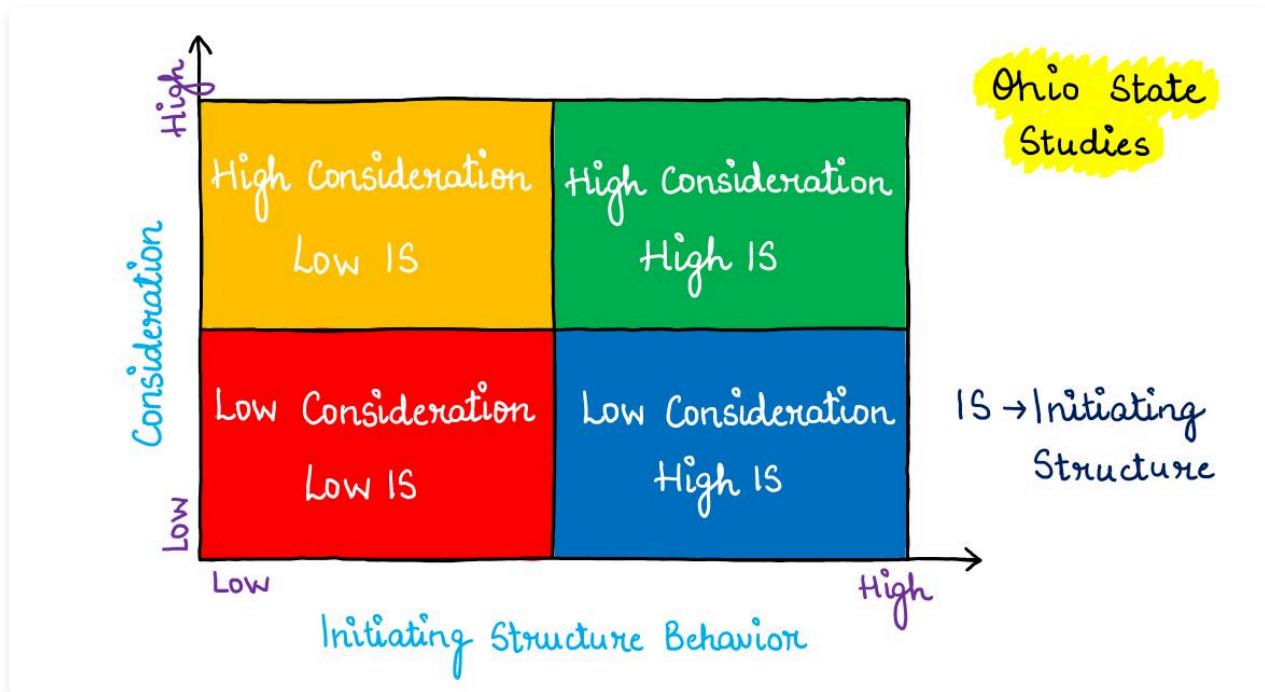
7. Behavioral Theories

Behavioral theories of leadership focus on the actions and behaviors of effective leaders rather than inherent traits. These theories identify specific behaviors and styles of leadership that contribute to effectiveness. They highlight how leaders can exhibit task-oriented or people-oriented behaviors, showing that different behaviors can lead to successful leadership based on the context and the needs of the followers or the situation at hand.

Let us discuss some of these theories.

7. Behavioral Theories

The Ohio State Theory of Leadership is a study initiated by Stogdill in 1945 at Ohio State University. The purpose of the study was to investigate leadership behavior in various types of groups and situations, and to do this, a Leader Behaviour Description Questionnaire (LBDQ) was used. The LBDQ was administered in various settings.



Two important dimensions of leadership consistently emerged from the study:

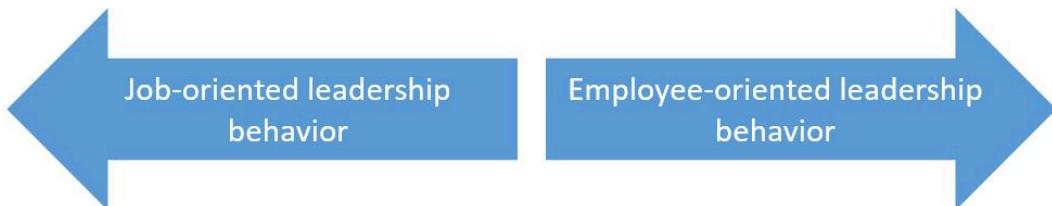
1. **Consideration** refers to the leader's behavior that indicates respect, trust, warmth, and friendship towards their subordinates. This means that the leader values the opinions, ideas, and feelings of their team members, and they maintain a positive relationship with them.
2. **Initiating Structure** refers to the leader's behavior that deals with the relationship between themselves and the work-group. This involves establishing clear patterns of organization, communication channels, and procedures to achieve goals. The leader sets the structure and defines the roles of their subordinates in order to achieve the desired outcome.

For example, a leader with high Consideration may provide opportunities for their team members to express their opinions and ideas, and regularly check in with them to ensure their needs are being met. On the other hand, a leader with high Initiating Structure may establish clear expectations for their team, create a structured plan for completing tasks, and set deadlines to ensure goal attainment.

7. Behavioral Theories

The Michigan Studies Theory, as proposed by **Likert** (1961) at the University of Michigan Survey Research Centre, focuses on the different leadership orientations and their effects on employee performance and satisfaction.

Michigan State Leadership Studies Continuum



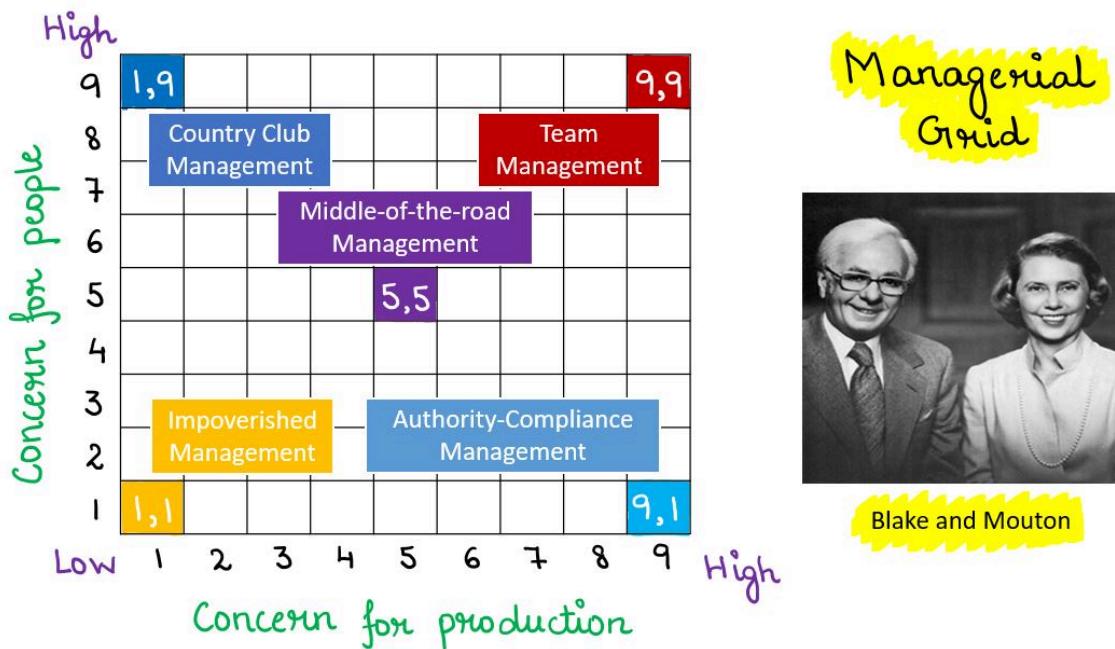
The theory highlights two major styles of leadership:

1. **The employee-oriented style of leadership** emphasizes the relationship aspect of the job. Leaders who adopt this style are interested in their subordinates and respect their individuality and personal needs. They foster a work environment where subordinates feel comfortable discussing work-related matters with their superiors and are often sought out for ideas and opinions.
2. **The production-oriented style of leadership** emphasizes task accomplishment and productivity. In this style, the leader views subordinates as tools to achieve the organization's goals, and focuses on improving work conditions and methods to enhance efficiency. Likert's study showed that employee-oriented leadership results in higher productivity, though the satisfaction of employees was not directly related to productivity.

An example of a leader who adopts the employee-oriented style could be a manager who frequently interacts with their team, encouraging open communication, and making efforts to understand their personal needs and concerns. On the other hand, an example of a leader who adopts the production-oriented style could be a manager who is more focused on ensuring that projects are completed efficiently and on time, rather than emphasizing personal relationships with their subordinates.

7. Behavioral Theories

The Blake and Mouton's Managerial Grid (1978) is a theory of leadership that explores the relationship between a leader's focus on task accomplishment and their concern for people. The theory suggests that effective leaders are those who balance both task and people orientation and can be rated on each axis from 1 to 9.



The five key types of leaders described by the theory are:

1. **Task-Management leader (9,1)** - This leader is primarily focused on the completion of tasks and has a limited concern for the well-being of their employees.
2. **Country Club Management leader (1,9)** - This leader prioritizes the well-being of their employees and has limited focus on task completion.
3. **Impoverished Management leader (1,1)** - This leader is not concerned with either tasks or people and avoids getting involved in conflicts.
4. **Middle of the Road Management leader (5,5)** - This leader seeks to balance both task accomplishment and employee satisfaction.
5. **Team Management leader (9,9)** - This leader is highly concerned with both tasks and people, and aims to create a collaborative and productive work environment.

For example, a Task-Management leader might focus on ensuring that projects are completed on time and within budget, but may neglect the needs and opinions of their employees. On the other hand, a Country Club Management leader may prioritize the creation of a positive work environment, but may not have a clear focus on achieving specific goals. A Team Management leader would strive to balance both tasks and people, encouraging collaboration and open communication to achieve both productivity and job satisfaction among employees.

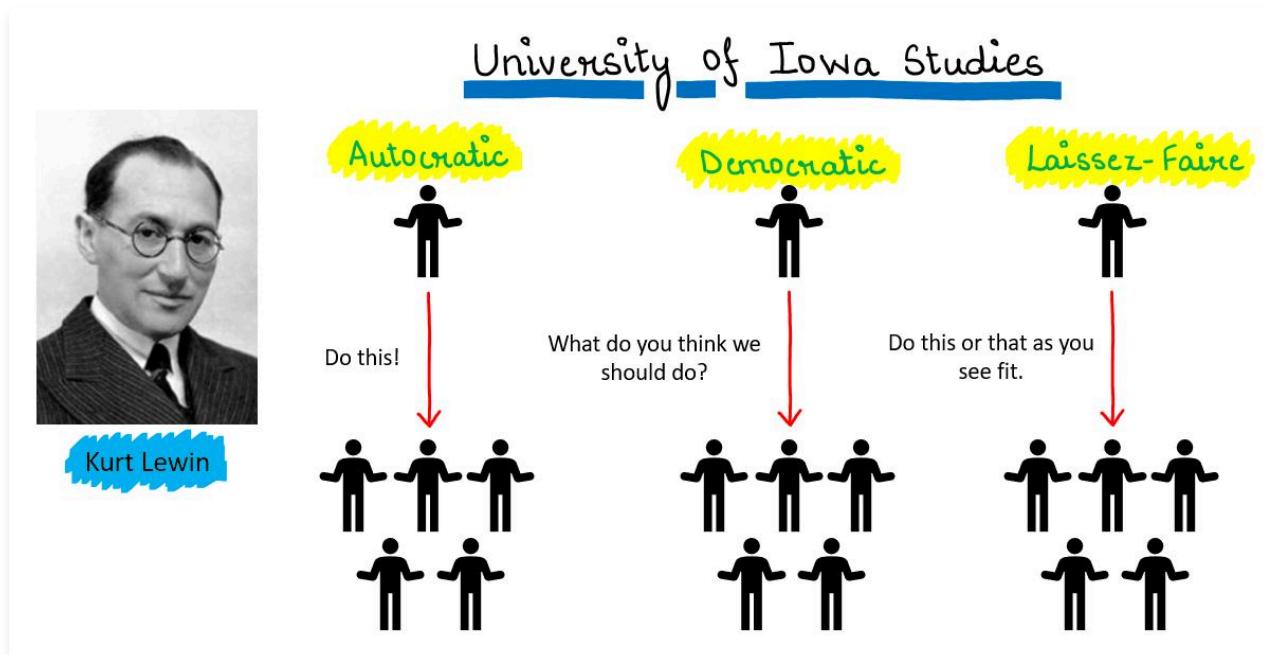
8. Participative Theories

Participative theories of leadership emphasize involving team members in decision-making processes. These theories highlight the importance of collaboration and shared decision-making between leaders and followers. They recognize that including team members in decisions can enhance commitment, motivation, and the quality of outcomes, depending on the situation's complexity and the team's expertise.

Let us discuss some of them.

8. Participative Theories

The University of Iowa Studies, also known as the *Lewin Leadership Style*, was a study conducted in 1939 by Lippitt and White under the direction of **Kurt Lewin**.



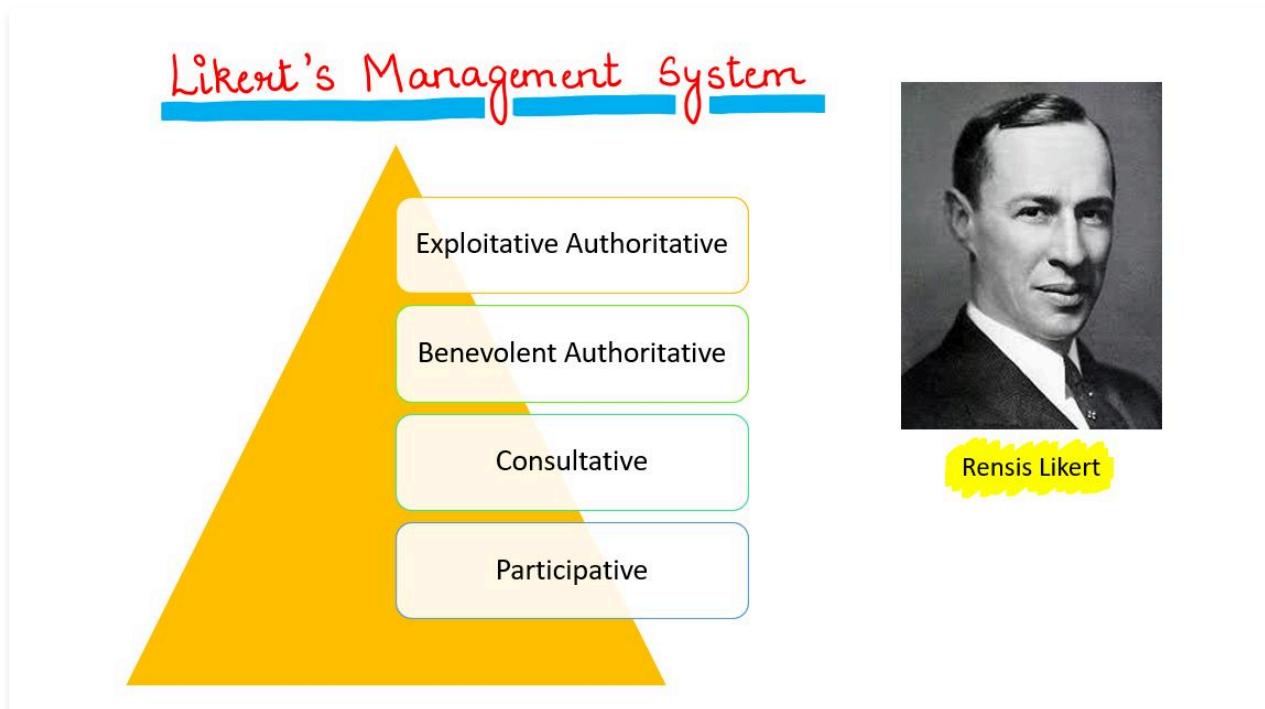
The study explored 3 distinct leadership styles and their impact on task performance in groups of ten-year-old boys are discussed below:

1. **The Autocratic style of leadership**, which was implemented in one of the groups, is characterized by centralized authority and low employee participation. The leader was directive and focused on the task at hand, telling followers what to do and how to do it. Although friendly when praising individual members, the leader was impersonal when criticizing them.
2. **The Democratic style**, implemented in another group, encouraged discussion and participation in decision making. The leader shared responsibilities with followers and involved them in the planning and execution of the task.
3. **The Laissez faire style**, implemented in the third group, gave complete freedom to the group with no leadership provided. The leader did not establish any policies or procedures and allowed each member to work independently without attempting to influence them.

In summary, these studies revealed three distinct leadership styles: Autocratic, characterized by centralized authority and low participation; Democratic, characterized by involvement, high participation, and feedback; and Laissez faire, characterized by a hands-off management approach.

8. Participative Theories

Rensis Likert was a prominent theorist of the "Human Relations" school of thought and is well known for his development of the "System 4" theory in management. Likert believed that an effective organization is one where members influence each other reciprocally, leading to greater influence as a whole.



