ORGANIZATIONAL BEHAVIOUR

MASTER OF BUSINESS ADMINISTRATION (MBA)

CORE COURSE - MBAFT - 6101

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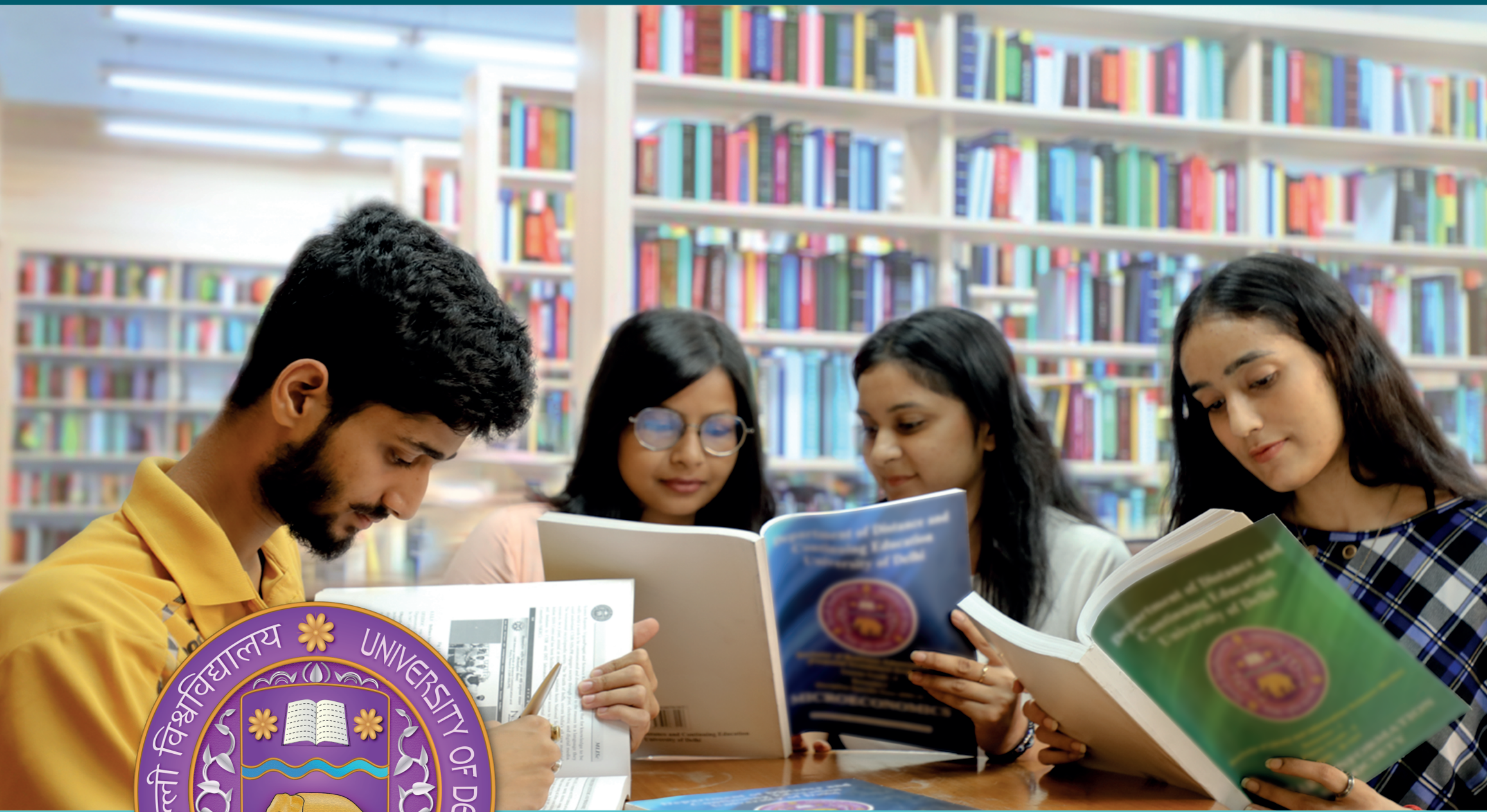

