

its members can increase their skills and capabilities, and the ability of the organisation to create value additions by leaps and bounds. In the last ten years, for example, Infosys has grown to become the most powerful software company in the world because Narayana Murthy, its founder, created an organisational setting in which people are given the freedom to develop their skills and capabilities to create valuable new products.

ORGANISATIONAL EFFECTIVENESS

It is essential that organisations should function effectively if they are to be useful. Ineffective organisations are no better than sick people. Organisations are said to be effective when they produce quality goods and services at reasonable cost without compromising on profit-making. The other requirement of effectiveness is that the organisations should seek to satisfy their diverse stakeholders. Stakeholders are all the people and groups affected by, or that can affect, an organisation's decisions, policies, and operations.⁵ Some of the stakeholders are so primary that an organisation's existence and activities depend on them. These stakeholders include customers, suppliers, employees and investors. But an organisation's stake goes beyond these primary interest groups and extends to such groups which are affected by the firm's primary activities and decisions. These groups, called secondary stakeholders, include local communities, Government departments, foreign Governments, social activist groups, media and the general public. The connections of these groups with organisations are many and often conflicting. It is the duty of managers to keep all the stakeholders satisfied and the extent of satisfaction derived by stakeholders speaks about the effectiveness of an organisation.

THE ROLE OF ORGANISATIONAL BEHAVIOUR

Organisational Behaviour (OB) helps firms achieve effectiveness in their activities. Organisations, as stated earlier, comprise people and OB helps in utilizing these resources for achieving organisational effectiveness. People generally possess physical strength, skills of some kind, executive skills and organizing abilities. OB helps harness these qualities and use them for achieving organisational goals.

DEFINITION AND MEANING OF OB

The definitions on OB are many. However, three features need to be emphasised in any definition:

- OB is the study of human behaviour;
- The study is about behaviour in organisations; and
- Knowledge about human behaviour would be useful in improving an organisation's effectiveness.

Combining the above three features, OB may be understood to be the study of human behaviour in organisational settings, of the interface between human behaviour and the organisation and of the organisation itself. Knowledge gained from such a study is useful in improving organisational effectiveness. The following definitions are appropriate:

OB refers to the behaviour of individuals and groups within organisations and the interaction between organisational members and their external environments.⁶

OB is a field of study that investigates the impact that individuals, groups and structure have on behaviour within organisations for the purpose of applying such knowledge towards improving an organisation's effectiveness.⁷

Key Term: Economies of Scale: Ability of an organisation to achieve cost savings through scaling up its operations. Higher the volumes lower the cost per unit.

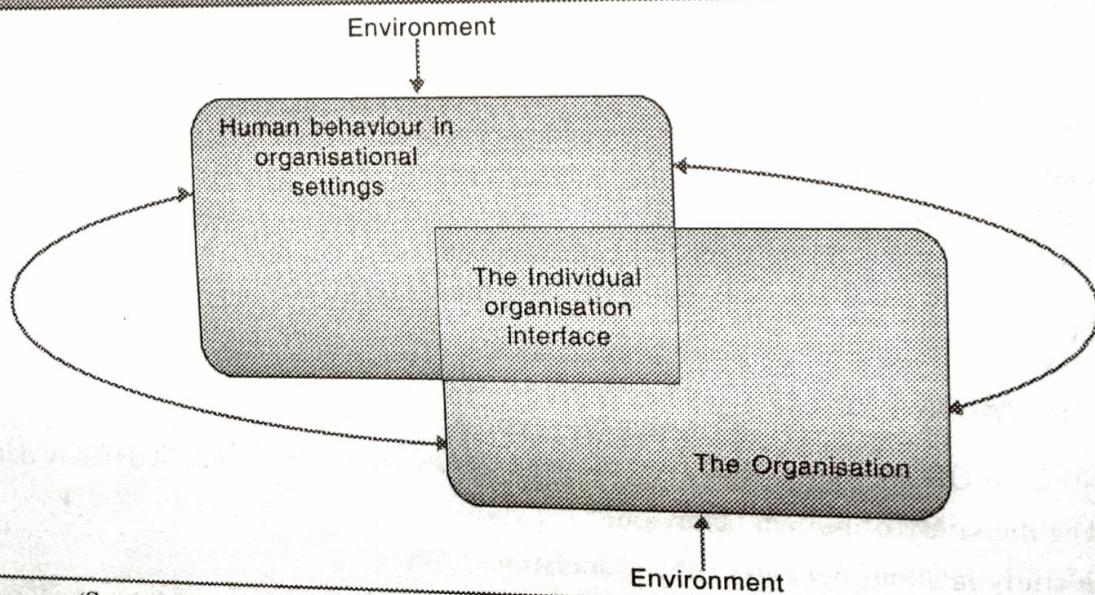
To sum up, OB obviously comprises individual behaviour, group behaviour and of the organisation itself. Understanding of the subject is complete when all the three are studied carefully. The study of individual behaviour alone is incomplete because the actions of the employee influence and are influenced by the organisation where he or she works. Again, studying only organisations without learning about the people amounts to looking at only a part of the picture.

The influence of environment on the interface between individuals and organisations cannot be overlooked. Fig.1.2 illustrates the integrative study of OB. It shows the linkages among human behaviour in organisational settings, the individual-organisational interface, the organisation, as well as the environment surrounding the organisation.

The field of OB is both exciting and complex. Many variables and concepts accompany the interaction shown in Fig.1.2 and together these factors greatly complicate the manager's ability to understand, appreciate and manage people in an organisation. They also provide unique opportunities to enhance personnel and organisational effectiveness.

OB has emerged as a distinct field of study. It is an area of expertise with a common body of knowledge. OB is also an applied field. It applies the knowledge gained about individuals and groups and the effect of structure on behaviour in order to make organisations work more effectively.

**FIGURE 1.2
THE NATURE OF ORGANISATIONAL BEHAVIOUR**



(Source: Gregory Moorhead and Ricky W.Griffin, *Organisational Behaviour*, p. 5).

OB should not be mistaken as representing the whole management. It represents only the behavioural or people approach to management. Other recognized approaches to management include the process, quantitative systems and contingency approaches.

FOUNDATIONS OF OB

The subject OB is based on a few fundamental concepts which revolve around the nature of people and organisations. These concepts are:

IMPORTANCE OF OB

OB is a subject which not only makes an individual a better employee of an organisation but makes him or her a better person and a better citizen. By promoting positive attitudes and creating high tastes, OB contributes towards better quality of life.

Coming back to organisational settings, OB helps in several ways. Every one of us has an inherent need to know about the world in which we live. This is particularly true in organisations, as they have a profound effect on our actions and behaviours.

People bring to their workplace their hopes and dreams as well as their fears and frustrations. Much of the time, people in organisations may appear to be acting quite rationally, doing their fair share of work and going about their tasks in a civil manner. Suddenly, a few people appear distracted, their work slips and they even get withdrawn. Worse still, one may find someone taking advantage of others to further his or her personal interests (Recollect the opening case).

Occasionally, you are likely to get caught up in anxiety-provoking organisational changes that involve redeployments or even lay-offs. Such a range of human behaviours makes life in organisations perplexing. But those who know what to look for and have some advance ideas about how to cope with pressures are more likely to respond in ways that are functional, less stressful and even career-advancing.⁸ We, therefore, need to map out organisational events so that we can function in a more secure and comfortable environment.

→ **Second**, the field of OB uses scientific research to help us understand and predict organisational life. This is not to say that this knowledge is absolute. The decisions and actions that people in organisations make are determined by a complex combination of factors. Besides, the field of OB is not a pure science. Nevertheless, it helps us make sense of the workplace and, to some extent, predict what people will do under various conditions.