Rensis Likert identified 4 systems of management:

1. **System 1 Management:** This is also known as "exploitive-authoritative" management, where managers exercise a high degree of authoritarian control, lack confidence in subordinates, motivate through fear and punishment, and make decisions at the top level with limited input from others.
2. **System 2 Management:** This is referred to as "benevolent authoritative" management, where managers have some confidence in subordinates, motivate through rewards and fear/punishment, seek some input from subordinates, and allow for limited delegation of decision-making at lower levels.
3. **System 3 Management:** This is known as "consultative" management, where managers have a moderate level of confidence in subordinates, seek ideas and opinions from subordinates, motivate through rewards and participation, and engage in communication both upwards and downwards with the organization.
4. **System 4 Management:** This is referred to as "participative group" management and is considered the most participative of all. In this system, managers have complete trust in subordinates, make constructive use of their ideas and opinions, provide economic rewards based on group participation and involvement, engage in communication throughout the organization, and encourage decision-making at all levels.

Likert's Major Works are:

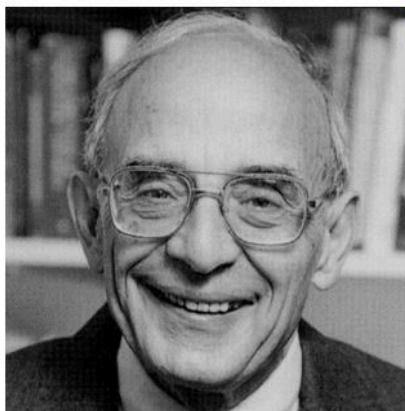
- New Patterns of Management (1961)
- The Human Organization: Its management and Value (1967)
- New Ways of Managing Conflict (written with J.G. Likert, 1976)

9. Contingency Theories

Contingency theories propose that effective leadership depends on various situational factors. They suggest that no single leadership style is universally effective, emphasizing adaptability based on the context. These theories advocate matching leadership styles to specific situations for optimal effectiveness and performance.

Let us discuss some of Contingency theories of Leadership.

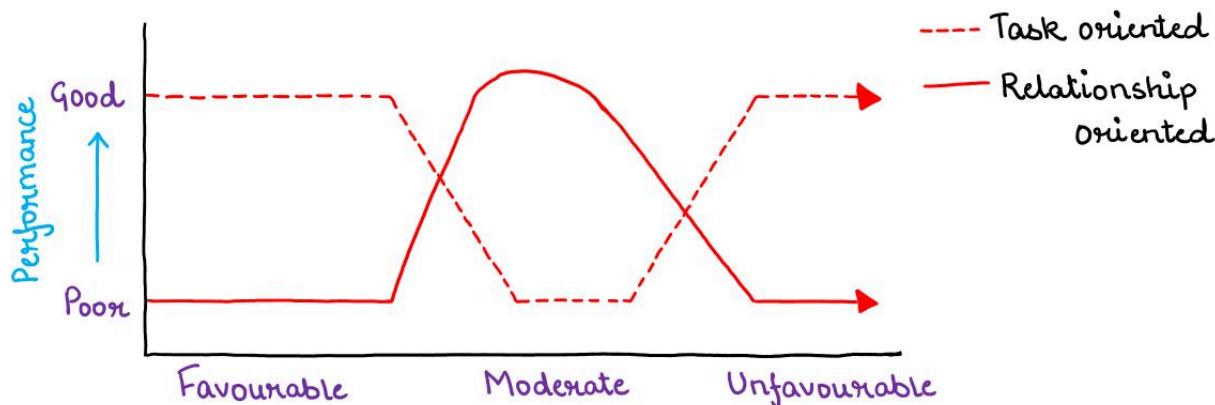
9. Contingency Theories



Fred Fiedler

There are two factors in Fiedler Model, leadership style and situational favorableness.

The first major factor in Fiedler's theory is known as the **leadership style**. This is the consistent system of interaction that takes place between a leader and work group. According to Fiedler, an individual's leadership style depends upon his or her personality and is, thus, fixed. In order to classify leadership styles, Fiedlers has developed an index called the *least-preferred coworker (LPC) scale*.



Category	I	II	III	IV	V	VI	VII	VIII
Leader-member relations	Good	Good	Good	Good	Poor	Poor	Poor	Poor
Task Structure	High	High	Low	Low	High	High	Low	Low
Position Power	Strong	Weak	Strong	Weak	Strong	Weak	Strong	Weak

The LPC scale asks a leader to think of all the persons with whom he or she has ever worked, and then to describe the one person with whom he or she worked the least well with.

From a scale of 1 through 8, leader are asked to describe this person on a series of bipolar scales such as those shown below:

Unfriendly 1 2 3 4 5 6 7 8 Friendly
Uncooperative 1 2 3 4 5 6 7 8 Cooperative
Hostile 1 2 3 4 5 6 7 8 Supportive
Guarded 1 2 3 4 5 6 7 8 Open

The responses to these scales (usually sixteen in total) are summed and averaged. A high LPC score suggests that the leader has a human relations orientation, while a low LPC score indicates a task orientation. Fiedler's logic is that individuals who rate their

least preferred coworker in relatively favorable light on these scales derive satisfaction out of interpersonal relationship; those who rate the coworker in a relatively unfavorable light get satisfaction out of successful task performance. This method reveals an individual's emotional reaction to people with whom he or she cannot work. It is also stressed that is not always an accurate measurement.

Leaders who describe their least preferred coworker in unfavorable terms, with a low LPC, derive major satisfaction by successfully completing a task. These leaders are said to be task-orientated. They are more concerned with successful task accomplishment and worry about interpersonal relations later.

The second major factor in Fiedler's theory is known as **situational favorableness** or environmental variable. This basically is defined as the degree a situation enables a leader to exert influence over a group.

Fiedler then extends his analysis by focusing on 3 key situational factors, which are leader-member, task structure and position power:

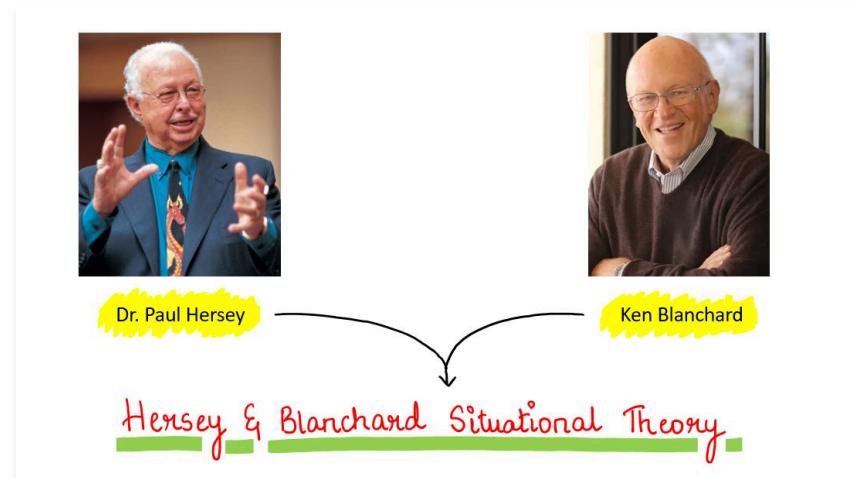
(i) **Leader-member relations** refer to the nature of the relationship between the leader and the work group. If the leader and the group have a high degree of mutual trust, respect, and confidence, and if they like one another, relations are assumed to be good. If there is little trust, respect, or confidence, and if they do not like one another, relations are poor. Naturally, good relations are more favorable.

(ii) **Task structure** is the degree to which the group's task is well defined. The task is structured when it is routine, easily understood, and unambiguous, and when the group has standard procedures and precedents to rely on. An unstructured task is nonroutine, ambiguous, and complex, with no standard procedures or precedents. You can see that high structure is more favorable for the leader, whereas low structure is less favorable. For example, if the task is unstructured, the group will not know what to do, and the leader will have to play a major role in guiding and directing its activities. If the task is structured, the leader will not have to get so involved and can devote time to nonsupervisory activities.

(iii) **Position power** is the power vested in the leader's position. If the leader has the power to assign work and to reward and punish employees, position power is assumed to be strong. But if the leader must get job assignments approved by someone else and does not administer rewards and punishment, position power is weak, and it is more difficult to accomplish goals. From the leader's point of view, strong position power is clearly preferable to weak position power. However, position power is not as important as task structure and leadermember relations.

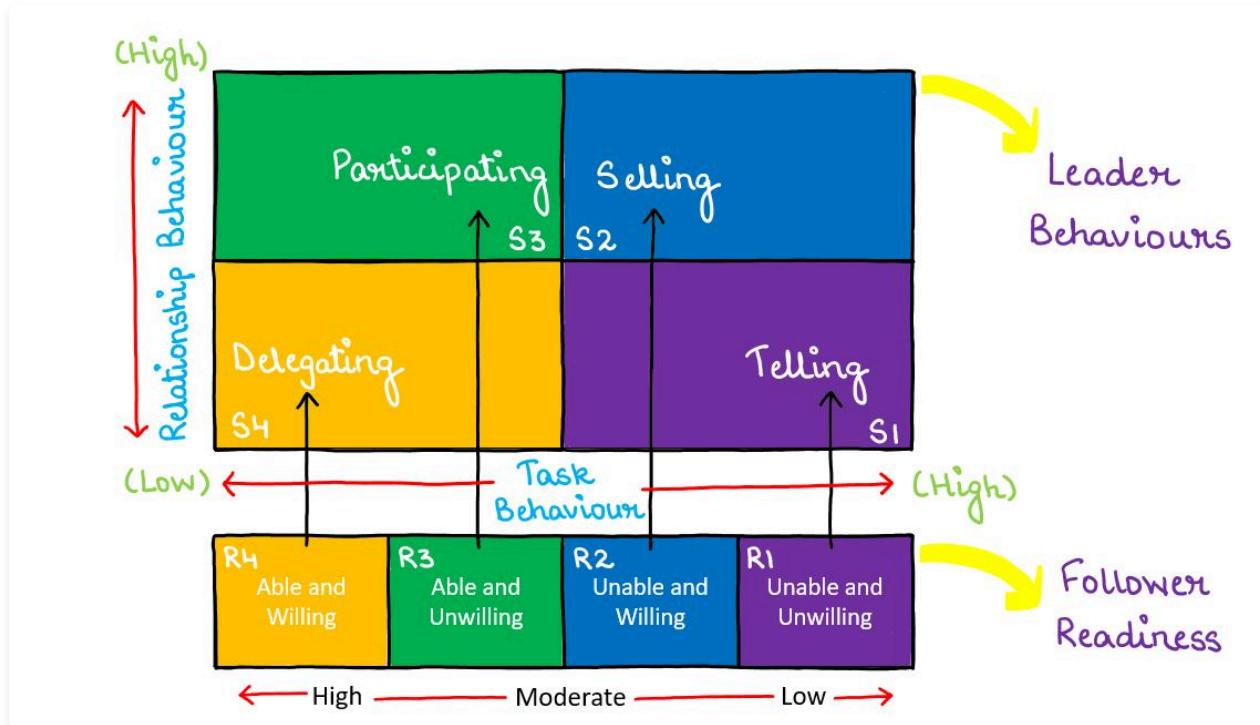
When the situation is very favourable or very unfavourable to the leader, the Task Oriented leader is effective. When the situation is moderately favourable to the leader, the Person Oriented leader is effective.

9. Contingency Theories



The Hersey-Blanchard Situational Leadership Theory was created by Dr Paul Hersey, a professor and author of "The Situational Leader," and Ken Blanchard, author of the best-selling "The One-Minute Manager," among others.

This theory views the leader-follower relationship as similar to that of a parent and child. Just as a parent needs to give up control as a child becomes more mature and responsible, so too should leaders. The successful leaders should change their leadership styles based on the maturity of the people they're leading and the details of the task. The most effective behaviour depends on a follower's ability and motivation.



Hersey and Blanchard identify four specific leader behaviours—from highly directive to highly laissez-faire:

1. **Telling (S1):** If a follower is unable and unwilling to do a task, the leader needs to give clear and specific directions (in other words, be highly directive). Leaders tell their people exactly what to do, and how to do it.
2. **Selling (S2):** If a follower is unable and willing, the leader needs to display high task orientation to compensate for the follower's lack of ability, and high relationship orientation to get the follower to "buy into" the leader's desires (in other words, "sell" the task). Leaders still provide information and direction, but there's more communication with followers. Leaders "sell" their message to get the team on board.
3. **Participating (S3):** If the follower is able and unwilling, the leader needs to adopt a supportive and participative style. Leaders focus more on the relationship and less on direction. The leader works with the team, and shares decision-making

responsibilities.

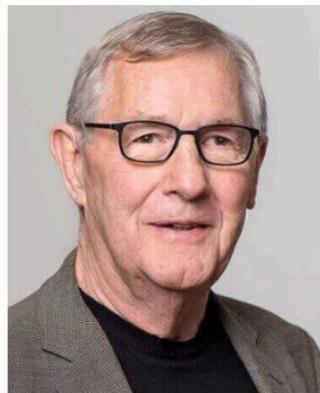
4. Delegating (S4): If the employee is both able and willing, the leader does not need to do much (in other words, a laissez-faire approach will work). Leaders pass most of the responsibility onto the follower or group. The leaders still monitor progress, but they're less involved in decisions.

As you can see, styles S1 and S2 are focused on getting the task done. Styles S3 and S4 are more concerned with developing team members' abilities to work independently.

9. Contingency Theories



Victor Vroom



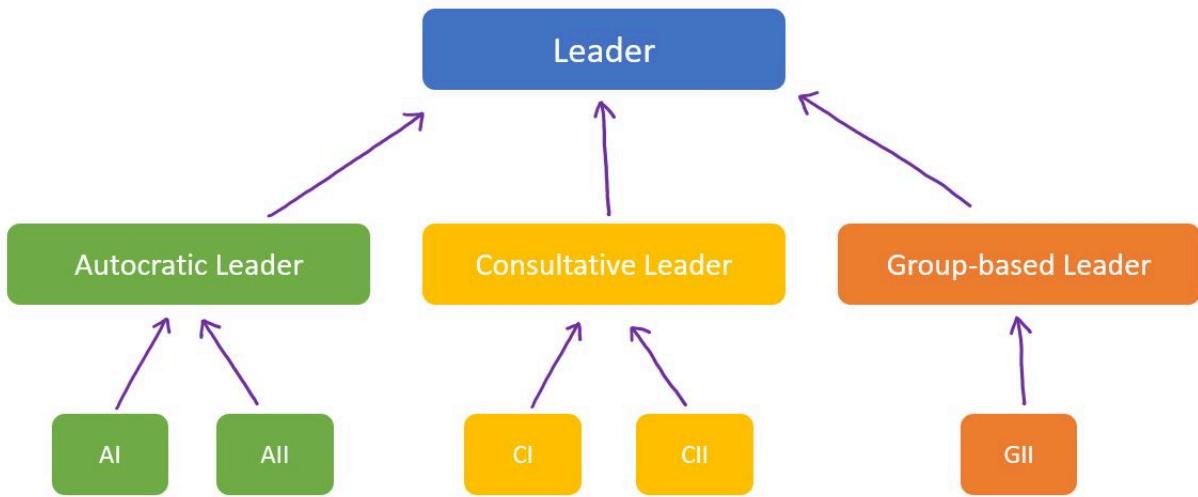
Phillip Yetton



Arthur Jago

The Vroom-Yetton Contingency Model, developed by Victor Vroom and Phillip Yetton (with additional collaboration by Arthur Jago) bases decision making on situational leadership that can be used by just about anyone, regardless of rank. In other words, it suggests that the best way to make a decision is to base it on the current situation or problem; not the personal traits or style of the decision maker.

Leader Participation Model



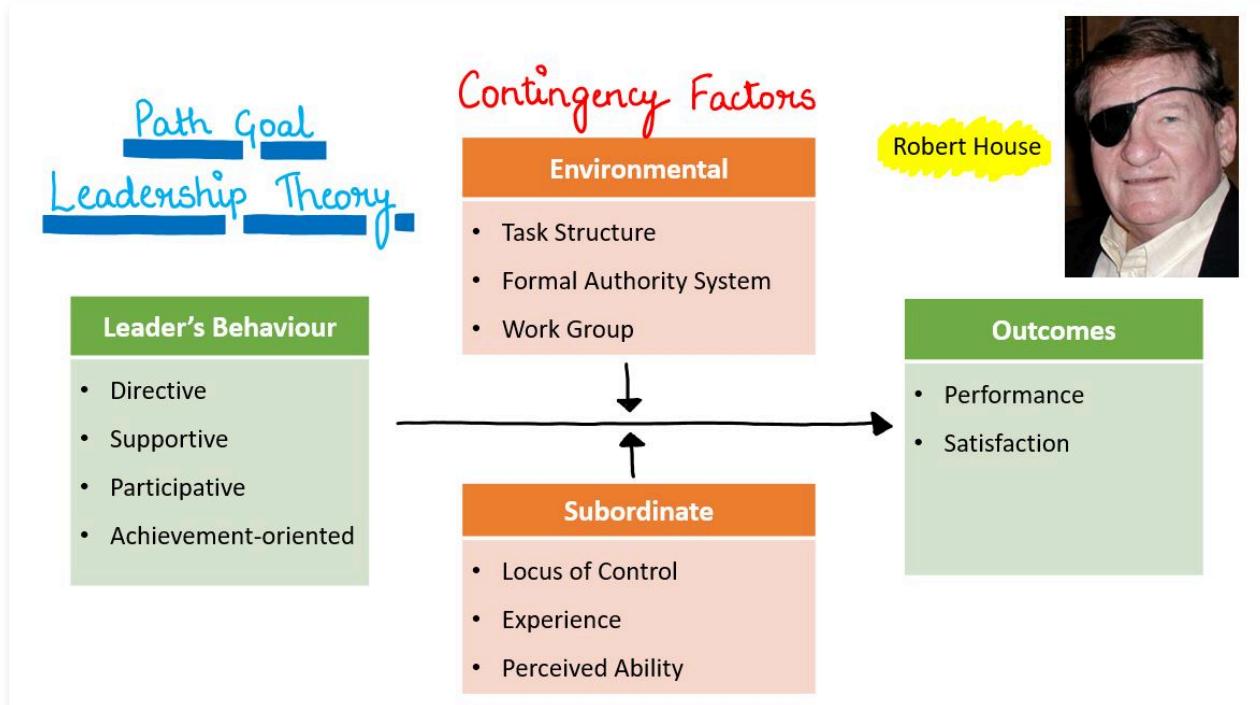
The Vroom-Yetton model identifies 5 possible decision-making styles that suggest varying personal involvement from "completely autocratic" to "acceptance without direct influence."