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LESSON

1

Introduction to Organizational Behaviour

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STRUCTURE

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1.1 Learning Objectives

At the end of this lesson, the student should be able to:

- Define organizational behaviour.
- Explain the importance of manager in an organization.
- Develop understanding of the functions of a manager and managerial roles.
- Explain the disciplines that contribute to the domain of organizational behaviour.
- Explain the level of the organization behaviour.
- Understand various challenges and opportunities in applying organisational behaviour concepts.

1.2 Introduction

Organizational Behaviour (OB) is the domain that deals with understanding people's behaviour within an organization. The discipline deals with the individual behaviour, group behaviour and behaviour of employees at the organizational level. In addition, the field investigates the impact of various cognitive, affective and behavioural aspects of human resources on the effectiveness of an organization (like what motivates employees, what makes the manager a good leader, how to manage group dynamics, etc.). Organizational behaviour is crucial in facilitating managers in dealing with various organisational challenges and opportunities.

"*Organizational behaviour is a field of study that investigates the impact that individuals, groups and structure have on behaviours within the organizations to apply such knowledge towards improving an organization's effectiveness*."- Stephen P. Robbins.

Before exploring the components of organizational behaviour or the levels of analysis in organizational behaviour (Individual, Group, and Organizational level), it is crucial to understand what we mean by these three levels of analysis. How has the domain of Organization behaviour formed? Furthermore, who are managers, and what functions and roles do they perform in an organization? Finally, it is also essential to understand managers' present-day challenges and opportunities in organizational behaviour.

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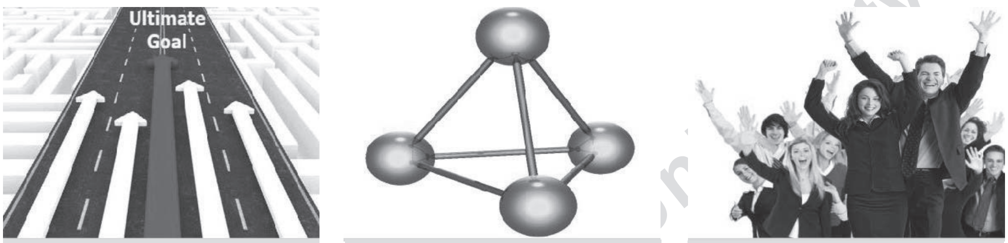
1.3 Meaning of Organization

Organisation is a social unit that is structured and managed to pursue collective goals. All organizations have management "***Structure***" that determines relationships between different activities and the members; assigns roles, responsibilities, and authority among members to carry out various tasks. Organizations are open systems--they affect and are affected by their environment. They are formed to achieve some "***Purpose***". An organisation's purpose is stated through its vision, mission, goal, and specific objectives. To fulfil the underlying goals, organizations need "***People***". People form part of structures that allow them to collectively work and accomplish the set Purpose (Refer to the last lesson to learn more about various types of structures). The purpose or structure differs from organization to organization.



Purpose	Structure	People

Figure 1.1: Features of an Organization

1.4 Manager and Interpersonal Skills

Managers are the coordinators responsible for managing social units; these units help the organization achieve its goals. For managing people, a manager needs technical, human, and conceptual skills (Refer to 1.6. section of this lesson for more details). Earlier more focus was on technical skills and less on interpersonal skills, but eventually, interpersonal or people skills have become crucial; at times, they are preferred over technical skills. Interpersonal skills or soft skills help a manager connect with others at work. Managers are responsible for getting the job done through people. Their main task is not to complete the task directly. Therefore, it becomes essential for a manager to understand people's behaviour and connect with them. OB principles provide insights that help a manager develop

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their interpersonal skills, which could yield various organizational-level outcomes (like employee satisfaction with their respective jobs, employee commitment to organization, employee engagement, stress levels, etc.).