→ **Third**, OB helps us influence organisational events. Though it is good to understand and predict organisational events, most of us want to influence the environment in which we live. Whether one is a marketing specialist or a computer programmer, he or she needs to know how to communicate effectively with others, manage conflict, make better decisions, ensure commitment to ideas, help work teams operate more effectively and the like. OB theories and concepts will help us influence organisational events.)

→ **Fourth**, OB helps an individual understand himself/herself and others better. This helps improve interpersonal relations considerably. Of particular significance are topics like attitude, perception, leadership, communication, TA and conflict, an understanding of which will change the very style of talking and functioning of an individual. It is no exaggeration that the MBA graduate always remembers, with satisfaction, OB among all the subjects of his/her course, even after graduation.

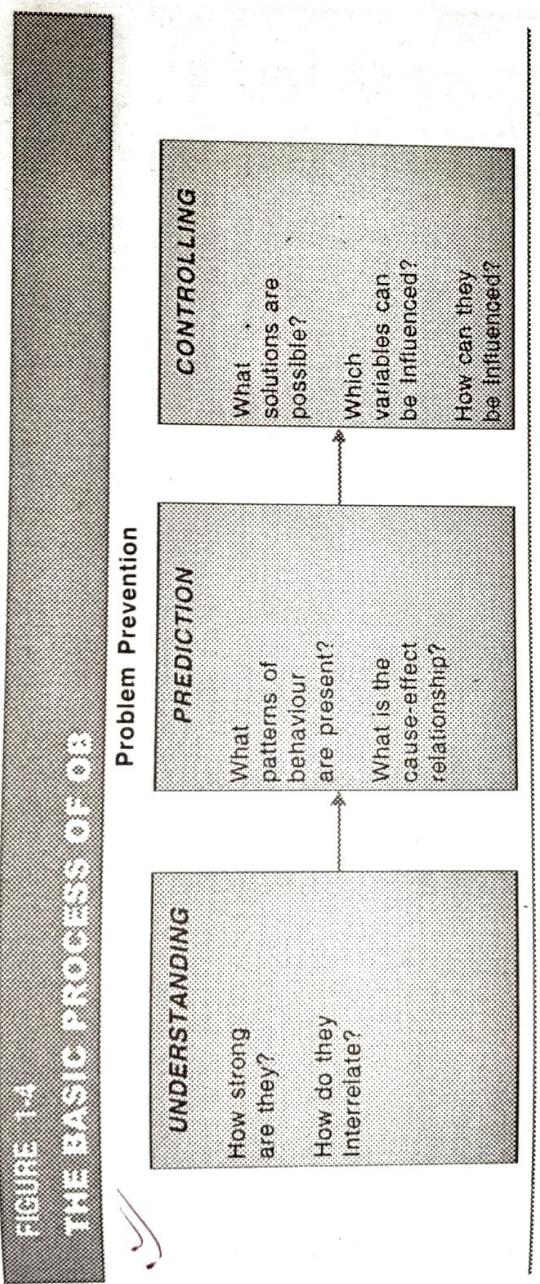
→ **Fifth**, a manager in a business establishment is concerned with getting things done through delegation. He or she will be successful when he or she can motivate subordinates to work for better results. OB will help the manager understand the basics of motivation and what he or she should do to motivate subordinates.

→ **Sixth**, the field of OB is useful for maintaining cordial industrial relations. If an employee is slow in his or her work, or if his or her productivity is steadily declining, it is not always because of denial of promotion or a poor work environment. Similarly, if the union of workers gives a

Key Term: *Mutuality of Interests*: Interests flow both the ways. Organisations need people and people need organisations. One without the other has no meaning. Organisations sans people reflect ghosts.

strike call, the basic issue may not be a demand for more wages, higher bonus, a better canteen, or for three pairs of uniform in the place of two. Often the indifferent attitude of the boss makes the worker lazy.) Similarly, reluctance of the management to talk to union leaders about issues might provoke them to give a strike call. In other words, relations between management and employees are often strained for reasons which are personal issues, not technical. Human problems need to be tackled humanely. OB is very useful in this context as it helps understand the cause of the problem, predict its course of action and control its consequences (see Fig.1.4). It is also a human tool for human benefit. The field of OB serves as the basis for human resource management.

FIGURE 1-4
THE BASIC PROCESS OF OS



predict
whether
now to
commit
will help

improve
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always
duation.
through

work for
e or she

Seventh, the subject of OB is also useful in the field of marketing. In the dynamic mechanism of the flow of goods and services from producer to consumer, awareness of the nature of individual and social processes has an immediate or long-range contribution to the success or failure of the enterprise. Consumer choice behaviour, the nature of influence, and the channels involved, represent leading topics for behaviour research in this area. Innovation and the diffusion of new products, creativity, and the learning of responses are equally important social and individual phenomena that contribute to the total process.

Eighth, the most popular reason for studying OB is that the reader is interested in pursuing a career in management and wants to learn how to predict behaviour and apply it in some meaningful way to make organisations more effective. A successful manager should have good 'people skills' which include the ability to understand one's employees and use this knowledge effectively to make them more efficient.

Finally, in the last couple of years, our economy has been witnessing an upward trend, every sector of the economy doing pretty well, registering an overall growth rate of seven per cent per annum. In order to sustain this trend, effective management of all sectors of the economy, particularly the industrial sector, is of paramount importance. Effective management does not mean competent utilization of technical or financial resources alone. Rather, it implies efficient management of human resources. This is where OB comes into the picture. It is a discipline which enables a

SUCCESSFUL MANAGER

How OB Helps?

1. OB is one course that is remembered and cherished by every student throughout his or her life. It is one discipline which makes him or her understand self better and also understand others better.
2. Though five decades old, OB has not gone into archives. It is growing and is ably meeting challenges of globalisation, information technology, changing customer expectations, diversity and flattening organisations.
3. OB enables the practitioner use cognitive abilities to add new perspectives to old problems and equally matching solutions to new issues. (See table below)

TABLE

Old Mindset	New Wave Thinking
Boss has given job and is paying salary.	Customer is paying salary. Serve customer.
Be grateful eternally	You exist because of customer
Be quite. Don't get into controversies.	Be innovative. Take initiative. Own wrong doing. Solve problems
For you, job and salary are important	Future is unpredictable. Constant learning ensures success in future
Future is predictable. Past success means future success	
4. Makes an individual think of moving from the left to the right.	
5. OB helps an organisation become ethically strong and socially conscious.	