1. **Autocratic (AI):** The purest form of autocratic behavior is exhibited by the leader. Decisions are made solely by the leader without any consultation from followers using only the information readily available.
2. **Autocratic (AII):** A leader will seek out information from followers as needed but will not involve them in the decision-making process or let them know why the information is needed.
3. **Consultative (CI):** Followers are brought slightly into the loop. The leader will inform followers why information is needed and might ask for individual feedback and opinions before making a decision. The decision is still made solely by the leader.
4. **Consultative (CII):** The leader discusses the issue, hears opinions, and solicits suggestions from the full group of followers. The group's input will be considered in any decision the leader makes.

5. **Group (GII):** The leader acts as a facilitator and guides the group to a decision. The group, not the leader, makes the decision.

9. Contingency Theories

The path-goal theory of leadership, largely linked to Martin Evans and Robert House, extends the expectancy theory of motivation discussed earlier. Expectancy theory involved the probability of achieving outcomes and their associated value. In a similar vein, the path-goal theory suggests that a leader's key role is to offer valued rewards in the workplace and elucidate the behaviors that lead to goal achievement and these rewards. In essence, the leader's task is to clarify the pathways to reaching these goals.



The path-goal theory of leadership suggests that managers can use 4 types of leader behavior to clarify subordinates' paths to goal attainment. Personal characteristics of the subordinate and environmental characteristics within the organization both must be taken into account when determining which style of leadership will work best for a particular situation.

1. Leader Behaviour

The most fully developed version of path-goal theory identifies 4 kinds of leader behavior:

- (i) **Directive leader** behavior lets subordinates know what is expected of them, gives guidance and direction, and schedules work.
- (ii) **Supportive leader** behavior is being friendly and approachable, showing concern for subordinates' welfare, and treating members as equals.
- (iii) **Participative leader** behavior includes consulting with subordinates, soliciting suggestions, and allowing participation in decision making.
- (iv) **Achievement-oriented leader** behavior means setting challenging goals, expecting subordinates to perform at high levels, encouraging subordinates, and showing confidence in subordinates' abilities.

2. Personal characteristics of subordinates

Important personal characteristics include the subordinates' perception of their own abilities and their locus of control.

If people perceive that they are lacking in **abilities**, they may prefer directive leadership to help them understand path-goal relationships better. If they perceive themselves as having a lot of abilities, however, employees may resent directive leadership.

Locus of control is a personality trait. People who have an internal locus of control believe that what happens to them is a function of their own efforts and behavior. Those who have an external locus of control assume that fate, luck, or "the system" determines what happens to them. A person with an internal locus of control may prefer participative leadership, whereas a person with an external locus of control may prefer directive leadership.

3. Environmental characteristics

Environmental characteristics include factors outside the subordinates' control.

Task structure is one such factor. When structure is high, directive leadership is less effective than when structure is low. Subordinates do not usually need their boss to continually tell them how to do an extremely routine job.

The **formal authority system** is another important environmental characteristic. Again, the higher the degree of formality, the less directive is the leader behavior that will be accepted by subordinates.

The nature of the **work group** also affects appropriate leader behavior. When the work group provides the employee with social support and satisfaction, supportive leader behavior is less critical. When social support and satisfaction cannot be derived from the group, the worker may look to the leader for this support.

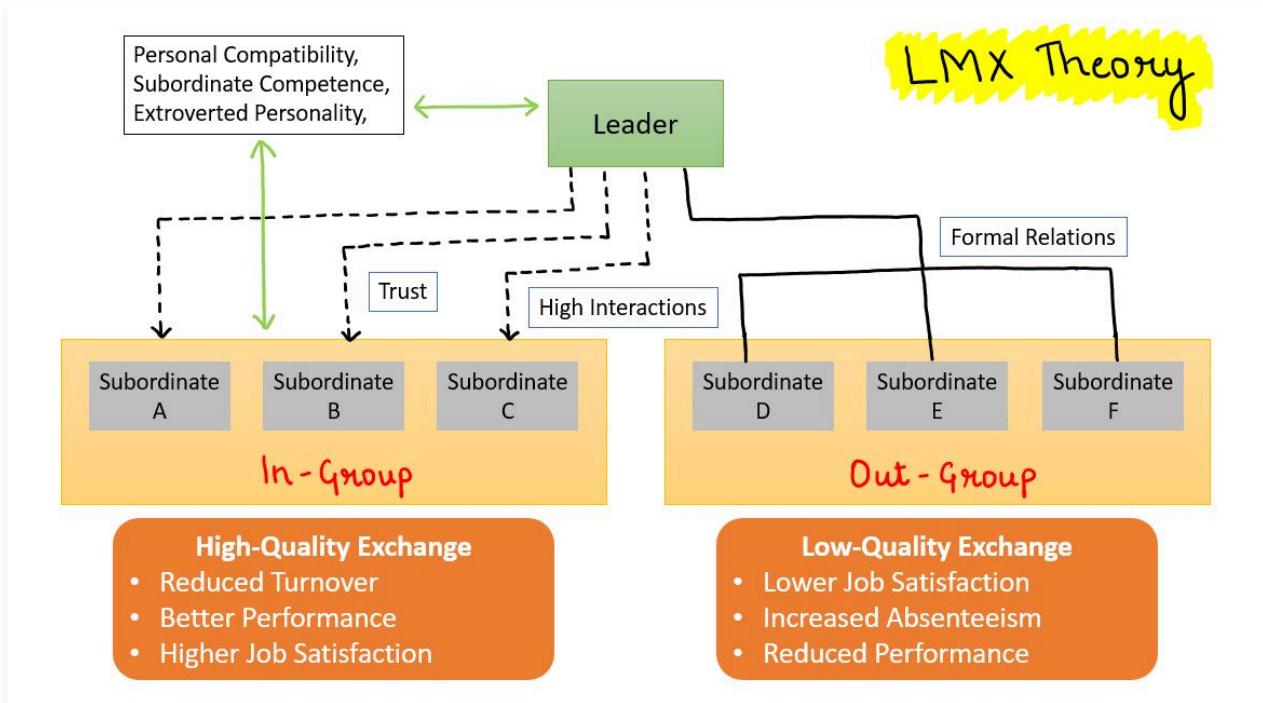
10. Transactional Leadership

Transactional Leadership is a leadership style that focuses on the exchange of rewards and punishments to motivate subordinates to achieve specific goals. In this approach, leaders set clear goals and expectations for their subordinates, and then use positive reinforcement (rewards) and negative reinforcement (punishments) to incentivize the desired behavior. This style is based on the premise that people are motivated by the rewards and punishments they receive for their performance, and that the leader's role is to provide clear direction and manage the exchange of rewards and punishments.

10. Transactional Leadership

Leader-member exchange (LMX) theory was initially called the "Vertical Dyad Linkage Theory". The theory was introduced by George Graen and various colleagues in the 1970s and has been revised and refined in the years since. LMX theory emphasizes on the dyadic (i.e., one-on-one) relationships between leaders and individual subordinates, instead of the traits or behaviors of leaders or situational characteristics.

The theory's focus is determining the type of leader-subordinate relationships that promote effective outcomes and the factors that determine whether leaders and subordinates will be able to develop high-quality relationships.



According to LMX theory, leaders do not treat all subordinates in the same manner, but establish close relationships with some (**in-group**) while remaining aloof from others (**out-group**). Those in the in-group enjoy relationships with the leader that is marked by trust and mutual respect. They tend to be involved in important activities and decisions. Conversely, those in the out-group are excluded from important activities and decisions.

LMX theory suggests that high-quality relationships between a leader-subordinate dyad will lead to positive outcomes such as better performance, lower turnover, job satisfaction, and organizational commitment.

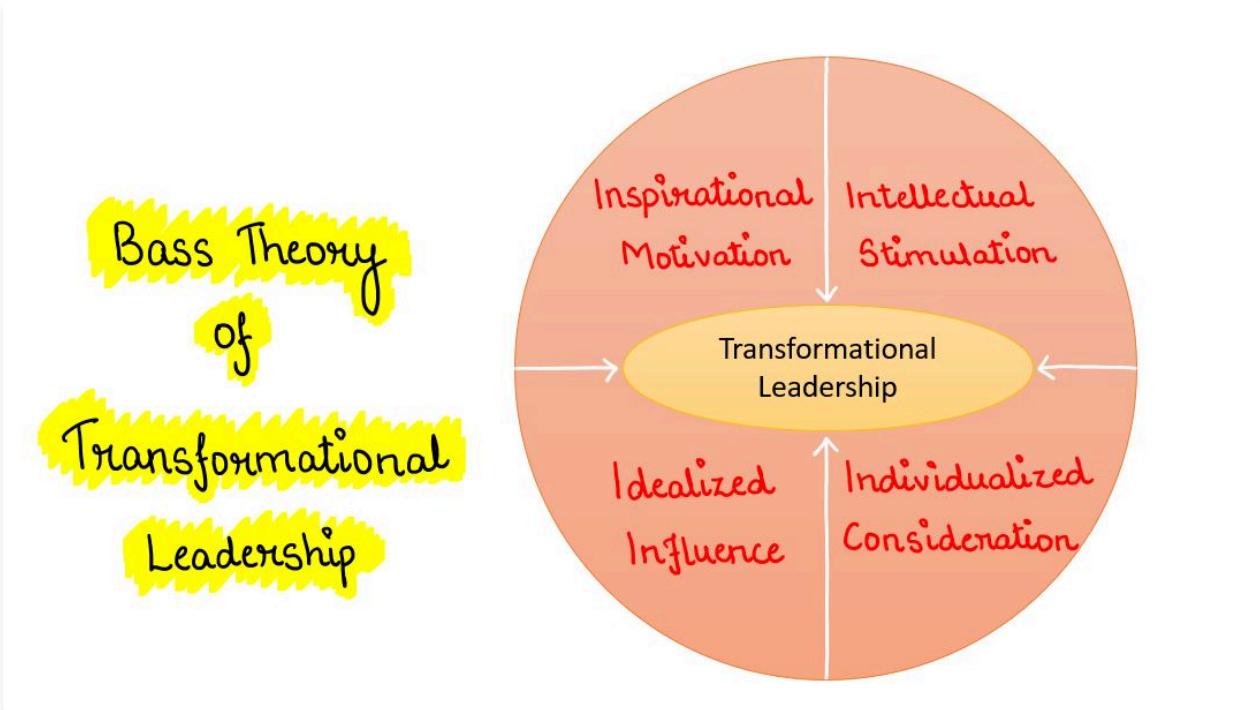
The relationships that develop between a leader and a subordinate follow 3 stages:

1. In the first stage, *role taking*, the leader assesses the subordinate's abilities and may offer them opportunities to demonstrate their capabilities.
2. The second stage, *role making*, is an unstructured and informal negotiation between the leader and subordinate where a role is created for the member, and a trust-building process takes place.
3. In the final stage, *routinization*, a pattern of ongoing social exchange between the leader and subordinate becomes established.

The overall quality of the LMX relationship varies with several factors. Curiously, it is better when the challenge of the job is extremely high or extremely low. The size of the group, financial resource availability and the overall workload are also important.

11. Bass theory of Transformational Leadership

Transformational Leadership is a leadership style that focuses on the transformation of followers by inspiring and motivating them to achieve their full potential. The concept of transformational leadership was first introduced by James MacGregor Burns but was later expanded upon by Bernard Bass, who took a more academic and analytical approach. Bass was particularly interested in the ways a leader influences their followers, as he recognized that followers often look to leaders due to their charisma and trustworthiness. He aimed to understand how a leader can generate these qualities in themselves.

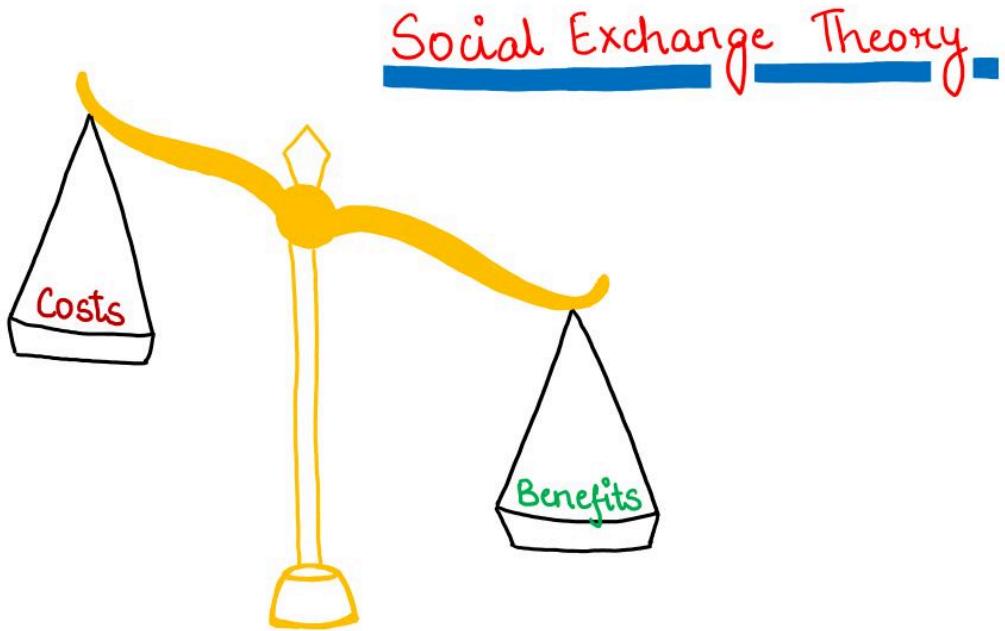


In his research, Bass developed a model of transformational leadership that consists of four key roles for the transformational leader:

- 1. Inspirational Motivation:** The leader acts as a visionary, making their followers feel like they are part of something significant and purposeful. They are energizing and concerned with meaning and direction.
- 2. Individualized Attention:** This type of leadership is people-focused, celebrating diversity and building relationships with each team member. The leader is perceived as someone who knows, respects, is interested in, and helps each individual.
- 3. Intellectual Stimulation:** The leader pushes their followers to learn, grow, and perform at exceptional levels. They value intellect, encourage imagination, challenge the status quo, and place an emphasis on developing their people, strategic thinking, and constructive challenge. They are skilled at seeing and working with different perspectives.
- 4. Idealized Influence:** The leader acts as a role model, inspiring respect and the desire to follow through their personal integrity. They set and display high ethical standards, leading by example and living up to strong values.

For example, a transformational leader might be a CEO who inspires their employees to think creatively and strive for excellence. Through their visionary thinking, individualized attention to each team member, encouragement of intellectual growth, and upholding of ethical standards, the CEO transforms their followers into highly motivated and successful team members.

12. Social Exchange Theory



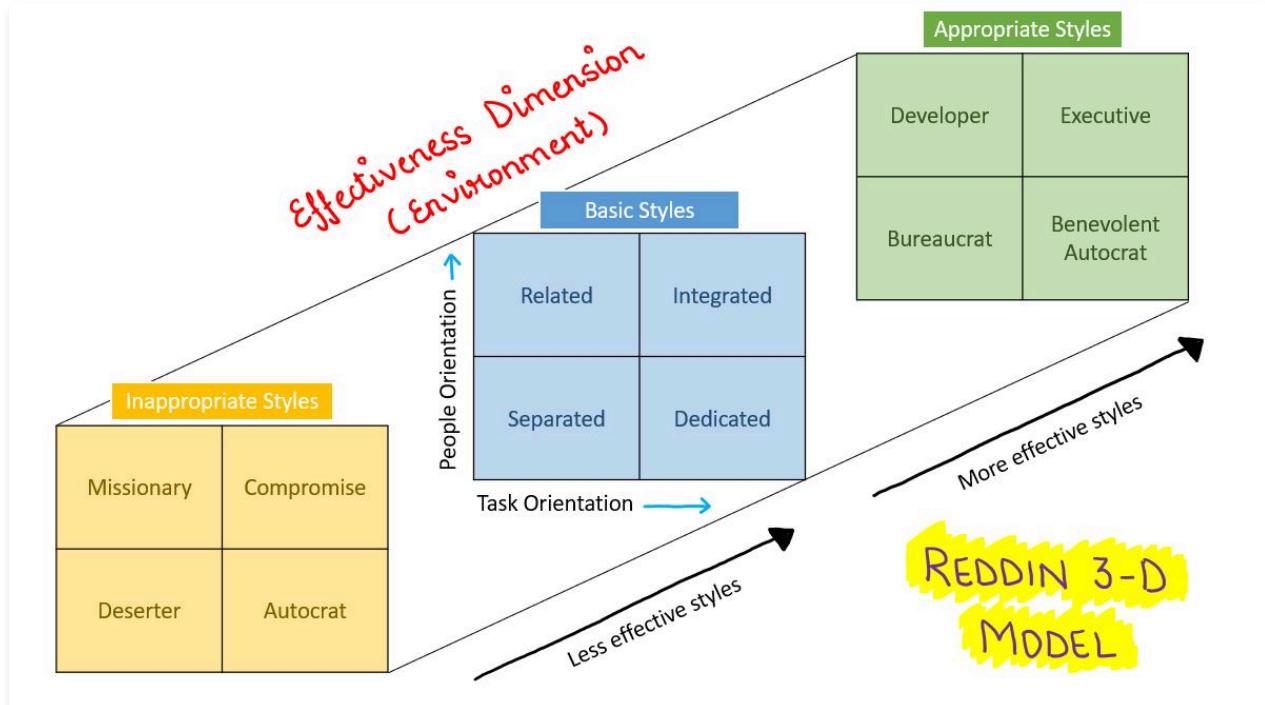
The Social Exchange Theory, also known as *Hollander's Relational Theory*, proposes that social behavior is driven by an exchange process aimed at maximizing benefits and minimizing costs. This theory views social change and stability as the result of negotiated exchanges between parties, where all human relationships are formed through a cost-benefit analysis and comparison of alternatives. When applied to leadership, Social Exchange Theory states that a leader must provide more benefits or rewards than costs or burdens to their followers, who in exchange help the leader achieve the goals of the organization. In order for the group to accomplish its goals, there must be a positive exchange between the leader and followers.