Managers with high interpersonal skills can attract high-performing employees and are also able to improve employee retention. Recently, the organisations have been impacted by the "Great Resignation", a phenomenon that is used to describe situations in which huge numbers of employees have quit organisations towards the end of the Covid-19 pandemic. Also known as Big Quit or Great Reshuffle, it has made retaining employees critical to an organisation, as a process of hiring them is both costly and time consuming.

1.5 What Do Managers Do?

Managers help an organization accomplish its objectives through people; effectively and efficiently. "Effectiveness" means completing a given task within the planned time frame. The manager should focus on "*Doing The Right Things*" to achieve goals on time. "*Efficiency*" means achieving goals with minimum resources. To achieve efficiency, managers should focus on "*Doing Things Right*" to minimize wastage of resources. Both Effectiveness and Efficiency are essential to accomplish organizational goals.

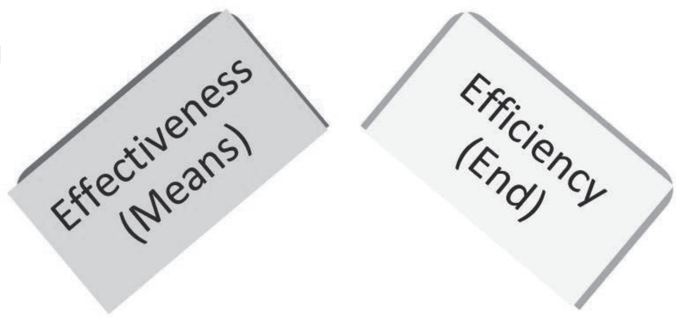

Figure 1.2: Efficiency and Effectiveness

Henri Fayol and Henry Mintzberg gave a detailed description of various functions and roles performed by a manager. Functions of management are part of the classical approach provided by Henri Fayol (French Industrialist). Later in the 1960s, Henry Mintzberg divided the diverse responsibilities of a manager into ten roles performed by the manager.

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1.5.1 *Management Functions*

Henri Fayol identified five management functions: Planning, organizing, commanding, coordinating, and controlling. The manager performs various tasks of similar nature within each function. The detailed description of all five Functions of Management is as follows—

Planning: The primary purpose of any organization is to achieve specific goals. The manager needs to define these goals in line with the primary purpose and vision of the organization. It is a complete process where the manager explores various alternatives, builds a strategy for the organization, and sets employee objectives. Later these goals become a yardstick against which outcomes are measured. Fayol called this role as "*Planning*".

Organizing: The manager is responsible for building the structures in the organization. The organizing function includes identifying various organisational tasks, grouping, and classifying similar-nature tasks and designing reporting relationships.

Commanding: The manager is responsible for communicating planned strategies, goals, or targets. In line with organizational goals and practices, a manager should direct and lead subordinates. It is associated with communicating clear instructions to employees in line with the company's mission and vision. In addition, a manager should be able to inspire and motivate employees to achieve the goals.

Coordination: Coordination is one of the crucial functions of management. Setting goals, creating structures, and giving instructions to employees will fail if all activities are not appropriately coordinated. It is important to harmonize all activities in an organization. Managers should ensure that various activities complement each other. Effective coordination reduces conflicts and stimulates employees' motivation.

Controlling: The manager sets standards/objectives at the planning stage. However, the planning stage will remain incomplete unless the manager compares the standards with actual performance. Therefore, a manager should periodically compare the targets with the actual performance and take corrective actions in case of any gap.

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The five functions identified by Henri Fayol provide an overview of the main functions of management; it may not cover all the complexities that a manager is expected to deal with in their day-to-day functioning.