Shortcomings

6. The shortcomings of the subject OB should not be lost sight of. To start with, though the subject helps an individual understand human behaviour better only in the workplace, he or she may be a failure on the domestic front. People who have a thorough grounding of behavioural disciplines have sometimes proved to be total wrecks in their personal lives.
7. The subject of OB has not contributed to improve interpersonal relations in organisational settings. Jealousies, back-stabbing, leg-pulling, intrigues, harassment, and inequalities in rewards go side-by-side with nice lectures, training programmes, discussions, smiles, assurances, niceties out or when a reward will be announced. History seems to be repeating itself. In the earlier days, a worker was exposed to 12 to 14 hours of work and was made to work under inhuman conditions, under far better working conditions. The worker of the bygone days was stress-free. Today's employee is always under pressure and stress-ridden. While a worker of the earlier years died of lung diseases caused by fumes and dust; today's employee gets burnt out by the time he or she reaches 45 years of age (See also closing case).
8. The subject of OB has almost become a fad with managers in most organisations. Common establishments in the name of improving interpersonal relations. But wearing identical clothes has

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SHORTCOMINGS

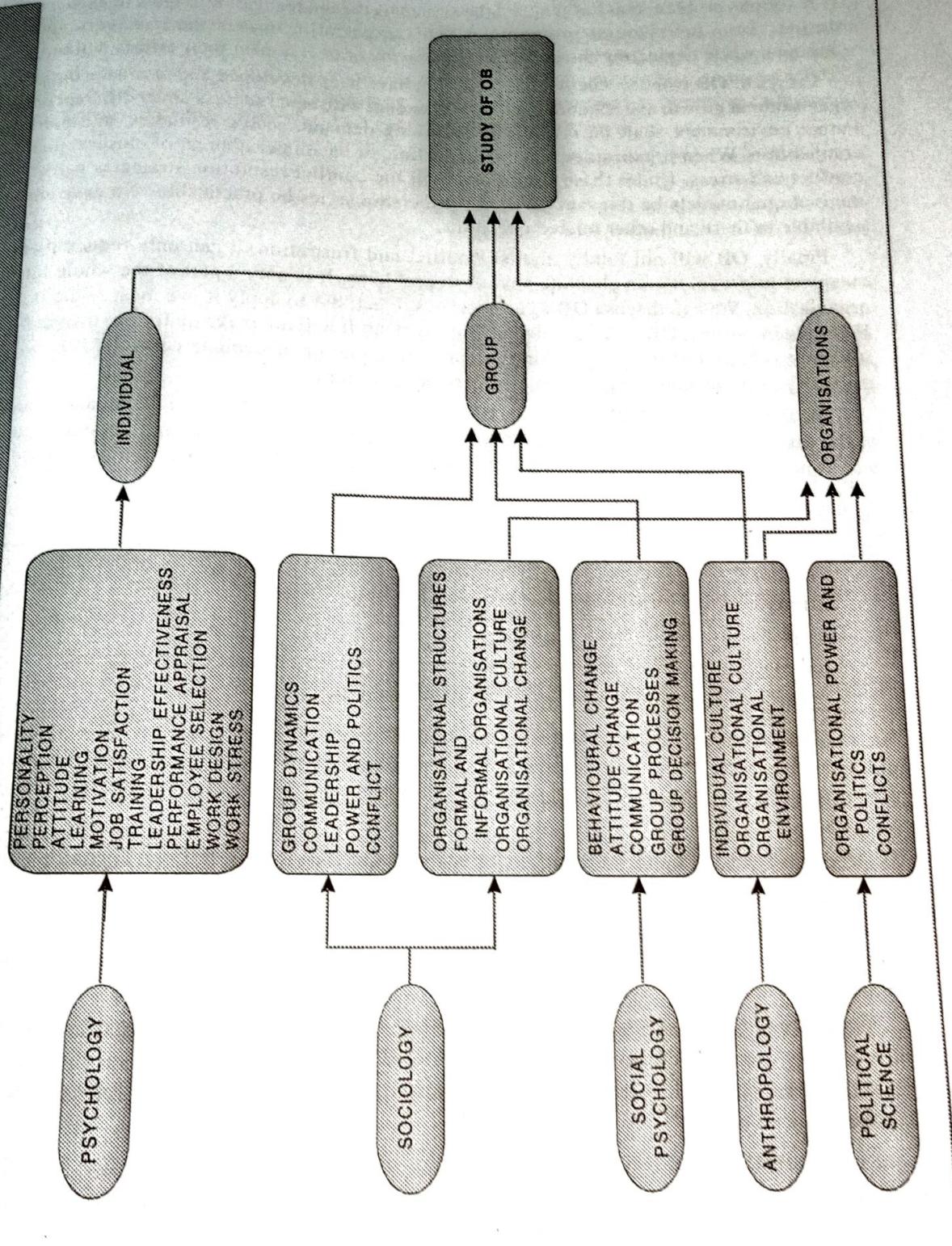
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The subject of OB has almost become a fad with managers in most organisations. Common uniforms, open offices, and shared canteens have, for example, been practised in several industrial establishments in the name of improving interpersonal relations. But wearing identical clothes has

- SELF-CHECK**
- Which of the following is true?
 - Social
 - Self
 - Social
 - Social
 - Organisational behaviour is concerned with
 - Control
 - Effectiveness
 - Control
 - Control
 - Which of the following is true?
 - Human
 - Human
 - Human
 - Human
 - Organisational behaviour is concerned with
 - Control
 - Effectiveness
 - Control
 - Control
 - Which of the following is true?
 - Human
 - Human
 - Human
 - Human
 - Organisational behaviour is concerned with
 - Control
 - Effectiveness
 - Control
 - Control
 - OB helps in
 - Human
 - Organisational
 - Organisational
 - Organisational
 - At best, OB is
 - Economic
 - Economic
 - Economic
 - Economic

**FIGURE 1-5
MAJOR DISCIPLINES AND THEIR CONTRIBUTIONS TO OB**



Key Term: *Sociology*. This refers to the study of group behaviour. The focus is on the behaviour of people in relation to their fellow human beings.

book is towards business establishments only. This is so because the book is primarily addressed to management students preparing themselves for occupying important positions in industrial and business enterprises.

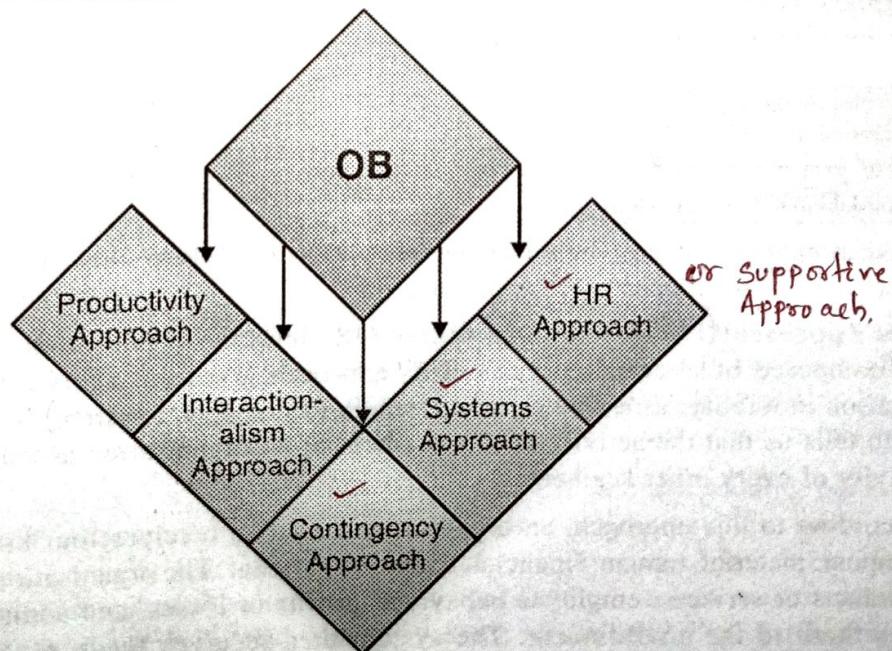
There is No 'One Best' Way: What is the most effective way to motivate people? What style of leadership works best? Should groups or individuals make organisational decisions? Although questions such as these appear to be quite reasonable, there is a basic problem with all of them. That is, they suggest that there is one best approach: one best way to motivate, to lead and to make decisions.¹⁰

Specialists in the field of OB today agree that there is no one best approach when it comes to such complex phenomena. When it comes to studying human behaviour in organisations, there are no simple answers. OB scholars recognize that behaviour in work settings is the complex 'result of many interacting forces'. This fact has been recognised in what is known as the contingency approach (discussed in the next section), an orientation that is the hallmark of contemporary OB. OB literature is obviously replete with phrases such as 'it all depends', 'other things being equal', 'under certain conditions' and the like, implying that a certain behaviour is contingent or a solution is workable only under certain conditions.