Hollander and Julian (1969) emphasized three key points in this theory:

- Leadership is a process that involves an influence relationship between the leader and followers.
- The leader is just one of the participants in this relationship.
- There are exchanges or transactions between the leader and followers that must be positive in order to achieve group goals.

13. Reddin 3-D Leadership Model

The Reddin 3-D Leadership Model is a theory proposed by Bill Reddin, which highlights the importance of understanding that the same behavior can be viewed as appropriate or inappropriate based on the situation at hand.



The model is composed of three dimensions:

1. **Task orientation:** Task orientation refers to the extent to which a manager directs their subordinates towards achieving the set goals, through activities such as planning, organizing, and controlling.
2. **Relationships orientation:** Relationships orientation refers to the extent to which a manager has personal job relationships, characterized by mutual trust, respect for subordinates' ideas, and consideration for their feelings.
3. **Effectiveness:** Effectiveness refers to the extent to which a manager achieves the output requirements of their position.

Based on the two dimensions of task orientation and relationships orientation, Reddin proposed four basic styles of management:

1. The *Separated Manager* focuses on correcting deviations and imposing rules and policies on others.
2. The *Related Manager* prioritizes working with others and sees the organization as a social system where everyone works together. They accept others as they are and do not try to change them.
3. The *Dedicated Manager* is task-oriented and is only concerned with production. They do not like to mix with subordinates and cannot work without power and responsibility.
4. The *Integrated Manager* mixes with subordinates and facilitates two-way communication. Their major focus is on building a strong team and effective communication network.

In the Reddin model, the appropriate versions of these management styles can be seen in the upper-right (Developer, Executive, Benevolent Autocrat, Bureaucrat) while the inappropriate styles (Missionary, Compromiser, Autocrat, Deserter) can be found in the bottom-left. The key to being an effective leader or manager is to know when to utilize each of these basic leadership styles and how to apply them to appropriate situations.

For example, a manager who prioritizes teamwork and effective communication may utilize the Integrated Manager style, but if their subordinates are not responding well to this approach, they may need to adopt a more task-oriented approach, such as the Dedicated Manager style. The ability to adjust to different situations and adopt the appropriate leadership style is what sets a successful leader apart.

14. Neoteny as Leadership trait

In the book "GEEKS & GEEZERS" by Bennis and Thomas, the authors explore the concept of cross-generational leadership and learning. Through their interview-based research with 43 leaders, they discovered the key asset shared by all leaders, whether young or old, is their adaptive capacity. This refers to the ability to process new experiences, find meaning in them, and integrate them into one's life. The authors observe that younger leaders, or "Geeks," tend to approach the world with a "beginner's mind" and are less likely to have heroes, but are more ambitious and place more emphasis on balance. Meanwhile, older leaders are more experienced and value experience, but both groups share the neoteny trait, or the retention of youthful qualities such as curiosity, playfulness, eagerness, fearlessness, energy, willingness to take risks, hunger for experience, courage, and eagerness for new experiences. Both groups are avid learners, always straining at their limits, and each has had a turning point or crucible experience that transformed their behavior and self-understanding.

1. Introduction



Change management refers to the process of managing and implementing changes within an organization. The overall work environment of an organization is constantly evolving and this change is driven by various factors, including technological advancements, changes in the availability and cost of resources, increased competition, advancements in communication and computing, increased influence from environmental and consumer interest groups, a growing focus on social equity, and heightened economic interdependence among countries.

To survive, grow, and succeed in this dynamic environment, organizations must be able to adapt to these changes and evolve accordingly. This requires a systematic approach to managing change, which includes assessing the need for change, developing a plan for implementation, communicating the plan to all stakeholders, and monitoring progress and making necessary adjustments. Effective change management helps organizations stay ahead of the curve and remain competitive in an ever-changing landscape.

2. Need For Change Management

External Triggers

- Economic and Trading Conditions
- Technological Advancements
- Demographic Trends
- Consumer Demands Change
- Competitors' Innovations and Activities
- Mergers, Acquisitions, Partnerships
- Legislation, Regulation, and Government Policies
- Social and Cultural Value Changes

Internal Triggers

- New Product or Service Design
- Low Performance and Morale
- High Stress and Staff Turnover
- Leadership Changes
- Skill and Knowledge Gaps
- Office or Factory Relocation
- Reevaluation of Responsibilities
- Process Innovation and Service Delivery Enhancement

Change management is essential for companies to adapt to various internal and external triggers that can impact their success.

External Triggers for Organizational Change

- Economic and Trading Conditions
- Technological Advancements
- Demographic Trends
- Shifts in Consumer Demands and Expectations
- Competitors' Innovations and Activities
- Mergers, Acquisitions, and Partnerships
- Legislation, Regulation, and Government Policies
- Social and Cultural Value Changes

Example: A book-selling company adapting to consumer demand for e-books due to technological advancements.

Internal Triggers for Organizational Change

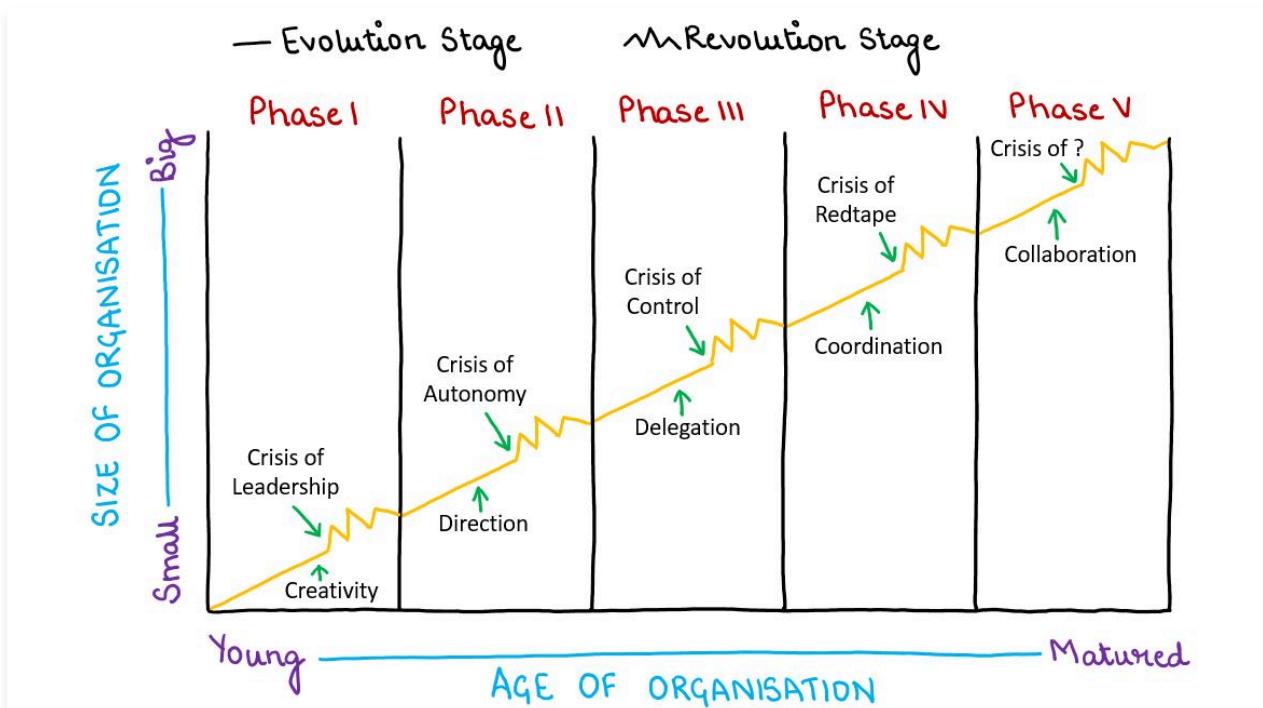
- New Product or Service Design
- Low Performance and Morale
- High Stress and Staff Turnover
- Leadership Changes
- Skill and Knowledge Gaps
- Office or Factory Relocation
- Reevaluation of Responsibilities
- Process Innovation and Service Delivery Enhancement

Example: An organization investing in employee training to address high staff turnover and low morale, aiming to improve job satisfaction and retention.

3. Evolutionary Change

When you compare an organisation with any other open system organism, you can describe it in terms of its birth, growth, maturity, senility, decline, entropy or death. Any organisation, like any other organism, passes through these stages and in the process changes itself from one form to another form. But is this change smooth, gradual and evolutionary? Or violent, radical and revolutionary? Probably it is both.

You will be able to appreciate the difference between the two degrees of change through yet another model of organisation's growth given by Larry Greiner (1972). Greiner postulates that as an organisation grows from young to mature stage, tiny sized to giant size, it passes through five phases of evolution each of which ends with a period of crisis and revolution. Evolutionary periods are characterised by the dominant management styles used to achieve growth, while revolutionary periods are characterised by the dominant problems that must be solved before growth continues.



The first phase of a newly-born organisation is characterised by CREATIVITY and producing a viable product in a promising market. The founders, who are usually technically brilliant and entrepreneurially oriented, manage their endeavors themselves in an ad hoc manner with little respect to any formal system of communication and control. Their physical and mental energies are entirely absorbed in making and selling. But as the organisation starts growing from its tiny embryonic stage, many managerial problems crop up, forcing the founders to wonder as to who is going to lead the organisation out of confusion. By the end of the first phase, the **crisis of leadership** has emerged. The solution usually lies in locating and installing a strong business manager who is acceptable to the founders and who can pull the organisation together.

When leadership crisis forces the founders to relinquish some of their power to a professional manager, organisational growth is achieved by DIRECTION through systematisation of operating procedures. The manager is usually given a free hand and zealously accepts most of the responsibility for initiating direction. But the lower level supervisors are treated merely as functional specialists devoid of any decision making authority. In course of growth for the organisation, the lower level managers demand more autonomy in decision-making and the stage is set for the **crisis of autonomy** to come to the fore. The second phase of the organisation's growth is capped by this turmoil for autonomy.

The crisis of autonomy is resolved through the DELEGATION of authority which helps in gaining expansion through heightened motivation at lower rungs. But one serious problem that eventually evolves is the loss of top management control over highly diversified field of operations. The **crisis of control** emerges at the conclusion of phase three where field managers run their own shows without aligning plans, money, technology, or manpower with the rest of the organisation.

In order to achieve more efficient allocation of organisation's limited resources, an elaborate network of COORDINATING mechanisms is usually introduced at phase IV of 'the organisation's growth. The organisation becomes typically much more formalized; rules, regulations and rigidities increase almost exponentially. For some time, the new systems prove useful for achieving growth through coordinated efforts. But soon procedure takes precedence over problem-solving, the chronic conflict

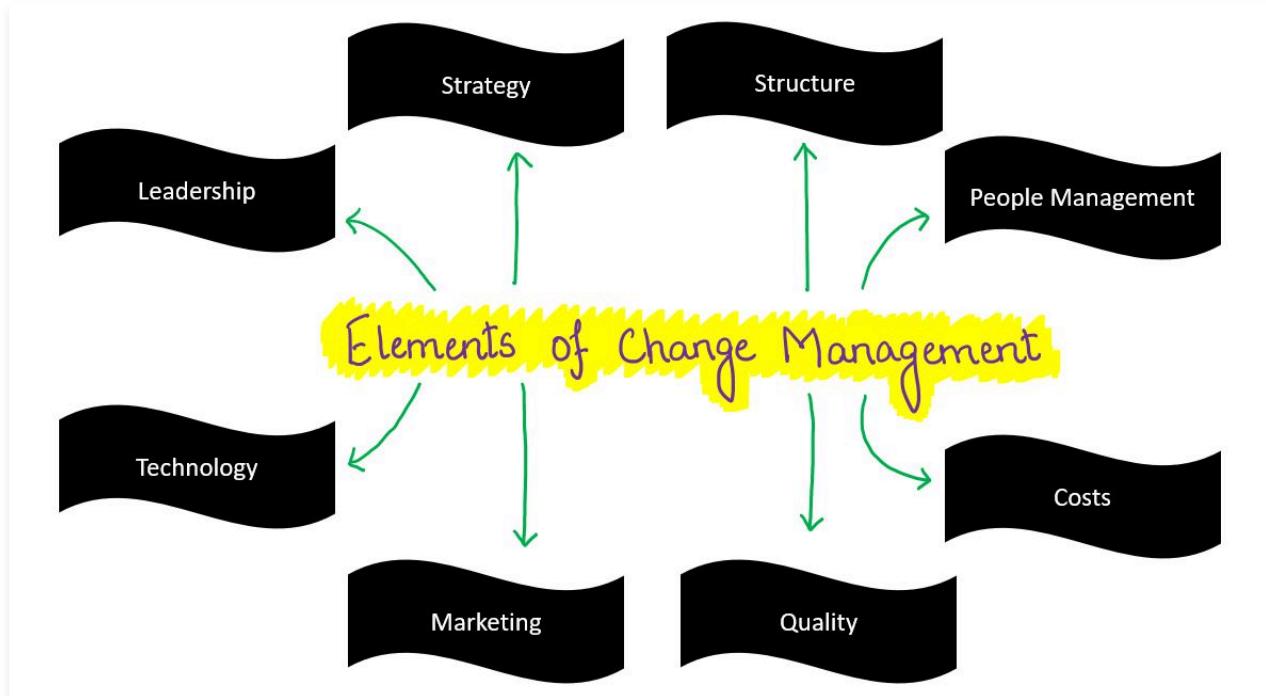
between line and staff becomes acute. The organisation becomes too large and complex to be managed through formal programmes and rigid systems. Thus begins the **crisis of red tape**.

The fifth phase of an organisation's growth is characterised by strong inter-personal **COLLABORATION** in order to overcome the crisis of red tape and the widespread conflicts between several subsystems. Developing the team becomes the theme, social control and self-discipline take over from formal control, more flexible and behavioural approaches are adopted to attack the problems of managing a large organisation.

What crisis do you anticipate at this phase of organisation's growth? Nobody seems to know the exact nature of this future shock, as no organisation has traversed so far.

4. Elements of Change Management

In any organizational change process, there are eight critical aspects that need to be addressed: Leadership, Strategy, Structure, People Management, Technology, Marketing, Quality, and Costs.



These eight aspects are interdependent and together form the levers of organizational change.

Leadership is the foundation upon which change is built and is the primary driver of the change. The three contextual aspects of change - *Strategy, Structure, and People Management* - set the context for the change and make it enduring and permanent. These aspects are not visible to customers, but they facilitate changes in the four content areas of change - *Technology, Marketing, Quality, and Costs*. The four content areas are where organizational change becomes visible in concrete form to suppliers, customers, and competitors. Successful organizational change requires synchronous attention to both the content and context of change through value-based leadership.