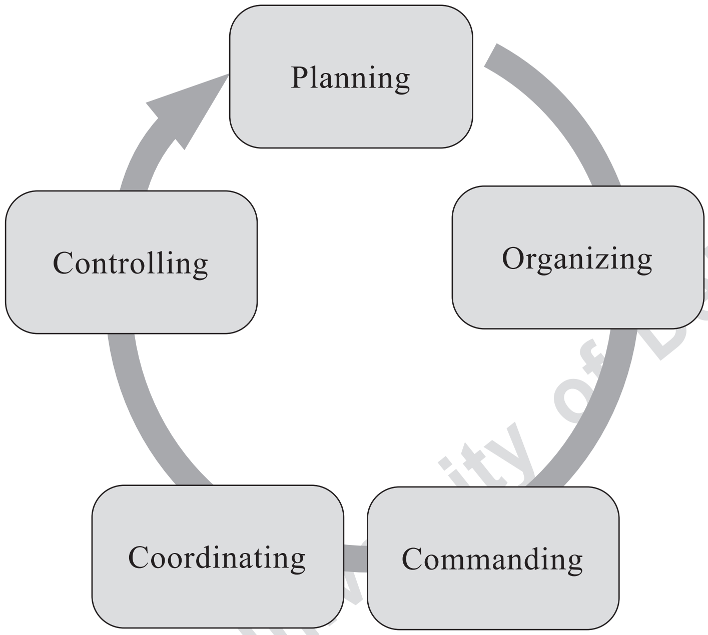

Figure 1.3: Management Functions by Henri Fayol

1.5.2 *Managerial Roles*

The role of managers in an organization is multifold. Henry Mintzberg defined Managerial Roles in 1960. Based on observation, Mintzberg segregated all the roles of a manager into three broad categories, namely, Interpersonal, Informational, and Decisional. He stated that these roles are highly interrelated and reflect a set of behaviours followed by managers in an organization. The detailed description of all three categories of Managerial Roles is as follows—

Interpersonal Role: Interpersonal role of a manager includes three subsets within it. First is "*Figurehead*", a symbolic role where the manager works on routine level work of social and legal nature. This role inspires others in the organization. Secondly, the manager acts as a "*leader*" responsible for hiring, motivating, and directing employees. The third managerial role within interpersonal is called "*Liaison";* under this role; he builds his network. He gathers the required information through networking with people internal or external to the organization. Such contacts also provide a manager with favours.

Informational Role: The informational role is associated with a process where the manager gathers required information, transfers it into the organization, and transmits it to the outside organization. This role includes three subsets. The first subset is known as "*Monitor*"; under this role; the manager collects information through various sources and analyses the internal and external environment. Later the manager transmits relevant information to other members of the organization; this role also defines the second subset known as "*Disseminator"*. Finally, under the third subset, the manager as a "spokesperson" transmits the information outside the organisation.

Decisional Role*:* The manager is not only a symbolic head who manages information or directs employees but also a decision-maker. As an "*Entrepreneur*" manager searches for new opportunities and brings new assignments/projects to the organization, a manager also initiates change. The manager is responsible for "*handling disturbance*" in the organization. For example, if there is some roadblock in the organization's functioning; the manager is responsible for handling it. The manager also acts as a "Negotiator", where he represents the organization in all the major negotiations. Lastly, as a "resource allocator," he is responsible for procuring and allocating *resources*.