CONTEXTUAL PERSPECTIVES OF OB (Approaches of organisational Behaviour)

Several contextual perspectives have increasingly influenced OB: the human resource approach, the contingency approach, the productivity approach, the systems approach and the interactionism approach (See Fig.1.6).

**FIGURE 1.6
APPROACHES TO THE STUDY OF OB**



Key Term: Contingency Approach: This approach to the study of OB assumes that there is no one-best way available to an organisation. It suggests that in most organisations situations and outcomes are contingent or influenced by other variables.

Human Resource Approach: This approach recognises the fact that people are the central resource in any organisation and that they should be developed towards higher levels of competency, creativity, and fulfilment. People thus developed will contribute to the success of the organisation.

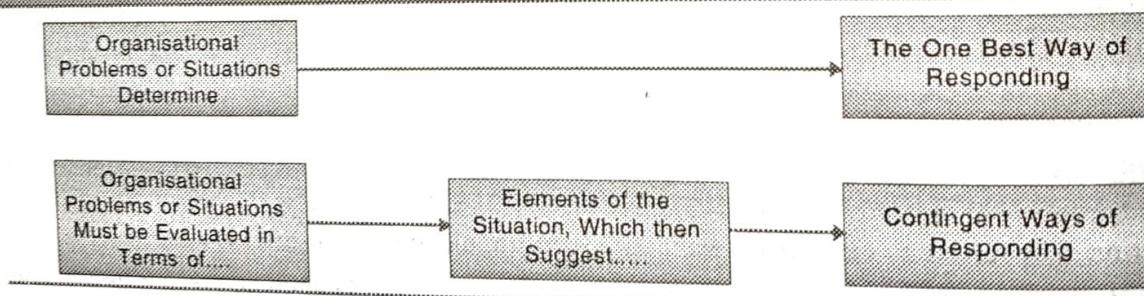
The human resources approach is also called the *supportive approach*, in the sense that the manager's role changes from control of employees to active support to their growth and performance.

The supportive approach contrasts with the traditional management approach. In the traditional approach, managers decide what employees should do and closely monitor their performance to ensure task accomplishment. In the human resources approach, the role of managers changes, as stated above, from structuring and controlling to supporting.

Contingency Approach: The contingency approach is another useful way of looking at OB. This approach assumes that there is no 'one best way' available in any organisation. It suggests that in most organisations situations and outcomes are contingent on, or influenced by, other variables (See Fig.1.7).

As seen from Fig.1.7, the contingency approach to OB differs from the universal approach. The universal model, shown at the top of the figure, presumes a direct cause and effect linkage between variables. For instance, it suggests that whenever a manager encounters a certain problem or situation (such as motivating employees for higher efficiency and greater output), a universal approach does exist (such as raising pay), that will lead to the desired outcome. The contingency approach, on the other hand, acknowledges that several other variables affect the relationship. In other words, the appropriate managerial action or behaviour in any given situation depends on the elements of that situation.¹¹

**FIGURE 1.7
UNIVERSAL APPROACH VS. CONTINGENCY APPROACH**



(Source: Moorhead and Griffin, *op.cit.*, p. 19).

Systems Approach: The systems approach to OB views the organisation as a unified, purposeful system composed of interrelated parts. This approach gives managers a way of looking at the organisation in totality: as a whole person, whole group, social system. In doing so, the systems approach tells us that the activity of any segment of an organisation affects, in varying degrees, the activity of every other segment.

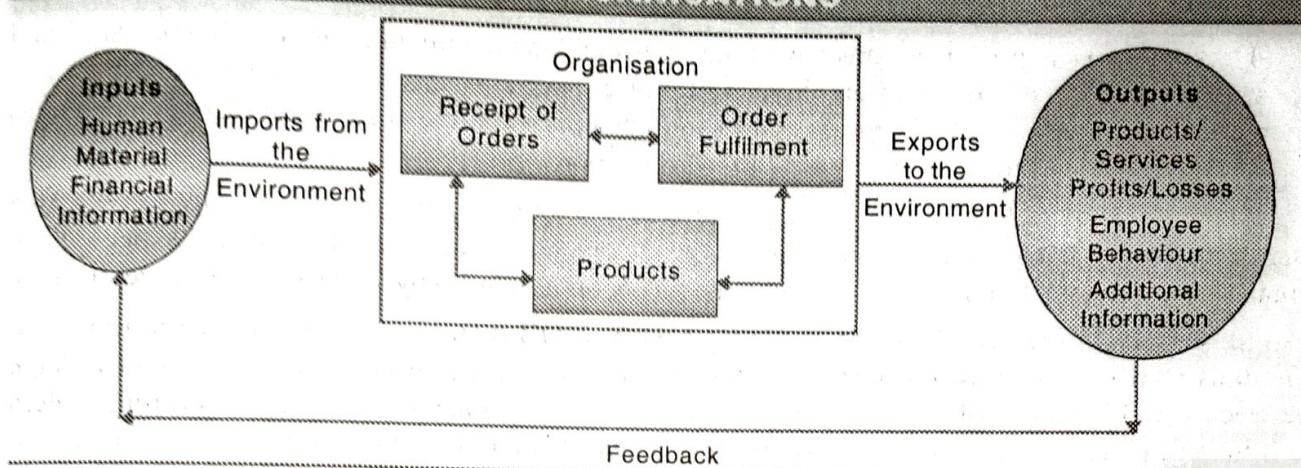
According to this approach, an organisational system receives four kinds of inputs from its environment: material, human, financial, and informational. The organisation converts these inputs into products or services, employee behaviour, profits or losses, and additional information and supplies these to the environment. The system then receives feedback from the environment.

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regarding the outputs (See Fig.1.8). Thus, the organisation becomes an input-transformation-output system.)

FIGURE 1-8

SYSTEMS APPROACH TO ORGANISATIONS



Managers should not become passive spectators of organisational systems. A key function of managing is to adapt to transform system elements to achieve goals within a dynamic environment. Managers need to work with people and allocate resources to carry-out tasks within an environment of change. The main purpose of this book is to train managers to manage organisational systems more effectively.

(The systems approach has functional consequences for managers.) For one thing, it underscores the importance of an organisation's environment. Failing to acquire the appropriate resources and to heed feedback from the environment, for instance, can be disastrous. (The systems approach also helps managers conceptualise the flow and interaction of various elements of the organisation as they enter the system, are transformed by it, and then re-enter the environment.)

Productivity Approach: Productivity, which is the ratio of output to input, is a measure of an organisation's effectiveness. It also reveals the manager's efficiency in optimising resource utilization. The higher the numerical value of this ratio, the greater the efficiency.

Productivity is generally measured in terms of economic inputs and outputs, but human and social inputs and outputs are also important. For example, if better OB can improve job satisfaction, a human output or benefit occurs.