5. Theories of Change Management

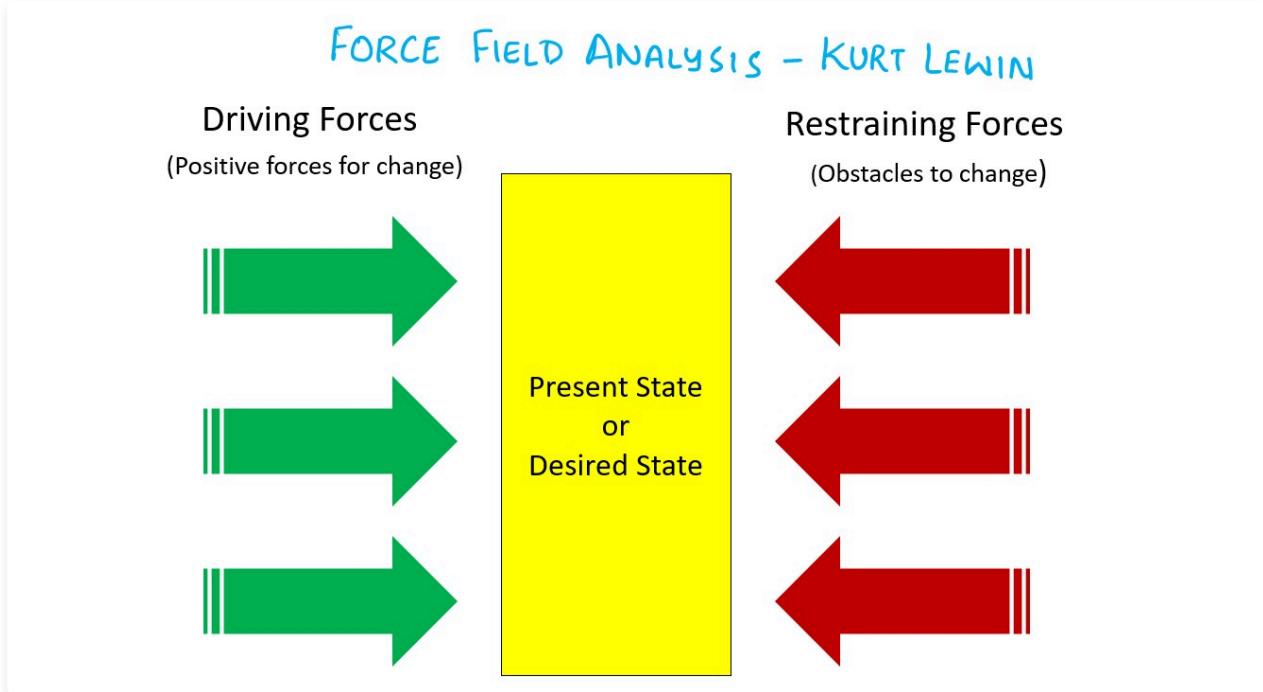
Let us now discuss various prominent theories of Change Management.

5. Theories of Change Management

People change their knowledge, attitude and behaviour when they become dissatisfied with status quo or when there is a more desirable substitute. A successful change involves (i) recognising the need for it, (ii) learning a new behaviour or substitute, and (iii) feeling comfortable with the 'new situation'. This change process was best described by Kurt Lewin when he described the three stages of change- Unfreezing, Moving and Refreezing.

Force Field Analysis

The three stages of changes will be described shortly, but before you proceed to look into the phases, you need to become familiar with three more concepts which Kurt Lewin gave us to understand the process of change.



These are the concepts of quasistatic equilibrium, driving forces and restraining forces.

1. Driving forces

- Driving forces are forces that push in a direction that causes change to occur.
- Driving forces facilitate change because they push the person in the desired direction.
- They cause a shift in the equilibrium towards change.

2. Restraining forces

- Restraining forces are forces that counter driving forces.
- Restraining forces hinder change because they push the person in the opposite direction.
- Restraining forces cause a shift in the equilibrium which opposes change

3. Equilibrium

- Equilibrium is a state of being where driving forces equal restraining forces and no change occurs
- Equilibrium can be raised or lowered by changes that occur between the driving and restraining forces.

Three stages of change management

Now let us discuss three stages of change management:

1. Unfreezing

- Unfreezing is the process which involves finding a method of making it possible for people to let go of an old pattern that was counterproductive in some way.
- Unfreezing is necessary to overcome the strains of individual resistance and group conformity.
- Unfreezing can be achieved by the use of three methods.
 - First, increase the driving forces that direct behavior away from the existing situation or status quo.

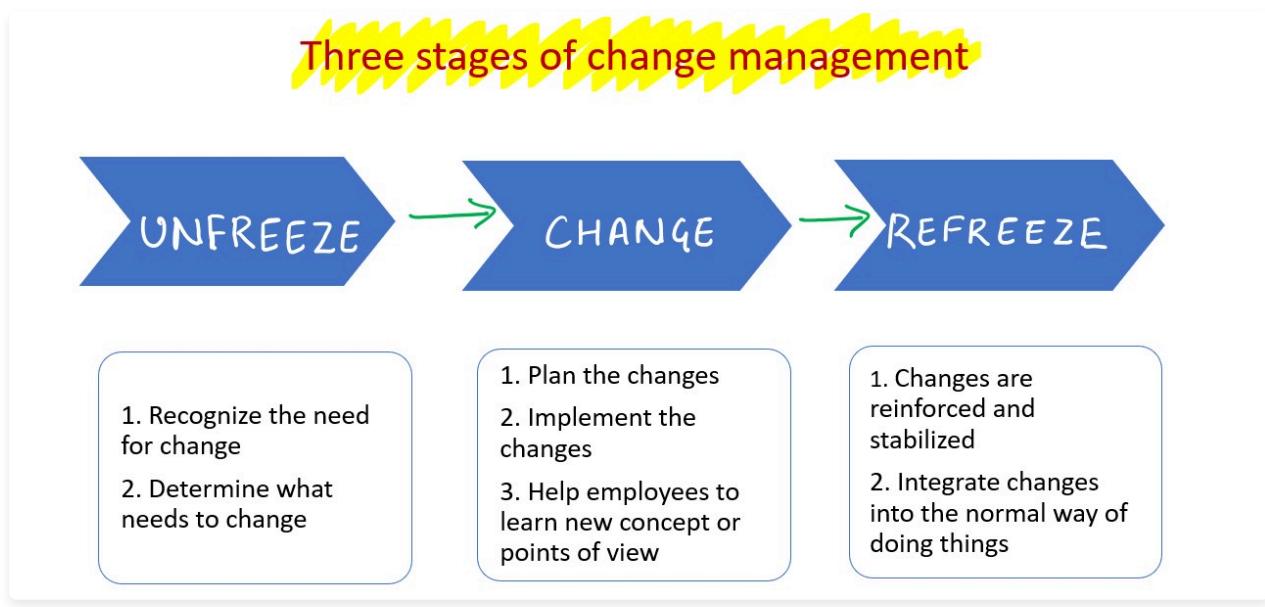
- Second, decrease the restraining forces that negatively affect the movement from the existing equilibrium.
- Third, find a combination of the two methods listed above.

2. Moving to a new level or Changing or Movement

- This stage involves a process of change in thoughts, feeling, behavior, or all three, that is in some way more liberating or more productive.

3. Refreezing

- Refreezing is establishing the change as a new habit, so that it now becomes the 'standard operating procedure.'
- Without this stage of refreezing, it is easy to go back to the old ways.



5. Theories of Change Management

John P. Kotter, a Harvard Business School professor and leading thinker on organisational change management has proposed an 8-step change model for helping managers deal with change. The first three of these overlapping steps are about creating a climate for change. The next three are about engaging and enabling the organisation and the last two pertain to implementing and sustaining change.

S.No.	Steps	Action Plan
Creating a climate for change		
1.	Increase urgency	Inspire people to move, make objectives real and relevant.
2.	Build the guiding team	Get the right people in place with the right emotional commitment, and the right mix of skills and levels.
3.	Get the vision right	Get the team to establish a simple vision and strategy, focus on emotional and creative aspects necessary to drive service and efficiency.
Engaging and enabling the organisation		
4.	Communicate for buy-in	Involve as many people as possible, communicate the essentials, simply, and to appeal and respond to people's needs. De-clutter communications – make technology work for you rather than against.
5.	Empower action	Remove obstacles, enable constructive feedback and lots of support from leaders - reward and recognise progress and achievements.
6.	Create short-term wins	Set aims that are easy to achieve – in bite-size chunks. Manageable numbers of initiatives. Finish current stages before starting new ones.
Implementing and sustaining change		
7.	Don't let up	Foster and encourage determination and persistence – ongoing change – encourage ongoing progress reporting – highlight achieved and future milestones.
8.	Make it stick	Reinforce the value of successful change via recruitment, promotion, new change leaders. Weave change into culture.

5. Theories of Change Management

Beckhard and Harris devised a formula to help companies determine if a change is necessary. The formula, $C = [A \times B \times D] > X$, considers several factors that must outweigh the perceived cost (X) of making the change in order for it to be successful.

Beckhard & Harris Change Model

$$C = [A \times B \times D] > X$$

C= Change

A= Level of dissatisfaction

B= Desirability of the proposed change

D= Practicality of the change

X= 'Cost' of changing

A represents the level of dissatisfaction with the current state of affairs. For example, if employees are unhappy with their working conditions, they are likely to be more open to change.

B reflects the desirability of the proposed change. If employees can see the potential benefits of the change, such as increased productivity or a better work-life balance, they are more likely to support it.

D represents the practicality of the proposed change. If the change can be implemented with minimal risk and disruption, it is more likely to be successful.

If A, B, and D all have sufficient weight, the result (C) will be greater than X, and the change is more likely to be successful. For example, if a company wants to introduce a new software system, they may conduct a survey to determine if employees are dissatisfied with the current system (A), show the potential benefits of the new system (B), and provide training to ensure a smooth transition (D). If the benefits of the change outweigh the costs, the change is more likely to be successful.

However, if one of the factors A, B, or D is zero, then C will also be zero, and resistance to change will be hard to overcome. Therefore, all factors need to have significant weight in order for the change to be successful.

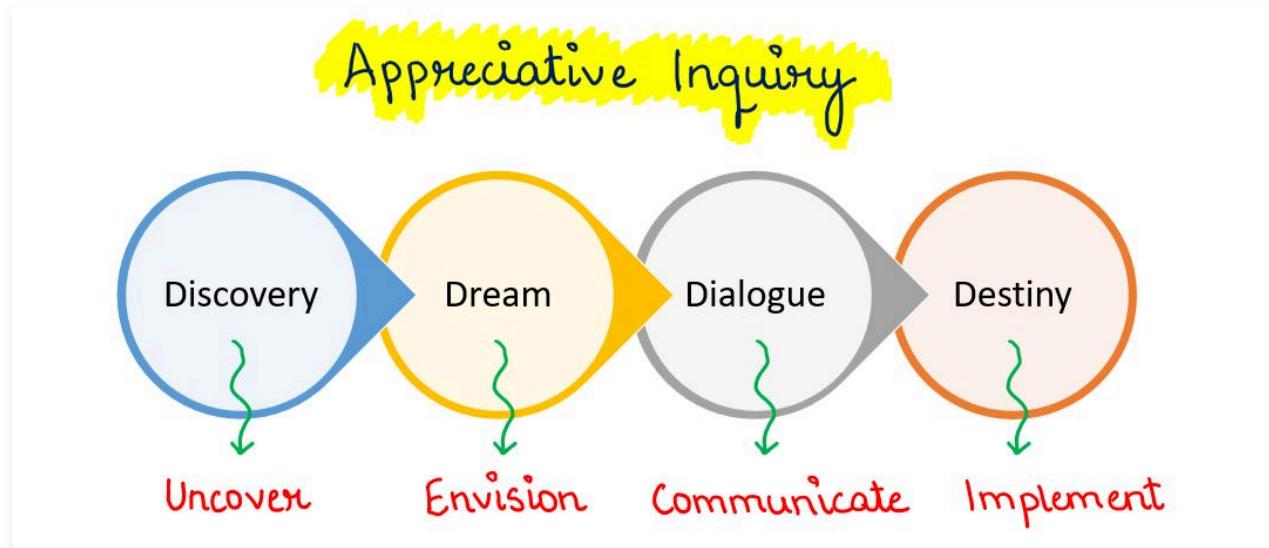
5. Theories of Change Management

In the area of change management, Golembiewski et al. (1976) developed a framework that includes four types of cognitive changes. Porras and Silvers used their work to create a change management model.

The four types of cognitive changes are:

1. **Alpha Change:** This type of change occurs when individuals perceive a change in the levels of variables within the paradigm without altering their configuration. For example, a company may redesign a job to make it more efficient, but the basic structure of the job remains the same.
 2. **Beta Change:** This type of change occurs when individuals perceive a change in the value of variables within an existing paradigm, without altering their configuration. For example, a company may change the compensation structure for employees within an existing job design.
 3. **Gamma-A Change:** This type of change occurs when individuals perceive a change in the configuration of an existing paradigm, without the addition of new variables. For example, a company may reorganize its departments to improve efficiency.
 4. **Gamma-B Change:** This type of change occurs when individuals perceive a replacement of one paradigm with another that contains new variables. For example, a company may adopt a new technology that requires a different way of working.
-

5. Theories of Change Management



Appreciative Inquiry is an approach to organizational change developed by Cooperrider and Srivastava (1987) as an alternative to the traditional problem-centered approach. Instead of focusing on problems to be solved, Appreciative Inquiry encourages an appreciative and positive outlook towards organizational transformation to promote innovative and lasting change.

The methodology involves four main steps:

- **Discovery:** In this stage, open interviews are conducted to bring out stories of past successes and peak achievements that the organization values the most.
- **Dream:** The stories gathered in the discovery stage are used to create a new vision and dream for the future.
- **Dialogue:** All stakeholders are invited to openly share their ideas and explore exciting possibilities. This sharing of ideals creates social bonding and a shared vision for the future.
- **Destiny:** The final stage involves the implementation of the new vision through innovation and action, grounded in past successes and peak achievements, which creates confidence in the ability to make the new vision a reality.

For example, an organization may use Appreciative Inquiry to identify and build upon its past successes and peak achievements to create a new vision for the future. Through open interviews with employees and other stakeholders, they may identify the key moments of success and determine how these can be leveraged to achieve the desired transformation. By creating a shared vision and involving all stakeholders in the process, the organization can achieve greater buy-in and make the change more sustainable.

5. Theories of Change Management



The Action Research approach in change management is a systematic method that involves continuous cycles of planning, acting, observing, and reflecting to facilitate organizational change. It's a collaborative process where data is collected, analyzed, and used to guide actions to improve practices or solve problems within an organization.

This method emphasizes involvement and participation from stakeholders, including employees, to address issues and implement changes effectively. The cyclical nature of Action Research allows for ongoing adjustments and refinements based on feedback and insights gathered throughout the process.

6. Resistance to Change and Coping Strategies

Resistance to change is a natural human response. With the relentless change that is occurring in organization, knowing the causes of resistance as well as the strategies to cope with resistance is one of the essential skills of a leader.

An important strategy in dealing effectively with resistance is to understand its intensity. There could be three levels for the resistance.

Level 1 is the resistance to the change itself. People simply oppose, question, or are confused by the change.

Level 2 resistance is always deeper and it indicates that there are other forces at work. This level of resistance appears in a number of ways.

Level 3 represents the deepest, most entrenched level of resistance. The problems are big and may seem overwhelming.

Sources of Resistance	Coping Mechanisms
Perceived Peripherality of Change	Participation in Diagnosis
Perception of imposition	Participation and Involvement
Indifference of the Top Management	Active support from the top
Vested Interests	Fait Accompli
Complacency and Inertia	Fait Accompli
Fear of large-scale disturbance	Phasing of change
Fear of inadequate resources	Support of resources
Fear of Obsolescence	Development of skills
Fear of loss of power	Role redefinition and reorientation
Fear of overload	Role clarity and definition

The various sources of resistance and the coping mechanisms include the following.

- i) **Perceived Peripherality of Change:** Implementation of change can be effective if the introduced change is seen as critical and useful, which can be achieved by the participation of the concerned people in the diagnosis of the issues or problems.
- ii) **Perception of Imposition:** When people see the change as being imposed, they tend to resist it. The resistance can be overcome by involving people in the introduction of change at several stages.
- iii) **Indifference of the Top Management:** The managers are the role models. If their attitude shows indifference, people also tend to resist change. The best way to overcome resistance is by the commitment of the leader and by his/her active support for change management.
- iv) **Vested Interests:** The vested interests of people cause resistance to change. Once people experience the change, they often enjoy it and may see its positive aspects.
- v) **Complacency and Inertia:** As change produces discomfort, it is resisted. The solution to the problem is to introduce the change and help people experience new conditions.
- vi) **Fear of Large Scale Disturbance:** The fear that the proposed change is likely to lead to some other changes with unpredictable consequences might result in resistance. Phasing out the change could help overcome the resistance.
- vii) **Fear of Inadequate Resources:** Whenever the change requires additional resources in the form of new skills, additional manpower, or budget, resistance is likely to be greater. Genuine need for the resources needs to be supported by the top management for overcoming resistance.

viii) **Fear of Obsolescence:** People resist change as they fear that they may become obsolete as they lack those skills which are required for coping with the change. Organizations should provide opportunities to those people in the development of the required skills, which could help to overcome resistance.

ix) **Fear of Loss of Power:** Any change would result in some roles in the organization to lose power. This feeling of loss of power could lead to resistance. In order to overcome this resistance, there is a need to redefine and redesign the roles.

x) **Fear of Overload:** If the change is perceived to increase the work load of people, they tend to resist the change. There is a need to bring in more of role clarity to overcome the resistance.

7. Managing Change



The six key considerations in managing change, are discussed below.

1. People and Process Issues

Change management involves addressing both human and non-human aspects. While the focus was previously on process issues like technology and procedures, there's a growing acknowledgment of the importance of addressing human elements within organizational change due to their pivotal role in effective implementation.

2. Skills Requirements for Change Management

Managing change necessitates a diverse skill set including people skills (interpersonal abilities), analytical skills (financial and operational analysis), system skills (understanding organizational structures), organizational skills (knowing how the organization functions), and understanding of the political landscape within the organization.

3. Cultural Change Management

Changing organizational culture involves altering habitual behaviors. To shift culture, one must begin by altering participant behaviors. Designing a management system aligned with this goal and devising a strategy to phase in this system are essential.

4. Structural Change Management

There's no one-size-fits-all solution. A tailored management system should match the organization's unique structure and environment. Aligning structure with strategy is crucial, and building a foundation that supports the organization's goals is imperative.

5. Organizing for Change Management

Organizations don't change; individuals within them do. A dedicated team is often necessary to manage change initiatives, ensuring successful assimilation of new strategies into the existing structure and culture. This team focuses on understanding, designing, and overcoming barriers to change.