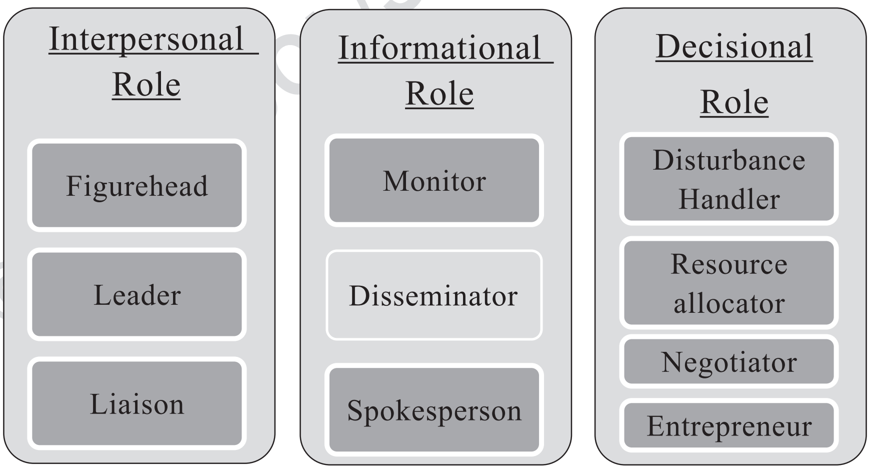

Figure 1.4: Mintzberg's Managerial Roles

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Emerging Managerial Roles

What do managers do? Or what a successful manager is supposed to do? If asked by a management student, the answer will be either associated with five basic functions (namely, planning, organizing, staffing, and controlling) as defined by Henri Fayol or will be associated with ten managerial roles as defined by Henry Mintzberg.

But in the current scenario, in addition to these functions and roles, a manager should change and get away with the traditional approach while dealing with the employees. With growing competition and technological advancement, a manager must change some commonly followed practices like limiting his role to problem-solver, micromanagement, giving direction to employees, etc. To meet the contemporary challenges in the workplace the manager must shift from—

1. **Directive to Instructive:** The role of the supervisor has considerably changed with the advent of technology. Robots driven by AI (Artificial Intelligence) have already replaced manual & repetitive work in the majority of industries. AI could impact the present roles of the employees, but it won't be able to exclude the need for human resources. New roles are emerging and replacing the old ones. The present-day manager needs to explore best practices to shape the impact of AI on the industry.
2. **Restrictive to Expansive:** Present-day competitive business environment needs employees to think and learn quick decision-making. Centralization and micromanagement by managers could restrict employees in the way they think. Therefore, it is important for managers to delegate and motivate their employees to analyze the market, and take decisions based on their analysis.
3. **Exclusive and Inclusive*:*** Managers should include employees in the decision-making process especially while dealing with some new situation (Like- WFH (Work from Home); Virtual organizations, etc. during Covid-19). This adds diversity and helps in identifying various perspectives around the problem. It also makes the "process of change" easier in the organization.
4. **Repetitive to Innovation:** There is no best time for innovation, rather it is an ongoing process. Innovation makes an organization

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successful, and a successful organization needs innovation to remain competitive.

5. **Problem solver to Challenger:** The role of the present-day manager is not limited to problem solver. He needs to be proactive in understanding, analyzing, and solving upcoming challenges in the industry.

6. **Employer to Entrepreneur:** Present-day manager needs to think like an entrepreneur who facilitates development and helps others in growth.

For more details on how roles of managers are changing Read *Pistrui, J., & Dimov, D. (2018). The role of a manager has to change in 5 key ways. Harvard Business Review.*

IN-TEXT QUESTIONS

1. Efficiency means achieving goals with _____.
2. Functions of management are part of the classical approach, given by_____.
3. According to Mintzberg, the role of transmitting the information outside the organisation, is termed as ______.
4. ______is a symbolic role, where manager inspires the employees.
5. The ______ stage will remain incomplete unless manager will compare the standards formed at ______ stage with actual performance.

1.6 Managerial Skills

According to Robert L. Katz, a manager needs the following skills to accomplish their goals—

1.6.1 *Technical Skills*

Technical skills refer to the "*Employees' ability to apply specialized knowledge or expertise while performing the given task*"; Technical skills mean knowledge and ability to accomplish the given task.

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For example, for a manager at ABC Ltd. (an audit firm), technical skills could include knowledge about the fundamentals of accounting, Indian Accounting Standard rules, and procedure for conducting an audit. Education/qualification are essential for technical skills (like a chartered accountant degree), along with knowledge gained through schooling/college and/or on the job experience.