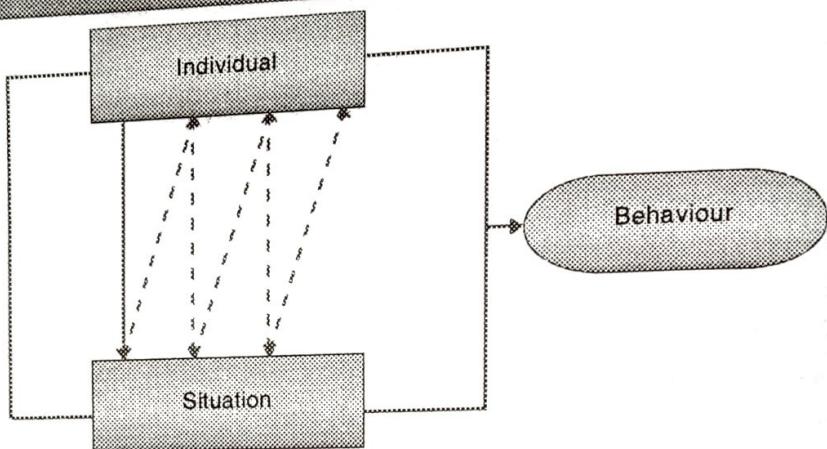
In the same manner, when employee development programmes lead to a by-product of better citizens in a community, a valuable social output occurs. OB decisions typically involve human, social, and/or economic issues, and so productivity, usually a significant part of these decisions, is recognised and discussed extensively in the literature on OB.

Interactionism: Interactionism is a relatively new approach to understanding behaviour in organisational settings. First presented in terms of interactional psychology, this view assumes that individual behaviour results from a continuous and multidirectional interaction between characteristics of the person and of the situation. More specifically, interactionism attempts to explain how people select, interpret, and change various situations. Fig.1.9 illustrates this

Key Term: Productivity Approach: This approach desires that the managers should make optimum use of resources for the good of the organisation. Of all the resources, it is the human resource which needs to be used for the benefit of the organisation, in turn helping people grow and derive satisfaction.

perspective.¹² It should be noted that the individual and the situation are presumed to interact continuously. This interaction is what determines an individual's behaviour.

**FIGURE 1-9
INTERACTIONALIST PERSPECTIVE TO OB**



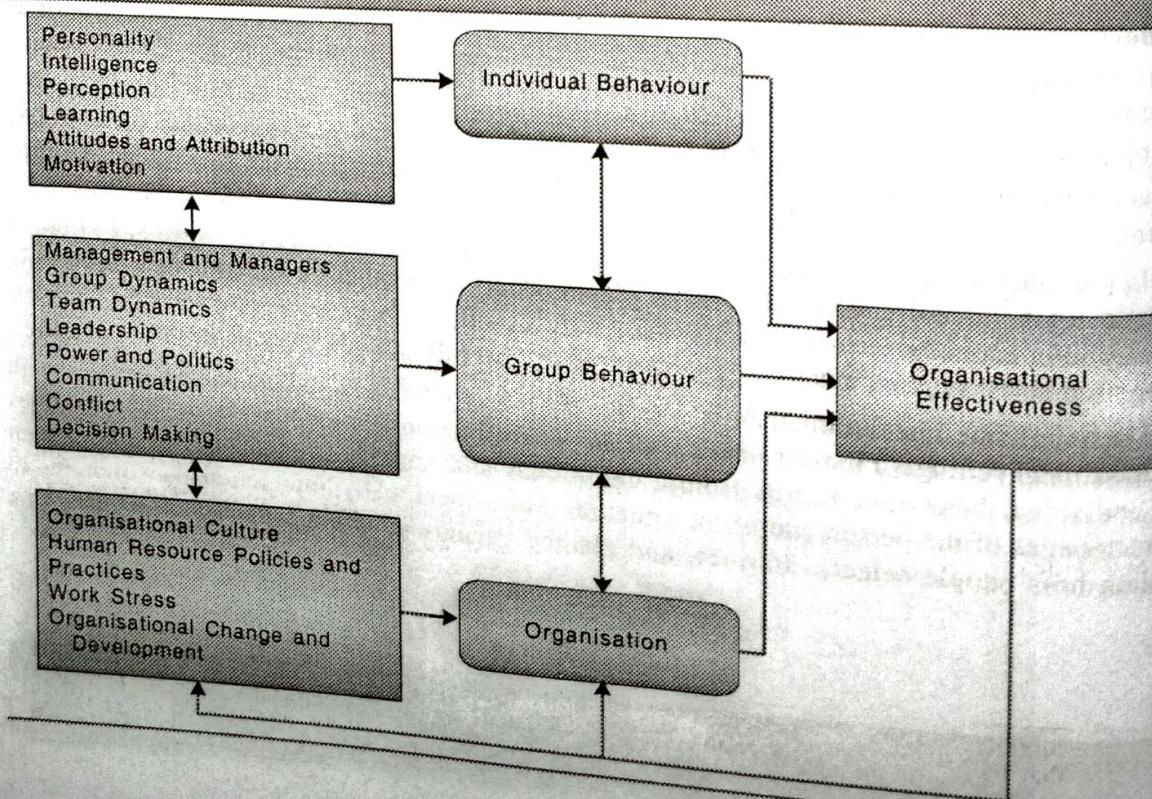
(Source: Moorhead and Griffin, *op.cit.*, p.20)

OB MODEL

We follow a model (See Fig.1.10) for discussion in this book.

As seen from the figure, individual behaviour comprises such aspects as personality, perceptions, attitudes, learning, and motivation. Group behaviour covers such topics as group

**FIGURE 1-10
OB MODEL**



- Org creates of I trans
- Org told
- OB con holis
- OB org buil
- Crit and
- OB fron and
- Und intr
- Sev reso app und

- 1.1 Defi
1.2 Disc
1.3 State
1.4 Expl
1.5 Besi
OB?

Chapter One • A Prelude to Organisational Behaviour

dynamics, leadership, power and politics, communication and conflict. Study of organisations includes the nature of organisations and organisational change and development. Now, individual behaviour will influence and is influenced by group behaviour, which in turn has impact on behaviour of organisations. The cumulative effect of all these behaviours is felt on organisational effectiveness which in turn has impact on individual, group and organisational behaviours.

SUMMARY

- Organisations have no parallels in so far as affecting daily life is concerned. They are created by individuals alone or in groups. On being formed, organisations facilitate division of labour, manage large-scale technology, manage the external environment, minimize transaction costs, and exert power and control.
- Organisational behaviour is highly useful in ensuring organisational effectiveness. Simply told, OB is the study of human behaviour in organisational settings.
- OB is built on strong fundamentals which are: interpersonal differences, whole person concept, caused behaviour, human dignity, social systems, mutuality of interests, and holistic concept.
- OB has its strengths and weaknesses. Among the strengths are: OB helps in shaping our organisational lives; it helps an individual understand his/her self and others better; it builds cordial industrial relations; and it is highly useful in the field of marketing.
- Critics point out that OB is selfish and exploitative, and that it does not remove conflict and friction between individuals — it only minimises them.
- OB is an interdisciplinary subject. It has enriched itself by drawing principles and concepts from psychology, sociology, anthropology, social psychology, political science, engineering, and even medicine.
- Under the umbrella of OB, the topics covered are many and varied. Broadly, OB covers intra-individual behaviour, interpersonal behaviour, and behaviour of the organisations.
- Several contextual perspectives have increasingly influenced OB. They are the human resource approach, the contingency approach, the productivity approach, the systems approach, and the interactionism approach. All these approaches together, help us understand OB better.

But the flip side is really worrying. Targets and performances keep the individual always on his toes. It is 24 hours a day, 30 days a month and 12 months a year work. No fixed daily time schedule. He is not sure when he comes to office and when he leaves.

In fact, offices become surrogate homes. In fact, he is required to sleep in the office. For he may not be able to see his children and it

description given above. Their counterparts in Europe are known for employee concern. Firms are formalized, they have systems, and do not resort to 'hire and fire' policy.