6. Role of Communication

Open and effective communication is pivotal. Messages must be honest, flexible, and empathetic, aligning with shared expectations. Different communication networks within an organization should be strategically utilized to disseminate information and messages to ensure optimal understanding and acceptance.

1. Introduction

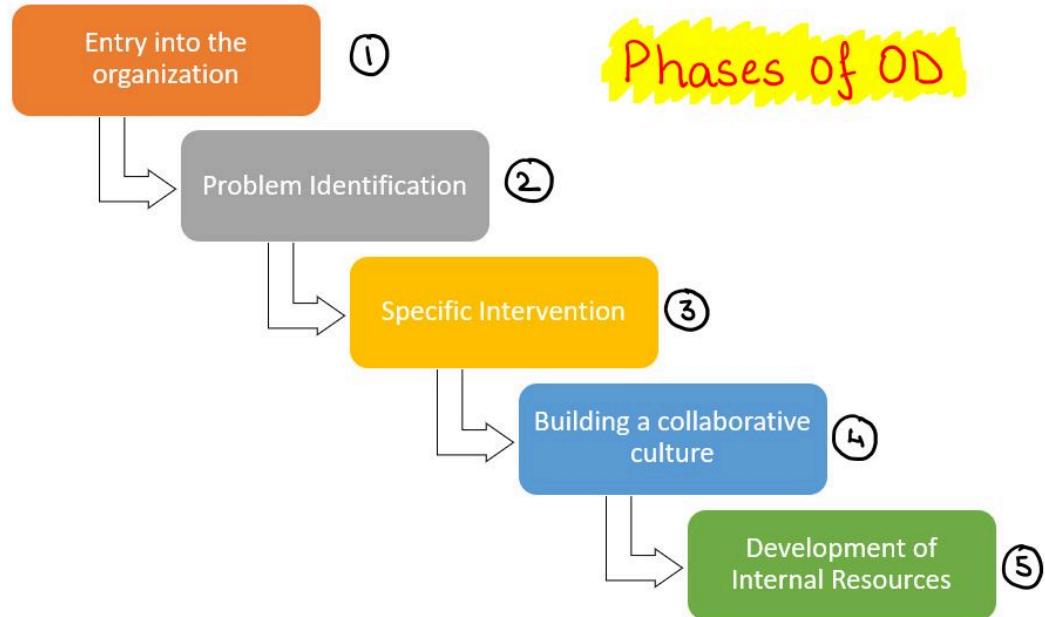


Organization Development (OD) is a way of improving an organization's ability to adapt to new technologies, markets, and challenges. It is a systematic process of managing change that is initiated by top management to improve the effectiveness and health of the organization. OD aims to change the beliefs, attitudes, values, and structure of organizations in order to enhance their problem-solving capabilities.

For example, a company may engage in OD if it is facing declining sales and wants to find ways to improve its market position. The OD process might involve reevaluating the company's mission and values, restructuring departments, and providing training to employees on new skills and technologies. The ultimate goal of OD is to help the company better respond to changes in its environment and continue to grow and succeed in the future.

2. Phases of OD

The Organization Development (OD) process goes through several phases to bring change to the organization. Although there may be variations and some elements may overlap, the following phases are generally followed:



- 1. Entry into the Organization :** This is the initial phase where the external consultant enters the organization and establishes rapport with the leadership. The purpose of this phase is to understand the organization's objectives and for the consultant to present their approach to OD. During this phase, the consultant may collect preliminary information, interview key personnel, understand the processes of the organization, and present their OD approach to the leadership.
- 2. Problem Identification :** If the consultant is invited to work with the organization, the second phase begins with the identification of the main problems of the organization. This phase involves interviewing employees at various levels, collecting data, diagnosing the problem, and developing a strategy for change.
- 3. Specific Intervention :** Once the strategy for change has been planned, the next phase is to design and implement specific interventions. Interventions are planned activities aimed at achieving the goals of OD. They may include team building and collaborative work.
- 4. Building a Collaborative Culture :** While working on the interventions, it is important to build a collaborative culture within the organization. This phase involves collecting data to monitor changes, reviewing the effectiveness of OD, forming temporary teams to continuously monitor progress, and planning the next phase of OD.
- 5. Development of Internal Resources :** Throughout the OD process, the consultant works with an internal resource to build their skills and increase their acceptability as a consultant. This phase runs throughout the previous four phases and is aimed at developing internal resources for the continuation of OD programs.

3. Interventions of OD



Major techniques used to improve organizational development are :

1. **Sensitivity Training** : Sensitivity training is a technique used to improve organizational development, also known as T-groups (T for training). The main objective of sensitivity training is to change the behavior of individuals through unstructured group interactions. This approach is based on the idea that a manager's behavior is not just what they think it is, but how it is perceived by others. T-Groups typically consist of 10 to 15 individuals who are brought together in a free and open environment and have no formal agenda. Instead, the participants are free to discuss their thoughts and attitudes with the help of a facilitator, who creates opportunities for them to express themselves. This type of training has been shown to be effective in improving social sensitivity and effective behavior in groups through studies by Argyris and Sikes.
2. **Grid Training and Development** : Blake and Mouton's Managerial Grid is a key approach to organizational development. The managerial grid helps managers evaluate their concern for productivity and people, and stresses the importance of team-management leadership styles. In grid OD, the consultant uses questionnaires to determine the managers' existing styles and works with them to improve their effectiveness. The grid OD program has six stages, including training, team development, intergroup development, organizational goal setting, goal attainment, and stabilization.
3. **Process Consultation** : Process consultation is based on the idea that an organization's effectiveness depends on how well its people relate to each other. An external consultant is better positioned to diagnose the problems faced by the organization and suggest remedies based on their understanding of external environmental factors. The process consultation technique has six stages, including initiating a contract, defining the relationship, selecting a setting and method, gathering data and making a diagnosis, intervening, and reducing involvement and terminating.
4. **Team Development** : Team development is a process of diagnosing and improving the effectiveness of a work group. This type of development focuses on work procedures and interpersonal relationships, with particular attention to the role of the leader in relation to other group members. Team building programs deal with new problems on an ongoing basis and allow group members to diagnose how they work together and plan changes to improve their effectiveness. Task-related conflicts and interpersonal conflicts are two types of work group problems that can be addressed through team development.
5. **Survey Feedback** : Survey feedback is a commonly used technique in OD, developed at the Institute of Social Research at the University of Michigan. The purpose of this approach is to gather information from the employees in the organization to identify areas for improvement and help teams develop better processes.
6. **Third Party Peacemaking** : Third party peacemaking is a process in which a neutral third party intervenes to resolve conflicts within an organization. The objective of this approach is to diagnose the root causes of the conflict, and with the help of a consultant, find a resolution. According to Richard Walton, the consultant's role is to help the conflicting parties acknowledge the existence of the conflict and identify the key issues that need to be addressed.
7. **Role Playing** : Role playing is a technique used for training in human relations and leadership. The aim of this approach is to improve the trainee's ability to interact and communicate with others. This technique is often used in sales and human relations training, as both require effective communication skills.

8. **Structural Techniques** : Some of structural techniques are:

1. Change in the organization's formal structure
 2. Job redesigning (also called Work Redesign- Richard Hackman and Greg Oldham Model)
 3. Job enlargement
 4. Job enrichment
 5. Management by objectives
 6. Training and career development
 7. Modifications of the organisational culture
-

4. OD Models

A large number of interventions have been designed. Several ways have been proposed for grouping the interventions.

Some of the suggested classification systems are discussed next.

4. OD Models

Schmuck & Miles (1971) proposed a $9 \times 6 \times 8$ cube, suggesting the following dimensions:

- **Diagnosed problem** (9): Goals/plans, communication, culture/climate, leadership, authority, problem-solving, decision-making, conflict/cooperation, role definition.
 - **Focus of attention** (6): Person, role, dyad/tried, team/group, inter team, total organisations.
 - **Mode of interventions** (8): Training (education, process consultation) coaching, confrontation, data feedback, problem-solving, plan-making, OD task force establishment, techno-structural activity.
-

4. OD Models

Blake & Mouton (1976) proposed a comprehensive system covering a large number of interventions at different levels. This is an excellent source book for interventions. They classified intervention using three dimensions to make it a cube ($5 \times 4 \times 5$).

- **Consulting approach** (5): acceptant, catalytic, confrontation, prescription, theories and principles.
 - **Focal issues** (4): Power/authority, morale/cohesion, norms, goals/objectives.
 - **Units of change** (5): Individual, group, intergroup, organisation, larger social systems.
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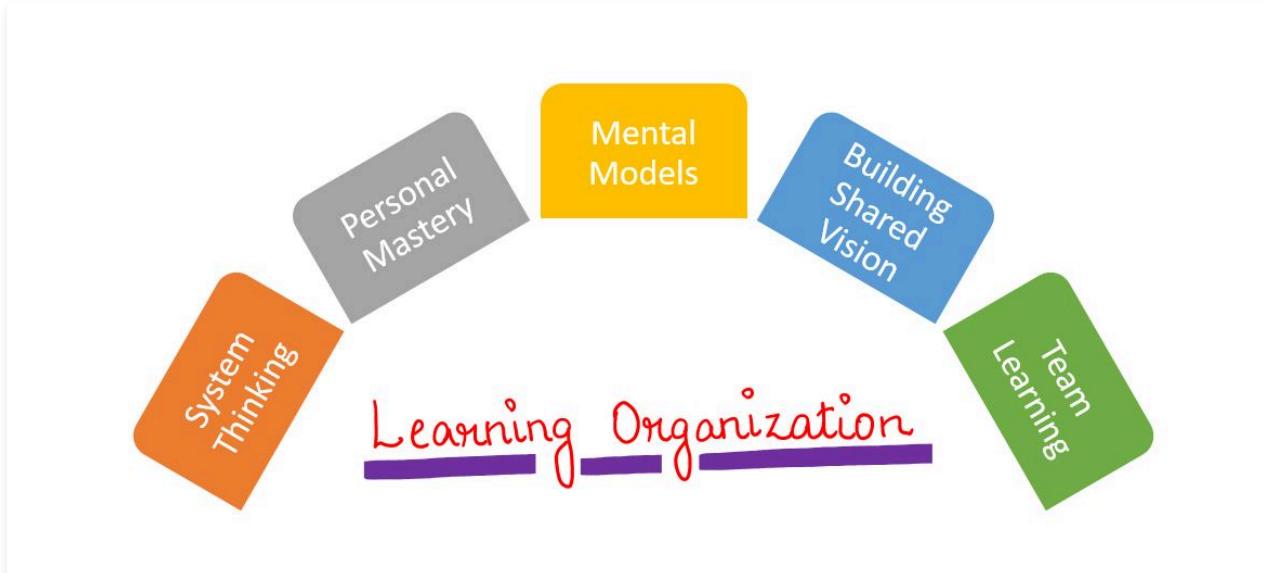
4. OD Models

Reddy (1994) focuses on the process work completed by consultants, primarily within a team or group environment, although it can be applied more widely. The three dimensions of the Reddy Cube are:

- Focus of Intervention
 - Type of Intervention
 - Level of Intensity
-

5. Learning Organization

In 1990, Peter Senge introduced the concept of a Learning Organization in his book, "The Fifth Discipline". According to Senge, a Learning Organization is one where people continually expand their capacity to create the results they desire. This is achieved by nurturing new and expansive patterns of thinking, setting collective aspirations free, and continually learning how to learn together.



Senge believes that companies should become learning organizations in order to stay ahead of their competition, improve their workforce skills, improve communication among employees, improve productivity and make employees feel like an important part of the company, and to overcome the company's weaknesses and utilize its strengths more efficiently.

Senge outlines 5 characteristics of a Learning Organization:

1. **Personal Mastery:** Members of a learning organization continuously strive to improve their personal abilities to achieve desired results. This involves ongoing learning and development to enhance individual skills and competencies.
2. **Mental Models:** Mental models shape how individuals perceive and interact with the world. In a learning organization, mental models are challenged and refined through thoughtful consideration, discussion, dialogue, and study. This encourages open-mindedness and flexibility in thinking.
3. **Shared Vision:** A learning organization fosters a shared vision among its members, where individuals have the opportunity to contribute their original ideas, proposals, and visions. This shared vision serves as a guiding force that aligns and motivates individuals toward common goals and objectives.
4. **Team Learning:** Team learning is emphasized as an essential aspect of a learning organization. Talented individuals are encouraged to collaborate effectively through meaningful conversation and practical experience. This collaborative approach enables teams to leverage diverse perspectives and expertise to solve complex problems and achieve collective goals.
5. **Systems Thinking:** Systems thinking is a holistic framework that emphasizes understanding the interrelationships and interdependencies within a system. In a learning organization, all members develop a systemic perspective, recognizing how individual actions and decisions impact the larger system. This systemic understanding facilitates collaboration, problem-solving, and adaptation to changes within the organization and its environment.

Example: One example of a learning organization is Google. The company has a strong culture of continuous learning and encourages employees to take courses and attend workshops to develop new skills. They also have regular meetings and discussions to share ideas and improve communication among employees. The company also implements system thinking by analyzing the impact of their actions on the larger system, rather than just on individual parts.

The key activities for transforming organization into a learning organization are:

- Problem solving in an organized approach
- Systematic Thinking
- Insisting on data based decision rather than supposition

- Using statistical tools
 - Give confidence testing with new approaches
 - Guaranteed flow of new ideas
 - Inducement for risk taking
 - Projects Demonstration
 - Learning from own experiences
 - Learning from past history
 - Recognition of the value of productive failure instead of unproductive success
 - Learning from the experiences
 - Learning from the best practices of others
 - Enthusiastic scrounge
 - Quick transfer of knowledge, professionally throughout the organization
 - Reports
 - Visits
 - Personnel rotation programs
-

5. Learning Organization

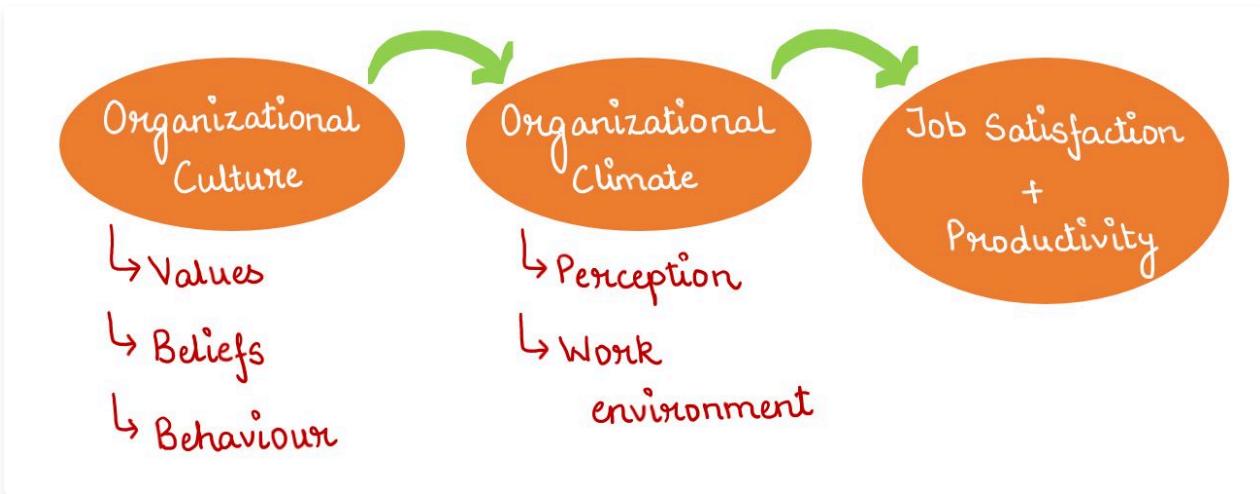
The idea of viewing an organization as a learning system has a long history, dating back to Frederick W. Taylor's work on scientific management. However, the modern use of the term "learning organization" is often attributed to Chris Argyris and Schon's (1974) distinction between three phases of learning: single-loop, double-loop, and triple-loop.

Single-loop learning, also known as "following the rules," involves improving the organization's ability to achieve established objectives. In this type of learning, members of the organization establish rigid strategies, policies, and procedures and then focus on detecting and correcting deviations from the "rules." Single-loop learning is associated with routine and behavioral learning, and does not result in significant changes to the organization's underlying assumptions.

Double-loop learning, also known as "changing the rules," involves reflecting on the effectiveness of the "rules" themselves and considering whether they should be changed. This type of learning requires creativity, critical thinking, and "thinking outside the box." Double-loop learning is crucial to the success of an organization, especially during times of rapid change, as it enables participants to understand why certain solutions work better than others.

Triple-loop learning, also known as "learning about learning," involves reflecting on how we learn and understand the underlying beliefs and perceptions that drive our thinking. This type of learning helps participants understand not only whether the "rules" should be changed, but also how they think about the "rules." Triple-loop learning can be seen as double-loop learning about double-loop learning.

1. Organizational Culture and Climate



Organizational culture is the set of values, beliefs, behaviors, and attitudes that define an organization and its way of operating. It is the shared understanding of the organization's history, vision, mission, and expectations that guides the behavior of its members. The culture of an organization plays a significant role in the success or failure of the business. It influences the behavior of employees, affects how they work together and communicate with one another, and shapes their attitudes toward work.