1.6.2 *Human Skills*

The primary responsibility of managers is to communicate and coordinate the work between employees. A manager should be able motivate and lead employees to accomplish the organisation's purpose. He should also be able to resolve conflicts in the organisation.

For example, an audit manager with a chartered accountant degree might possess sound technical knowledge about the audit process. Still, he won't be able to manage a team or accomplish goals unless he has good human skills (like- the ability to communicate, listen, and motivate; the ability to create coordination between team and client to achieve the targets; etc.)

1.6.3 *Conceptual Skills*

The organisational environment today is highly Volatile, Uncertain, Complex, and Ambiguous (VUCA). In such an environment, making a decision based on only past knowledge is not possible. Therefore, to work in the present-day environment, a manager should have the mental ability to deal with complex problems, through "*Conceptual skill*".

For example, To handle diverse client-specific queries or any challenge posed by the external environment (like the pandemic), a manager needs to analyze the problem, generate and choose the best alternative.

1.7 Managerial Activities: Effective Versus Successful Manager

Fred Luthans and his associates found that all managers could be engaged in four activities, namely—

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- **Traditional Management:** This includes planning, organizing, making decisions, etc.
- **Communication:** This includes communicating information, handling paperwork, and exchanging information.
- **Human Resource Management:** This includes managing people using human skills (like motivation, training, handling conflicts, etc.).
- **Networking:** Building a social network and interacting with external publics.

Luthans and his associates conducted an empirical study based on a sample of 450 employees. Their study found that a successful manager spends 48% of their time networking and hardly 13% of their time in traditional management. In contrast, an effective manager spends 44% of their time communicating and barely 11% of their time is spent on networking. An average manager spends 19%-32% of their time in all activities. In a nutshell, networking is an important activity that makes a manager successful.

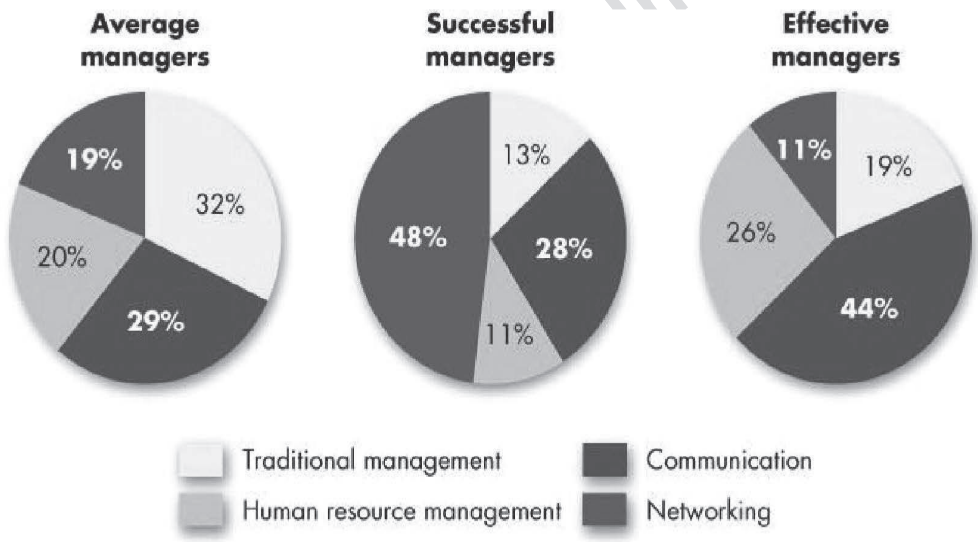

Figure 1.5: Allocation of Activities by Time

(Source: Based on F. Luthans, R.M. Hodgetts, and S.A. Rosenkrantz, Real Managers (Cambridge, MA: Ballinger, 1988)).