But American MNCs are much sought after. Quiz any youth working for an American firm about why he is crazy about the fast life? Why all this hype? The answer for all the questions invariably is — it is a drama-

As we go into the future, the OB specialist will confront more and more employees sandwich between 'here' and 'there' cases. It is a big challenge for him or her to manage such employees.

In addition, the OB specialist faces certain other challenges, some of which are explained in this Chapter. The challenges include (See Fig. 3.1):

- Managing diversity.
- Changed employee expectations.
- Technology transformation.
- Changing demographics of workforce.
- Promoting ethical behaviour and CSR
- Organisational justice

MANAGING DIVERSITY

(multiplicity of culture or cultural Diversity)

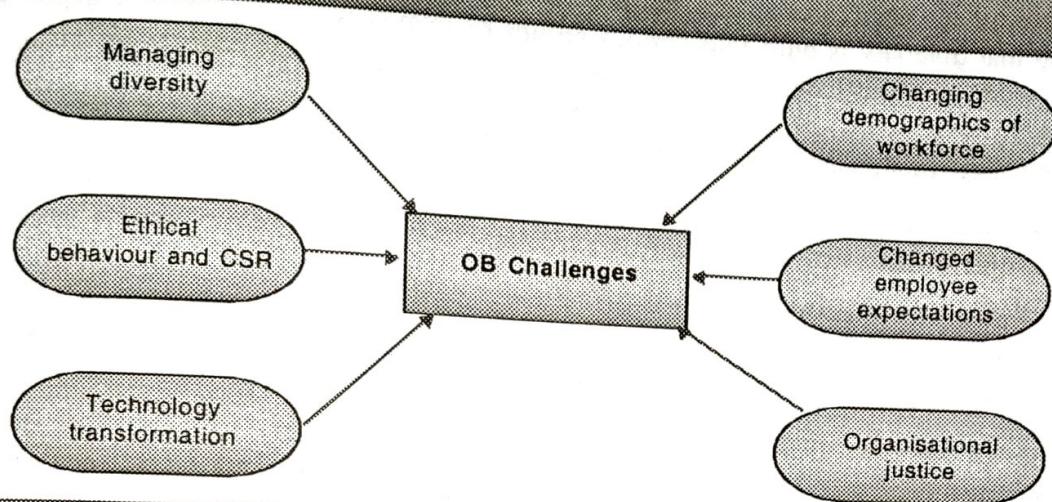
Diversity is dealing with a collective mixture of differences and similarities in a given group. It includes age, background, education, function, and personality. It also includes lifestyles, sexu-

(Source)

Key Term: *Diversity*: Diversity represents a combination of people with different regions, religions, languages and cultures working together and rubbing shoulders with one another. Modern organisations are known for diversify nay, organisations with diversity enjoy competitive edge.

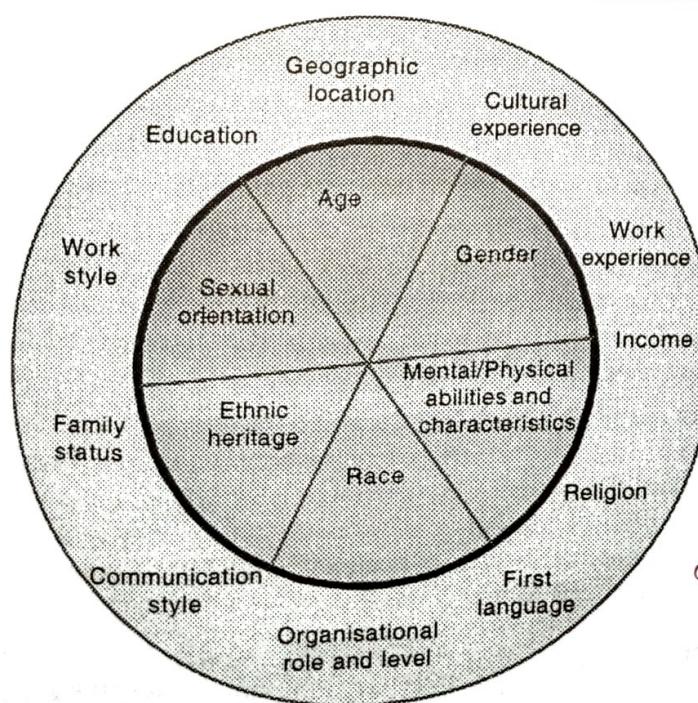
Key

FIGURE 3-1

OB CHALLENGES

orientation, geographic origin, tenure with an organisation, management and non-management values, beliefs, and opinions¹ (See Fig. 3.2). As shown in Fig. 3.2 diversity has both primary and secondary dimensions. Diversity needs to be understood from both the dimensions.

FIGURE 3-2

PRIMARY AND SECONDARY DIMENSIONS OF DIVERSITY

Multiplicity of culture or cultural diversity means that people of different cultures will possess different patterns of behaviour.

A set of beliefs, values and attitudes which has been shared in common by the members of the society is termed as culture.

Managers working in MNC's or National companies face various difficulties, due to diversity, in organizations.

(Source: Suzanne C.de Jansaz, et.al., op.cit., p. 147).

Key Term: *Diversity Skill*: These skills focus on improving the way managers and their subordinates interact with each other and on improving their abilities to work with different kinds of people.

Managing diversity is a philosophy about how differences among individuals are accepted, respected and how they are made to work in cohesion. Firms are realising that utilising diversity in all aspects of the workforce makes not only a strong moral sense but also business sense. By ensuring that diversity is built into various groups of members, such as project teams, business start-up teams, customer response teams, sales force and top management teams, businesses are able to achieve:²

- Access to a changing marketplace.
- Large-scale business transformation.
- Superior customer service.
- Workforce empowerment.
- Total quality.
- Alliances with suppliers and customers.
- Continuous learning.

There are numerous examples demonstrating the financial benefits that can accrue to companies that embrace diversity. Here are a few:

- Xerox plants using diverse work teams are now 30 per cent more productive than conventional plants.
- Procter & Gamble achieves 30-40 per cent higher productivity at its 18 diverse team-based plants than at its non-diverse plants.
- Motorola beat its competitors by producing the world's most efficient and high-quality cellular phones which are produced almost exclusively by diverse work teams.
- Research has shown that organisations that proactively recruit, develop, and leverage multinational leaders are in better positions in the global marketplace.
- KFC experienced phenomenal success, when it introduced its kosher line of chicken menus in Israel.
- GE Power Systems achieved 13 per cent productivity gains from cross-functional and multicultural teams versus homogeneous teams.
- Numerous empirical studies of work teams demonstrate that when tasks are complex and not clearly defined, heterogeneous teams outperform homogeneous teams. 'Super teams', those that were diverse in numerous respects and selected because of their differences, outperformed those that were homogeneous.³
- 'Unlike other MNCs, diversity for us is a business imperative and not an issue of legal compliance. We want HUL's management to be representative of our diverse customer base so that they understand the needs of the customer better. If a manager understands the brand he or she is handling, the learning curve is that much shorter. For instance, in marketing, if the target audience is women, it is an advantage if a woman is in charge of the brand'. Says Prem Kawath, HR Manager, HUL.⁴

BARRIERS TO ACCEPTING DIVERSITY

Despite a general awareness in organisations that diversity is a positive factor, individuals still experience numerous personal barriers to accepting diversity. Those who come from homogeneous backgrounds are e diversity — both sometimes prevent Prejudice of a partic Ethnocen to others.) organisati 'right' and Stereotyp that group Stereotyp hold true Discrimin because o is the com Harassm because o Sexual h interferin Backlash previously

Key Term: Gender Diversity: Feminisation of workforce is what is called gender diversity on the payroll benefits an organisation. Women are risk averse, retain unionised, good at repetitive work and add charm to the ambience. Nevertheless, extra privileges need to be provided which means additional costs.