A positive organizational culture can have a direct impact on the productivity of an organization. When employees share common values and beliefs, they are more likely to work collaboratively and be motivated to achieve common goals. A strong culture that fosters innovation, creativity, and positive working relationships can lead to increased employee engagement, job satisfaction, and retention. In contrast, a toxic or negative culture can lead to high levels of employee turnover, low morale, and reduced productivity. Therefore, it is important for organizations to develop a positive culture that aligns with their goals and values and promotes a healthy and productive work environment.

Organizational climate is the shared perception of organizational members about their organization and work environment. It is similar to team spirit at the organizational level. A positive organizational climate can have a significant impact on employees' job satisfaction, involvement, commitment, and motivation, which, in turn, can lead to better customer satisfaction and financial performance.

This demonstrates that culture creates climate, as the shared values, beliefs, and practices of an organization create the overall perception of the work environment and shape employees' attitudes and behaviors. By fostering a positive and supportive culture, an organization can create a productive and engaged work climate that benefits both employees and the company.

1. Organizational Culture and Climate

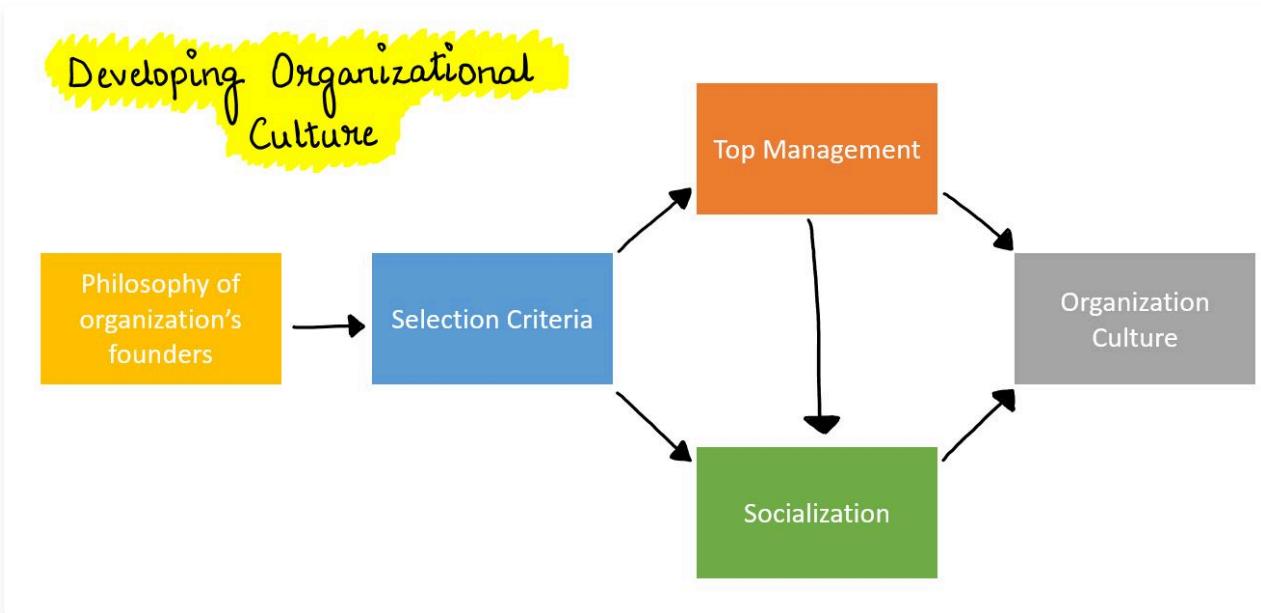
According to various studies, following are the primary characteristics of an organisation's culture:

- **Innovation and Risk Taking:** The extent to which employees are encouraged to take calculated risks and to explore new and innovative ideas.
- **Attention to Detail:** The degree to which employees are expected to be meticulous and pay close attention to details.
- **Outcome Orientation:** The degree to which management focuses on achieving results and outcomes, rather than just the process of doing things.
- **People Orientation:** The degree to which the organization prioritizes the welfare of its employees and stakeholders.
- **Team Orientation:** The degree to which the organization values collaboration and teamwork, over individual work.
- **Aggressiveness:** The extent to which employees are expected to be assertive and competitive, and to aggressively pursue goals.
- **Stability:** The degree to which the organization values consistency, predictability, and stability, over change and growth.
- **Individual Autonomy:** The degree of independence and freedom that employees have in their work, and the amount of initiative they are encouraged to take.
- **Structure:** The level of formal rules and regulations, and the amount of direct supervision, that are used to control and manage employee behavior.
- **Support:** The degree to which managers and colleagues provide assistance and emotional support to one another.
- **Identity:** The extent to which employees identify with the organization as a whole, rather than just their specific job or work group.
- **Performance-Reward:** The degree to which employee rewards and recognition are based on their job performance.
- **Conflict Tolerance:** The degree of openness and honesty in addressing conflicts and differences among employees and work groups.
- **Attitude Towards Change:** The degree to which the organization is open to new ideas, methods, and values.

In addition, some organisations may have strong culture whereas others may have weak culture. In organisations having strong cultures, core values are intensely held and widely shared. In weak cultures, managerial styles may be more person-centred. Strong cultures lead to more behavioural consistency and less employee turnover. Strong cultures may also serve as substitute of formalisation.

1. Organizational Culture and Climate

An organization's culture is established and sustained through various factors, including the values and beliefs of its founders, the actions of top management, and the socialization of employees. Culture can be defined as a set of shared values, beliefs, and behaviors that guide how individuals in an organization interact with each other and with the external environment.



The original culture of an organization is often shaped by the values and beliefs of its founders. For example, the culture of Apple Inc. was heavily influenced by Steve Jobs, who believed in innovation, excellence, and creativity. The culture that he established at Apple was carried forward even after his death, and it remains a defining characteristic of the company to this day.

As an organization grows, the hiring criteria also become an important factor in shaping its culture. Top managers' actions also play a crucial role in establishing and sustaining the culture. They set the tone for what is acceptable behavior and what is not, which in turn shapes the attitudes and actions of employees. If the management values innovation and risk-taking, then this will be reflected in the culture of the organization.

The socialization of employees is another key factor in establishing and sustaining an organization's culture. The process of socialization involves teaching new employees about the values and beliefs of the organization and how to behave in accordance with those values. The degree of success achieved in matching new employees' values to those of the organization in the selection process is critical to creating a cohesive culture. Top management's preference for socialization methods also plays a role in shaping the culture.

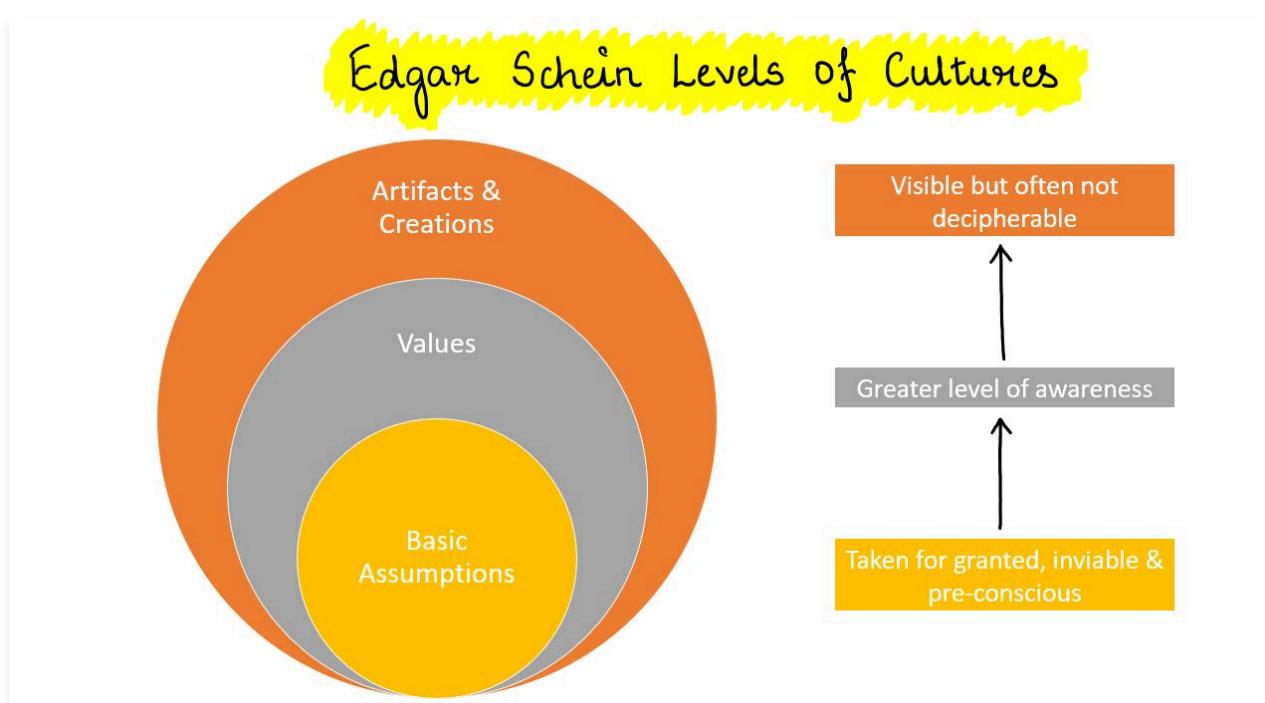
For example, Google Inc. has a unique and distinct culture that has been established and sustained over the years. The company's founders, Larry Page and Sergey Brin, valued innovation, creativity, and a non-hierarchical work environment. They also placed a strong emphasis on hiring the best talent and ensuring that new employees fit well with the existing culture. Google's top management has also been instrumental in shaping the company's culture by promoting a collaborative and supportive work environment. The company's socialization methods, such as its onboarding process and training programs, also reinforce the values and beliefs of the organization.

In conclusion, an organization's culture is established and sustained through the values and beliefs of its founders, the actions of top management, and the socialization of employees. The culture of an organization plays a critical role in determining its success, as it influences how employees interact with each other and with the external environment.

2. Theories of Culture

Some of important theories of culture are discussed next.

2. Theories of Culture



Edgar Schein's three levels of culture are:

1. **Artifacts and Creations:** It is the first level of organisational culture. These are observable symbols and signs of the organisations. It includes visible parts of organisation e.g., structures, processes etc. Artifacts are hard to decipher. These are the visible aspects of an organization's culture, such as material symbols, dress codes, and office decor.

For example, at Google, the company culture is reflected in their casual dress code and unique office spaces, which include features like slides and game rooms.

2. **Values:** These are the reasons (e.g., strategies, goals, philosophies) given by an organisation for the way things are done. It is the second level of organisational culture.

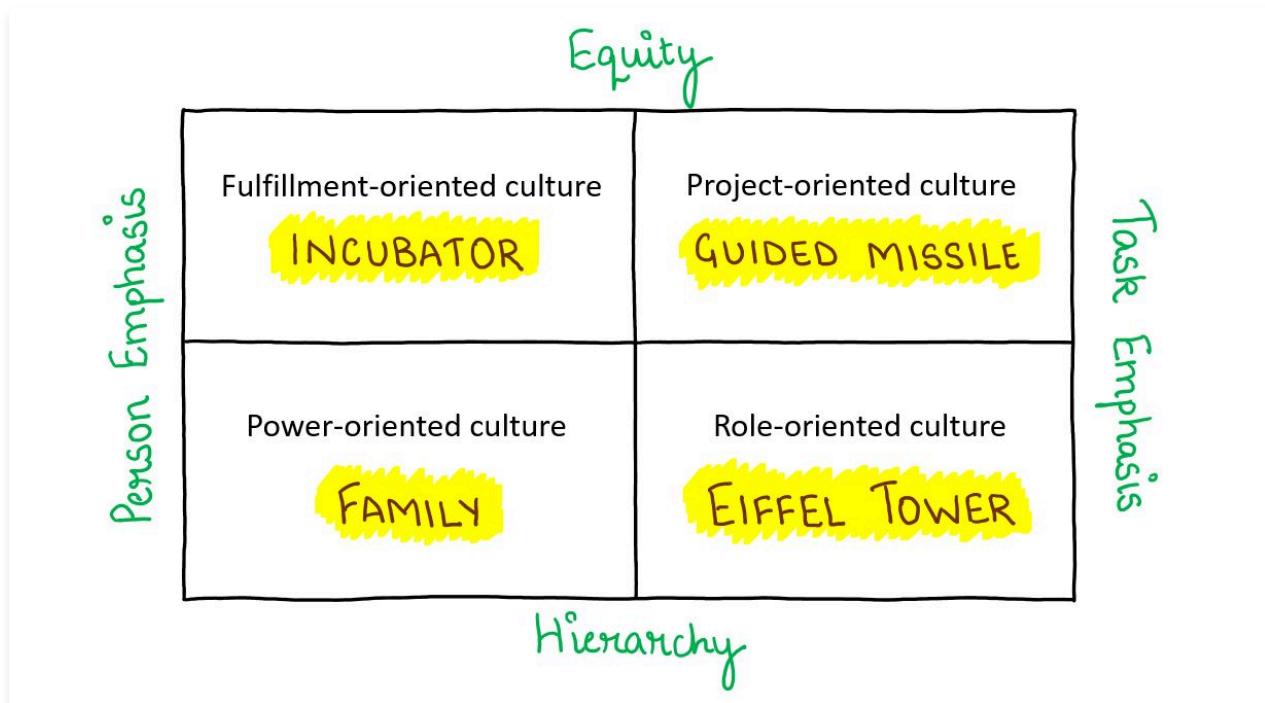
For instance, Apple's culture is centered around a belief in design simplicity and a value of innovation. This is reflected in their product design and marketing messages.

3. **Basic Assumptions:** Basic assumptions are the beliefs that are taken for granted by the members of an organisation. These are ultimate source of values and action that include: unconscious perceptions, taken for-granted beliefs, thoughts, feelings etc. It is the third level of organisational culture.

For example, Amazon's culture assumes that customers always come first, which is reflected in their customer-centric approach to everything they do, from product development to customer service. This assumption is deeply ingrained in the company's culture and has helped to shape its success.

2. Theories of Culture

Fons Trompenaars identified three aspects of organizational functioning that determine organizational culture (1) the relationship between employees and the organization, (2) the hierarchical system of authority, and (3) employees' views about the organization's purpose and goals. Trompenaars used two continua to identify four types of organizational cultures.



The four cultures are:

1. **Family culture:** This culture is power-oriented and headed by a leader who is regarded as a caring parent. It emphasizes hierarchy and orientation to the person. An example of a family culture is a small family-owned business where the owner is highly respected and regarded as a mentor and guide.
2. **Eiffel Tower culture:** This culture emphasizes hierarchy and orientation to the task. Jobs are well defined, and everything is coordinated from the top. The person holding the top position in this culture can be replaced without affecting the work or organization's reasons for existence. An example of an Eiffel Tower culture is a large corporation where employees have well-defined roles and responsibilities.
3. **Guided missile culture:** This culture emphasizes equality in the workplace and orientation to the task. It is oriented to work that is typically undertaken by teams or project groups. Personnel in this culture do whatever it takes to get the job done. An example of a guided missile culture is a start-up that values teamwork and collaboration.
4. **Incubator culture:** This culture emphasizes equality and personal orientation. The role of organizations is to serve as incubators for the self-expression and self-fulfillment of their members. It often has little formal structure, and participants perform roles such as confirming, criticizing, developing, and finding resources for an innovative product or service. An example of an incubator culture is a creative agency where employees are encouraged to explore new ideas and express themselves freely.

2. Theories of Culture



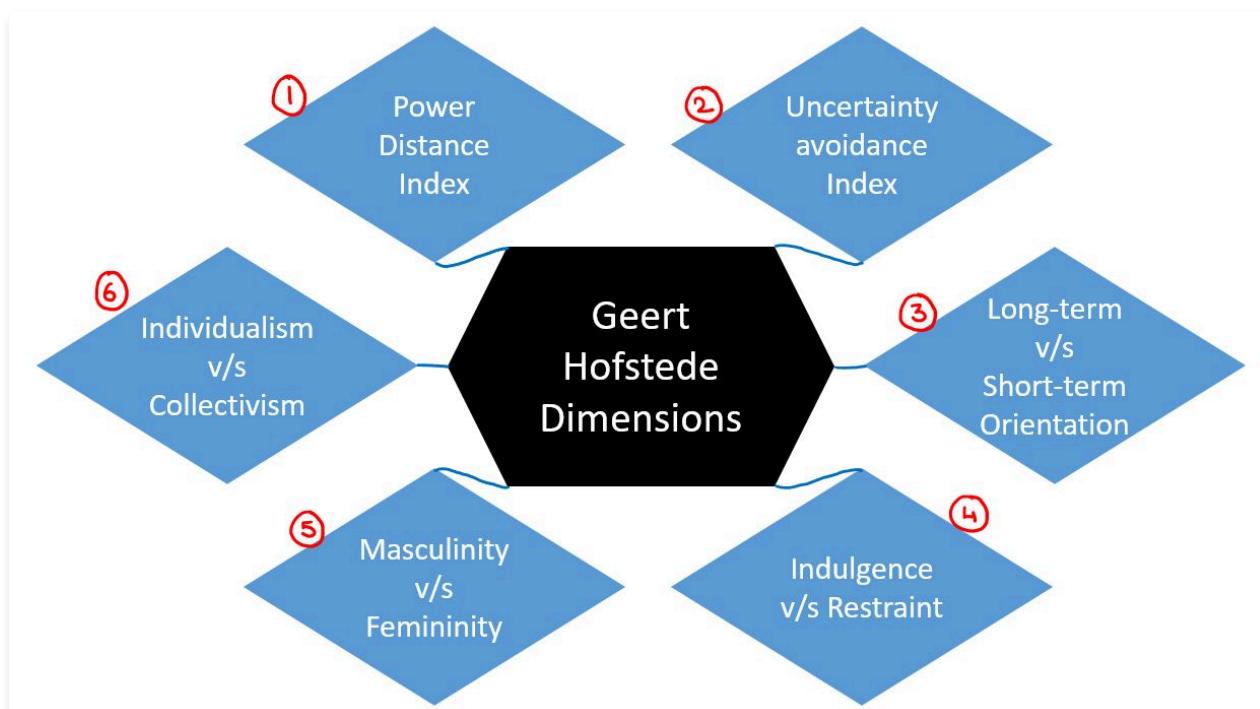
Geert Hofstede Dimensions

Geert Hofstede

Geert Hofstede developed the most influential work in the field of intercultural communication through his study based on responses by IBM employees across the globe. Based on this study, he came out with famous four value dimensions which were derived by grouping the responses: power distance, individualism/collectivism, masculinity/femininity, and uncertainty avoidance.