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1.8 Organizational Behaviour (OB)

Organisational behaviour is that part of management which deals with people. It is, thus, a behavioural approach to management. OB is a behavioural science that deals with what people do in organisations and how their behaviour affects the performance of the organisation. It develops behavioural theories about how and why people behave in specific ways. Same people do not behave in the same way in same situations. Their behaviour differs according to situations both, at the work place, and off the work place. Their behaviour cannot be predicted with exactness, and, therefore, predictions made to assess their behaviour may fail in certain situations. However, attempts are made by behavioural scientists to know the factors that affect human behaviour so that theories can be built around areas such as motivation, leadership, communication, change, conflict management, group dynamics, learning, attitude, perception, personality, stress management, etc. These theories help to understand, predict and influence behaviour of people as individuals and groups.

OB aims to improve organisational effectiveness by knowing the impact that individuals, groups and organisation structure have on behaviour within organisations. It is, thus study of human behaviour in organisations. That will improve effectiveness of organisations.

The purpose of studying human behaviour is to relate it to job situations such as nature of work, employee turnover and absenteeism, performance at work, productivity, etc. so that people can act more effectively to achieve organisational objectives. OB studies the cause and effect of human behaviour, along with organisation structure to meet individual and organisational goals.

Thus, organisational behaviour aims at making managers effective by:

- **Describing Behaviour:** They describe how people behave in different conditions.
- **Understanding Behaviour:** They understand why people behave differently in different situations.
- **Predicting Behaviour:** They predict behaviour of employees; whether they contribute towards organisational goals or not.

- **Controlling Behaviour:** They control human behaviour at work through team efforts, skill development etc.

1.9 Major Disciplines that Contribute to the Domain of Organizational Behaviour

OB is an applied behavioural science. It integrates knowledge from various disciplines like psychology, social psychology, anthropology, sociology, etc.

Psychology: Psychology provides knowledge about factors that determine human behaviour. It includes various sub-disciplines like clinical psychology, industrial psychology, etc. Psychology has contributed to understanding the individual behaviour of employees in an organization. Some key areas in the domain of OB that are influenced by the knowledge of psychology are motivation, perception, personality, work stress, employee happiness, attitude, etc.

Sociology: Psychology deals with an individual's behaviour whereas sociology deals with the behaviour of a group. The domain of sociology includes status, society, social groups, prestige, social behaviour, etc. Some key areas in the domain of OB that are influenced by the knowledge of sociology are formal and informal organization, group dynamics, etc.

Social Psychology: The blend of psychology and sociology is termed Social Psychology. In simple words, it means the influence of group members on individual members of the group. Some key areas in the domain of OB that are influenced by the knowledge of social psychology are group decision-making, change in attitude, behaviour, communication, etc.

Anthropology: Anthropology deals with the study of human culture. It includes knowledge of various cultures and the impact of multiple cultures on human behaviour. With globalization, workforce diversity is inevitable, and employees from different cultures come together to accomplish organizational goals. Therefore, it is essential to understand the influence of culture on human behaviour. Some key areas in the domain of OB that are influenced by the knowledge of anthropology are cross-culture influences, values, etc.