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Effectively managing diversity in small, public, private and large organisations, their subordinates should be treated effectively with respect to gender, ethnicity, culture and gender.

Managing diversity requires cultural and gender sensitivity.

Increasing Awareness of diversity in our life. One needs to increase diversity awareness of: (i) diverse managers often have these qualities: Providing opportunities, Uncovering hidden talents, Assessing performance.

backgrounds are especially vulnerable to attitudes that prevent them from being more open to diversity — both in the workplace and in their personal lives. There are several barriers that sometimes prevent us from accepting diversity. These include:

- **Prejudice** — unjustified negative attitude towards a person based on his or her membership of a particular group.
- **Ethnocentrism** — (a tendency to regard one's own group, culture, or nation as superior to others.) This is what sometimes occurs in a selective club, religious sect, or political organisation. People who are ethnocentric see their group-related customs or beliefs as 'right' and evaluate other beliefs or practices against this yardstick.
- **Stereotypes** — (set of beliefs about a group that is applied universally to all members of that group, such as 'all poor people are uneducated' or 'all Asians are good at maths') Stereotyping, whether positive or negative, is not good because seldom does one statement hold true for all members of a group.
- **Discrimination** — barring an individual from membership of an organisation or from a job because of his or her membership of a particular group. An example of unfair discrimination is the company that only interviews men for a position that requires a lot of travel.
- **Harassment** — consciously shunning or (verbally or physically abusing an individual,) because of membership of a particular group.
- **Sexual harassment** — approaching a person in an unwanted, uninvited, intimate way, interfering with that person's productivity or advancement.
- **Backlash** — negative reaction to the gaining of power and influence by members of previously under represented groups, leading to fear, resentment, and reverse discrimination.

How to Manage Diversity Effectively?

Effectively managing diversity needs to be a top priority for managers in all organisations — large, and small, public and private, for profit or not for profit. Managers need to ensure that they and their subordinates appreciate the value that diversity brings to an organisation, understand why diversity should be celebrated rather than ignored, and have the ability to interact, and work effectively with men and women who are physically challenged or are of a diverse race, age, gender, ethnicity, nationality, or sexual orientation.)

Managing diversity involves promoting its awareness, increasing diversity skills, encouraging cultural and gender diversity, and committing top management to diversity.

Increasing Awareness: Awareness demands appreciation of diversity as a fact of organisational life. One needs empathy to understand other people's attitudes, behaviours, and experiences. Many diversity awareness programmes in organisations strive to increase (managers' and workers') awareness of: (i) their own attitudes, biases, and stereotypes, and (ii) the differing perspectives of diverse managers, subordinates, coworkers, and customers. Diversity awareness programmes often have these goals:⁵

- • Providing organisation members with accurate information on diversity.
- • Uncovering personal biases and stereotypes.
- • Assessing personal beliefs, attitudes, and values, and learning about other points of view.

- Overturning inaccurate stereotypes and beliefs about different groups.

- • Developing an atmosphere in which people feel free to share their differing perspectives and points of view.
- • Improving understanding of others who are different from oneself.

Increasing Diversity Skills: Efforts to increase diversity skills focus on improving the way managers and their subordinates interact with each other and on improving their ability to work with different kinds of people. Educating managers and their subordinates about why and how people differ in the way they think, communicate, and approach issues and situations can help employees develop a healthy respect for diversity and at the same time facilitate mutual understanding.

The members of an organisation may have different styles of communication, may differ in their language fluency, may use words differently, may differ in non-verbal signals they send through facial expression and body language, and also in the way they perceive and interpret information. Managers and their subordinates must learn to communicate effectively with one another if an organisation is to take advantage of the skills and abilities of its diverse workforce.

OB experts have designed techniques to increase diversity awareness and build diversity skills. Films and printed materials supplemented by experiential exercises will help unravel hidden biases and stereotypes. Simply a forum for people to learn about and discuss their differing attitudes, values, and experiences can be a powerful means for increasing awareness. Also useful are role plays that enact problems resulting from lack of awareness and indicate the increased understanding that comes from appreciating others' viewpoints. Accurate information and training experience can debunk stereotypes. At times managers hire consultants to provide diversity training. Some firms have in-house diversity experts (See Exhibit 3.1).

Cultural Diversity: Cultural diversity in the workplace is growing because of globalisation. People of diverse national origins — Koreans, Indians, Bolivians, Pakistanis, Vietnamese, Swedes, Australians, Britishers, Americans, and others — find themselves working together in teams to perform tasks. The challenge to OB specialists is to harness the wealth of differences that cultural diversity provides. The risk is that prejudices and stereotypes may prevent managers and employees from developing synergies that can benefit the organisation. However, the following strategies will help organisations manage cultural differences effectively:⁷

For Individuals

- Live and work outside your home country. Be willing to take an overseas assignment whenever the opportunity arises.
- Travel outside your home country extensively.
- While away, adapt to the customs of the new country. Get to know the local residents rather than spending your time with people of your own nationality.
- Develop friendship with people from nationalities other than your own. Make it a point to learn from them about their customs, about the way business is conducted, about the differences and similarities between their country and yours.
- Learn another language or languages.
- Work at developing a non-home country perspective on world events. Subscribe to newspapers and periodicals that broaden your understanding of key issues from multinational perspectives.

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For Companies and Organisations

- Offer language training to your employees.
- Encourage your employees to accept non-home country work assignments.
- Provide transition counselling to employees and their families both before and after a non-home country assignment.
- Provide training to help employees learn about and be sensitive to cross-culture differences.
- Examine your employment practices to ensure your company is not intentionally or unintentionally discriminating against anyone due to his or her religion or ethnicity. For example, requiring employees to work on Saturdays precludes member of certain religions from your organisation.

Gender Diversity: The feminization of the workforce has increased substantially. Though women's participation in the workforce is increasing, their share of the rewards of participation is not increasing commensurately. Women hold only 11.2 per cent of corporate officer positions in the *Fortune 500* companies. Only 3.8 per cent of the chairpersons and CEOs of the *Fortune 500* companies are women. Of GE's top 173 officers, only 13.3 per cent are women. Only 18 per cent of GE's board members are women. Indian firms are no better in this respect. In India, working women account for just 15 per cent of the total urban female population of 150 million. HUL has just 11 per cent female managers. Kodak India has done much better than any other global firm. 70 per cent of the company's marketing staff and 85 per cent of the workforce at its Bangalore-based camera manufacturing plant are women. At HSBC, half the employees worldwide are women. Salaries for women persist at a level of 77 per cent of their male counterparts earnings. Since many benefits are tied to remuneration, women also receive lower levels of benefits.

In addition to lower level of earnings, women are seen to be condemned to occupy lower levels of positions in organisations. This is surprising since there seems to be no perceptible difference in skills and abilities between men and women.

However, stereotypic beliefs about gender (See Table 3.1) often limit one's ability to work closely and effectively with the opposite sex.

**TABLE 3-1
TRAITS ASSOCIATED WITH GENDER STEREOTYPES**

Male	Female
Aggressive	Affectionate
Autocratic	Complaining
Capable	Co-operative
Competitive	Emotional
Coarse	Easily influenced
Decisive	Forgiving
Humorous	Indecisive
Individualistic	Illogical
Loud	Mild
Objective	Passive
Opportunistic	Sensitive
Reckless	Subjective
Tough-minded	Tactful
Unemotional	Weak

(Source: Suzanne C. de Janasz, et.al., *Interpersonal Skills in Organisations*, p. 151).