Later in 2001, Geert Hofstede in association with Michael Harris Bond added the fifth dimension, long-term orientation versus short-term orientation, as a result of their work in Chinese Value Survey.

Later, in 2010, Hofstede also incorporated the sixth dimension of 'indulgence versus restraint' by taking into consideration the work of Minkov and World Value Survey (this is rarely used).



The cultural dimensions model of Geert Hofstede is a framework that describes 6 sorts (dimensions) of differences / value perspectives between national cultures:

1. **Power distance Index (PDI):** This dimension measures the level to which the less powerful workforce of the organization recognizes that there is an unequal distribution of power. The primary concern about this is how the society deals with the disparities among people.
2. **Individualism versus collectivism:** It is the degree to which people in a culture prefer to act as members of a group or as individuals. It also reflects whether the group's interests are most important or the individual person's interest. Individualism

indicates a loosely knit social network in which people give preference to themselves and their immediate family members. On the contrary, collectivism implies a tightly knit social framework in which people do believe in taking care of each other in the group in exchange for loyalty.

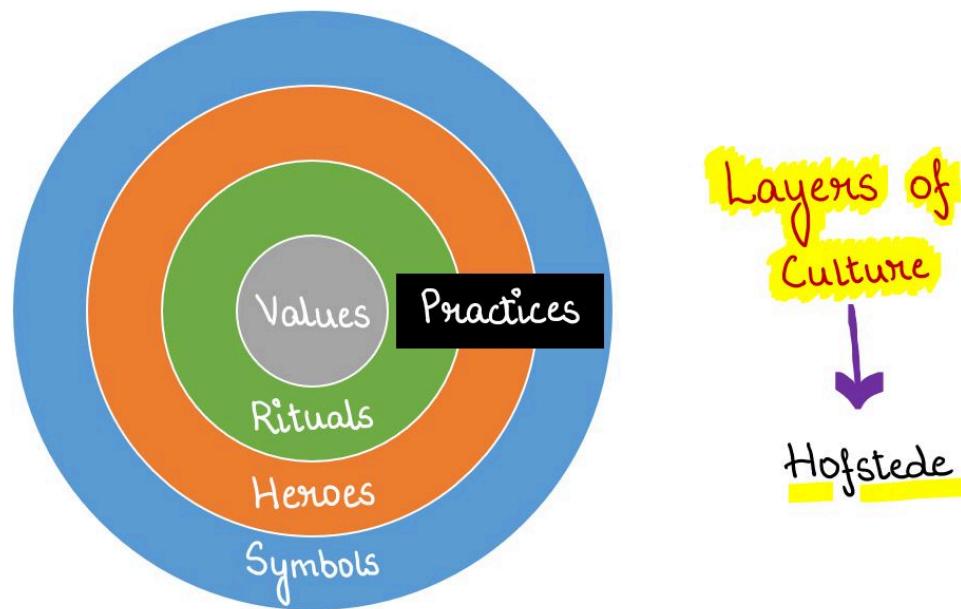
3. Masculinity versus femininity: Masculinity is defined as the extent to which the dominant values in society are "masculine" - that is, assertiveness, the acquisition of money and things, and not caring for others, the quality of life, or people. Femininity is defined as the extent to which the dominant values in society are 'feminine". The values identified under femininity are caring for others, sympathy for the unfortunate, and willingness to support the other.

4. Uncertainty avoidance Index (UAI): It is the extent to which a society feels threatened by uncertain and ambiguous situations and tries to avoid these situations by providing greater career stability, establishing more formal rules, not tolerating deviant ideas and behaviors, and believing in absolute truths and the attainment of expertise. A low score or value on the uncertainty avoidance index represents that the managers and employees of the organization feel at home with regard to uncertain situations and therefore are more entrepreneurial, happy to take risks, and not very much dependent on formal rules and just the opposite in case of high score on the uncertainty avoidance index.

5. Long-term versus short-term orientation: Also known as Confucian dynamism, it refers to the long-term orientation or future-oriented values such as persistence and thrift, whereas short-term orientation refers to past-and-present-oriented values such as respect for tradition and fulfilling social obligations. People with short term orientation are normative thinkers and they show great respect towards traditional values. They believe in getting quick results. Whereas, people with a long – term orientation believe that truth depends to a great extent on situation, context and time. They are quite determined towards achieving results.

6. Indulgence versus Restraint: A society which permits relatively free gratification of basic and natural human drives related to enjoying life and having fun represents 'indulgence'. On the contrary, restraint stands for a society that suppresses gratification of needs and controls it by making strict social norms or standards.

2. Theories of Culture



According to Hofstede (2001), culture can be understood in layers, with values being the deepest and symbols being the most superficial.

Different Layer of culture are discussed next:

1. **Symbols** are characteristics of a cultural group, such as words, objects, conditions, acts or characteristics of persons that have a deeper meaning for an individual or a group. Symbols are considered superficial and can easily be changed and copied by other cultural groups.
2. **Heroes** are persons, real or imaginary, living or dead, who possess characteristics highly prized in a culture – the person everyone will count on when things get tough.
3. **Rituals** are collective activities carried out for their own sake and are considered as socially essential. Ways of greeting and paying respect to others are examples of rituals.

Symbols, heroes and rituals are visible to out-siders and are collectively called **practices**. However, their cultural meaning is invisible and lies in the way these practices are interpreted by the insiders. Many business and political meetings have ritual purposes in addition to rational purposes.

4. **Values** are tendencies that prefer certain states of affairs over others. Values are learnt implicitly from childhood and are taken for granted. They are qualities, principles or behaviours considered morally or intrinsically valuable or desirable; they remain unconscious to those who hold them.

3. OCTAPACE

OCTAPACE was given by Uday Pareek, a prominent figure in the field of organizational behavior and human resource development in India. OCTAPACE is a culture-related concept with multilevel dimensions. The core first level is *values*, which give a distinct identity to a group, while climate and *atmosphere* represent the second and third level *concepts*.

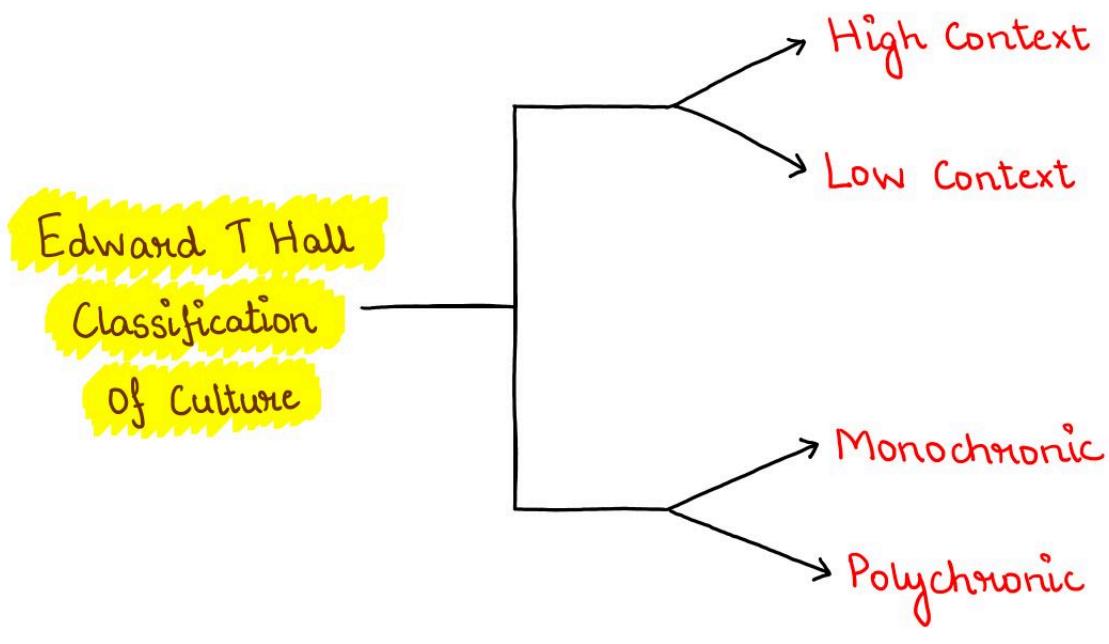
OCTAPACE

- O - Openness
- C - Collaboration
- T - Trust
- A - Autonomy
- P - Proactive
- A - Authenticity
- C - Confrontation
- E - Experimentation

A brief explanation to each dimension OCTAPACE is as follows:

- **Openness & Risk Taking:** Employees feel free to express their ideas, and the organization is willing to take risks and experiment with new ideas and ways of doing things.
- **Confrontation:** Employees face problems and work jointly with others concerned to find its solution. They face the issues squarely without hiding them or avoiding them for fear of hurting each other.
- **Trust:** A minimum level of trust may be deemed necessary for the introduction of the performance appraisal system and other elements of HRD. Employees, departments, and groups trust each other and can be relied upon to 'do' whatever they say they will.
- **Authenticity:** It is the value underlying trust. It is the willingness of a person to acknowledge the feelings he/she has and accept himself/herself, as well as others who relate to him/her as persons.
- **Pro-activity:** Employees are action-oriented, willing to take initiative, and show a high degree of proactivity. They anticipate issues and act or respond to the needs of the future.
- **Autonomy:** It is the willingness to use power without fear and helping others to do the same. Employees have some freedom to act independently within the boundaries imposed by their role/job.
- **Collaboration:** Collaboration involves working together and using one another's strength for a common cause. Individuals share their concerns with one another and prepare strategies, work out plans of action, and implement them together.
- **Experimenting:** Experimenting as a value emphasizes the importance given to innovation and trying out new ways of dealing with problems in the organization.

4. High Context and Low Context Theory by Halls



Edward T Hall suggested that cultures across the world could be categorized as being a 'high context culture' or a 'low context culture' on the basis of the presence of 'context' in an interaction. In other words, to what extent speakers depend on words to convey the meaning in communication differs from culture to culture.

In certain cultures, the information lies more in the context of the conversation and conveyed often through cues on non-verbal communication. Whereas in certain other cultures, information lies mainly in the words uttered. According to Hall, **high context cultures** are those where the information is not stated directly in the form of words, but must be inferred either by the 'physical context' or in the 'person'. In contrast, all the required information is stated explicitly in the **low context cultures**. Hall expressed the view that it is possible to array the cultures of the world on a 'high context to low context' continuum.

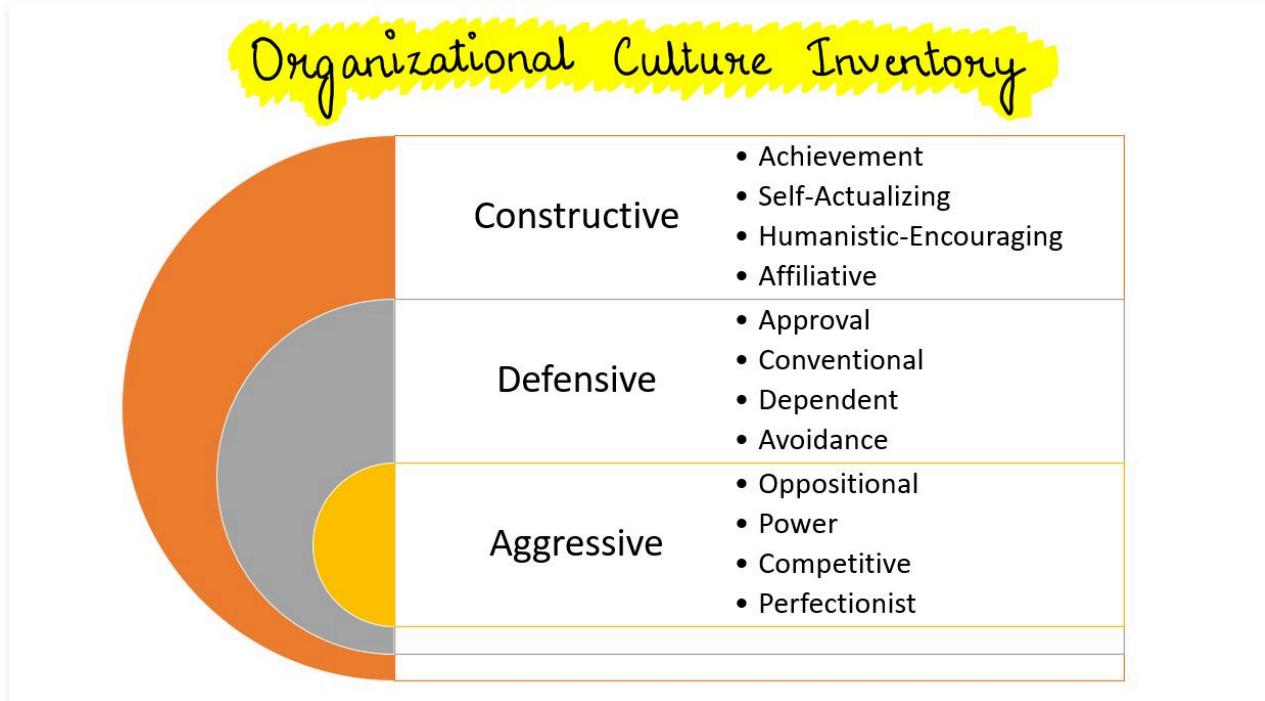
The other major contribution of Edward T Hall to intercultural communication is his classification of cultures on the basis of 'approach to time'. According to Hall's theory people's orientation to time differs across the cultures: some view it sequentially whereas others view it synchronically. Hall divided the cultures into two categories: 'monochronic cultures' and 'polychronic cultures'.

In **monochronic cultures**, time is experienced and used in a linear way. It is divided into segments and is used as a classification system for ordering life. Time is tangible and equal to money, and is seen as a scarce resource which must be rationed and controlled through schedules and appointments. Punctuality, adherence to deadlines, and compartmentalization of tasks are the characteristics of monochronic cultures.

People in **polychronic cultures** view time as the simultaneous occurrence of many things. They put more emphasis on human relationships than schedules or deadlines. Punctuality is less important. It is the maintenance of harmonious relations that is considered as the most important. Time is a commodity that can be manipulated, stretched, or even dispensed with altogether. Thus, the use of time should be flexible.

5. Organizational Culture Inventory

The Organizational Culture Inventory (OCI) is a tool that measures the 12 styles of behavioral norms and expectations that members of an organization might adopt while carrying out their work and interacting with others. It helps in assessing an organization's "ideal" culture and is useful for facilitating strategic changes, alliances, and overall organizational effectiveness. The tool was developed by Kotter & Heskett in 1992 and later modified by Robert A. Cooke and Lafferty Clayton in 2004.



Twelve styles in this model are, divided into 3 types.

1. **Constructive** Cultural style, in which members are encouraged to interact with people and approach tasks in ways that help them meet their higher satisfaction needs. The four cultural norms in this style are:

- (i) Achievement
- (ii) Self-Actualizing
- (iii) Humanistic-Encouraging
- (iv) Affiliative

2. **Passive/Defensive** Cultural style, in which members believe they must interact with people in ways that will not threaten their own security. The four Passive/Defensive cultural norms are:

- (i) Approval
- (ii) Conventional
- (iii) Dependent
- (iv) Avoidance

3. **Aggressive/Defensive** Cultural style, in which members are expected to approach tasks in forceful ways to protect their status and security. The Aggressive/Defensive cultural norms are:

- (i) Oppositional
- (ii) Power
- (iii) Competitive
- (iv) Perfectionist

6. Multi-Cultural Management



Multicultural management is the process of effectively managing people from different cultural backgrounds within an organization. HR managers need to address multicultural management because it has become increasingly common for companies to operate in diverse markets and employ people from different backgrounds. In order to manage this diverse workforce effectively, HR managers must develop policies and practices that are sensitive to cultural differences. For example, a company operating in multiple countries may need to adapt its marketing strategies to account for different cultural values and preferences.

Cultures of different countries can have a significant impact on any firm. For instance, the work-life balance in some cultures may be different from others. In Japan, it is common for employees to work long hours, and this can be a challenge for companies that try to implement Western-style work-life balance policies. In some cultures, decisions are made by a group, while in others, decisions are made by an individual.

Domestic culture management refers to managing employees from the same cultural background, while multicultural management involves managing employees from different cultural backgrounds. For example, in a domestic company in the US, the cultural norms and values are generally understood by all employees, and it is easier to create a common organizational culture. In contrast, in a multicultural company that operates in multiple countries, there may be many cultural differences that need to be understood and accommodated.