Understanding that these beliefs are generally stereotypes will allow individuals and organisations to move away from discriminating in rating or making false assumptions while managing and working with diverse groups.

There are ways of managing gender diversity. One way is to recognize that there are strengths in both the sexes. Men can learn from women's managerial style by using appropriate relationship-building in the workplace, while women can learn from men's style to be less subtle and more assertive and direct, especially while giving instructions. It is equally important to learn more about perceived differences between male and female both socially and in the workplace. Further, it is necessary to be aware that in many situations, gender might play a role in one's ability to understand others. Finally, it is necessary to be aware of the cultural gender stereotypes and avoid actions including language, and behaviour that perpetuate negative or hindering views.

COMMITTING TOP MANAGEMENT TO DIVERSITY

When there is an organisational commitment to diversity at the top, managers down the line embrace diversity through their actions and spread the message that diversity can be a source of competitive advantage, deal effectively with diverse employees, and are willing to commit organisational resources to manage diversity.

Organisations everywhere are taking various steps to manage diversity. Many *Fortune 500* companies continue to develop and experiment with new diversity initiatives to meet this ethical and business imperative.

Although most organisations have tasted success in their efforts to manage diversity, some have encountered problems. In the most serious cases, diversity management efforts have backfired, leaving race and gender divisions even greater. The most serious problems have stemmed from the practice of focusing on stereotypes, even positive ones. Thinking of people in stereotypical ways can create barriers that interfere with looking at people as individuals. Thus, instead of looking at the average difference between people (which may reinforce stereotypes), experts recommend that managing diversity demands expecting a range between people (a range that promises to become even greater in the years ahead). With this in mind, managers are advised not to treat someone as special because he or she is a member of an important group, but because of the unique skills or abilities he or she brings to the job. To the extent that managers are trained to seek, recognise, and reward talents of their employees regardless of the group to which they belong, they will help break down the barriers that made diversity training necessary in the first place.

CHANGING DEMOGRAPHICS OF WORKFORCE

The major challenge from changing demographics of workforce relates to dual career couples — couples, where both partners are actively pursuing professional careers. Organisations have been accustomed to using job makes and physical relocation as important means of developing talent. Men or women, moving up the ranks, need the experience of a variety of roles in different organisational units. Frequent physical relocation has therefore been required. The increasing number of dual-career professionals limits individual flexibility in accepting such assignments and may hinder organisational flexibility in acquiring and developing talent.

Another change in the workforce demographics relates to the growing number of employees who are young. Companies which were setup in 1940s and 1950s have employees who are now superannuating. People who join to fill the vacancies are obviously fresh graduates or diploma holders. Enterprises, which are newly established, obviously prefer young men and women. The effect is that the average age of workforce is around 25 years; employees who are young are fresh, ambitious, enthusiastic and emotive (See Exhibit 3.2). These people need to be handled with

circumspection. An increasing number of working mothers and a steady decline in blue-collar workers making place for white-collar employees are other demographic changes which have their own implications for managers of personnel in organisations.

EXHIBIT 3-2**CHANGING DEMOGRAPHICS IN INDIA**

Nowhere in the world is demographics changing as significantly as it is in India. The country has the largest number of young people today. India has 65 million children below 15 years of age, and as many as 400 million people below the age of 23. These young people will join the ranks of working people in the next few years, thus creating a huge surge of productive activities, incomes and savings. India is young can be an asset to the global economy because while India's population will be growing younger in the next couple of decades, the population of all the developed countries, including those of Russia and China, will be getting older. The richer countries will face a shortage of working age people while India will have surplus. India can bring in more than \$200 billion (₹ 8.8 lakh crore) of revenue every year from the richer countries and create 400 million additional jobs by providing a variety of services to the rest of the world.⁸

CHANGED EMPLOYEE EXPECTATIONS

With the changes in workforce demographics, employee expectations and attitudes have also changed. Traditional allurements such as job-security, attractive remuneration, housing, and the like do not attract, retain or motivate today's workforce.)

(2) Employees today demand empowerment and expect quality of status with the management. Previous notions on managerial authority are giving way to employee influence and involvement along with mechanisms for upward communication.

(3) Empowerment results in redefining jobs, both on the shop floor as well as in boardrooms. As workmen are given more control over their jobs, a whole class of supervisors may become redundant, not because they will do a bad job, but because there shall be no need for them. Empowerment also means that the worker can bring his or her children to the workplace, look around, and can even gain knowledge about work methods. This is a privilege enjoyed till now only by owners of enterprises whose children can access even vital documents. Expectations of equality are breaking up the traditional relationships between employees and owners. There is an emphasis on leading by example.

Also, today's worker demands better treatment, challenging assignments and career advancement. Look at the workers union of Otis, Hindustan Unilever, ICI, TOMCO, Blue Star, Webel Electro, and Central Bank. They rewrite their agenda to include quality and better customer service and are even accusing the managements of malpractices. Or take a look at the 4,70,000 human resources of Telecom Commission. Unions are demanding not so much for a pay-rise as for intensive training programmes to upgrade their skills to meet changing technologies. Job security, monetary benefits, uniform, housing, canteen, buses, and other facilities alone may not, therefore, motivate the employees. The managers of people must redraw the profile of workers and discover new methods of hiring, training, retaining, remunerating, and motivating them.

GLOBALISATION

Growing internationalisation of business has its impact on people management. The management is required to cope up with problems of unfamiliar laws, languages, practices, competitors, attitudes, management styles, work ethics, and more. Personnel functions such as hiring, training, compensating, maintaining, and the like must acquire a global perspective. To face this challenge, the management must be flexible and proactive. By being flexible and proactive, management can make significant contribution to the company's growth. By helping the best-qualified people execute the company's strategy on a global scale, management can become a source of competitive advantage for the company.

Specifically, internationalisation of business presents at least four challenges:

- Globalisation affects an increasing number of managers and professionals,
- Internationalisation puts a premium on certain competencies (or skills),
- Managerial learning is a critical process in internationalisation, bringing teamwork strongly to the fore, and
- Management of careers in the context of globalisation brings about peculiar difficulties in many companies.

Globalisation and its impact on people management is discussed in greater detail in Chapter 25.

TECHNOLOGY TRANSFORMATION

Technology may be understood as anything that workers of an organisation use to transform its inputs into outputs. Technology can refer to something as abstract as a recipe or formula, or something as concrete as a new piece of a stainless steel machinery.⁹ Technology, it is widely believed, offers competitive edge to a firm. In reality, technology may not be an edge at all. The competitive edge comes when managers achieve a harmonious integration of their human and technological resources.

Two dimensions of technology are automation and information technology (IT). Automation occurs when a task performed by a worker is mechanised to be performed by a machine. It works best only, when designed to compliment the skills of workers rather than replace them. Automation has its impact on job design: alienation. It also means simplification of task for the worker. In a factory, automation may change the job of a low-level worker from assembling a product to monitoring the machines that do the assembling. The task becomes much more passive and much less involving. The worker is more likely to become bored and alienated and the consequence can be poor quality and low productivity. The resulting decrease in efficiency may even encourage management to automate further, thereby further decreasing the worker's active role and further increasing boredom and alienation (See Fig. 3.3).

Automation needs to be preceded by an understanding of the effect it will have on jobs. It is not desirable, where employee involvement is sought to be minimised. Automation works well when it supplements but not supplants employee skills. Implementation of automated production technologies

Key Term: Ethics. Ethics refers to the motives, actions and their consequences. If all the three are fair — there is ethics. There is no ethics if all the three are unfair. As applied to organisations, ethics is the study of good and evil, right and wrong, and just and unjust actions and their outcomes of managers.