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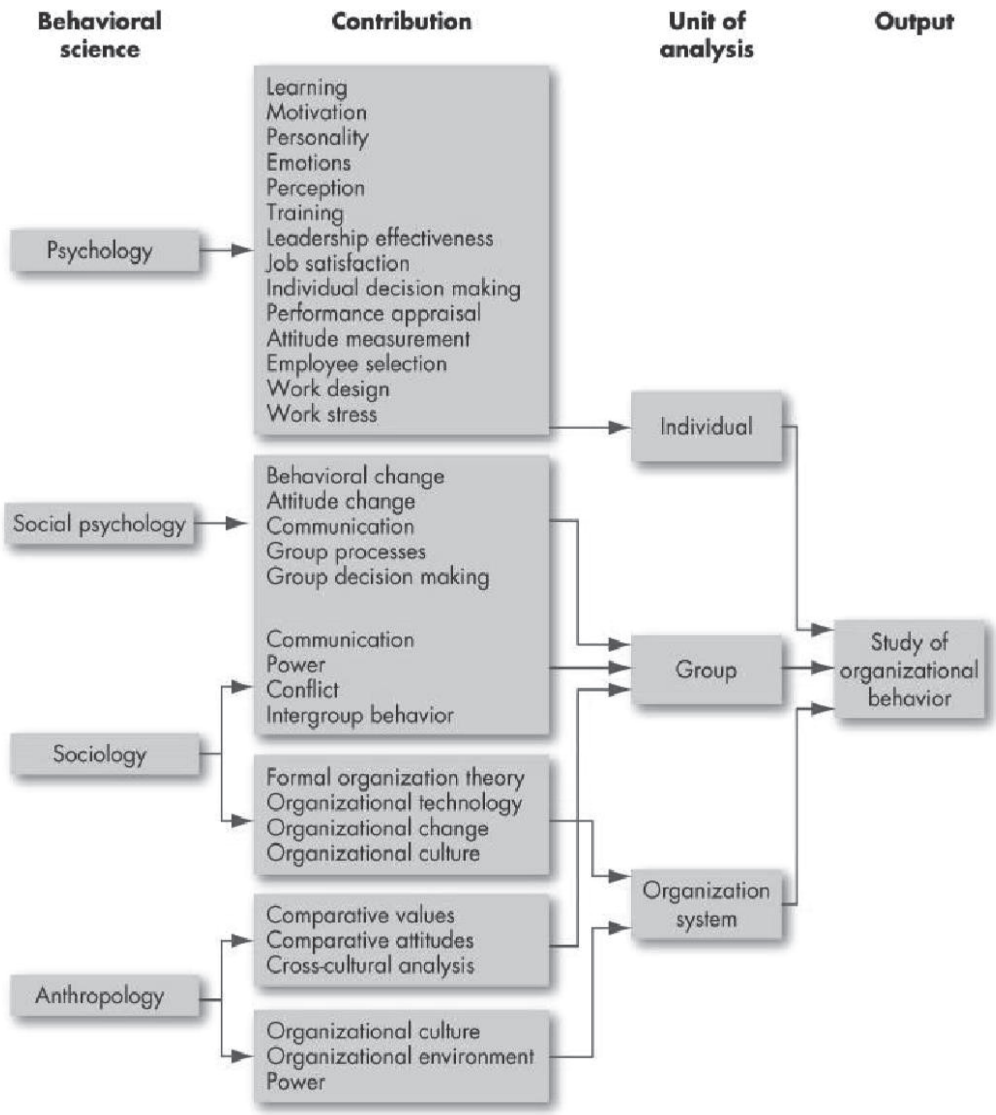

Figure 1.6: Major Disciplines that Contribute to the Domain of Organizational Behaviour

(Source: Robbins, S.P., Judge, T.A., & Vohra, N. (2019). Organizational behaviour by Pearson 18e. Pearson Education India.)

1.10 Level of Organizational Behaviour

Employee behaviour can be analysed at three levels, namely, individual, group, and organizational. The individual-level analysis is a micro-level

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analysis, whereas the organizational-level analysis is a macro-level analysis. This difference in the analysis is required because it has been observed that the behaviour of employees is different when they work in groups compared to when they work individually.

1.10.1 *Individual Level Analysis*

Unlike static resources, humans as a resource differ from one another. Organizations are made up of people, and every employee in an organization is central to the study of OB. Individual-level analysis or micro-level analysis helps in understanding individual differences. Integrating these individual factors provides insights to a manager and facilitates an understanding of human behaviour. Some factors that fall under this category could be an input (like - personality, values, attitude, etc.) or a process (like perception, learning, motivation of individual employees, etc.)

1.10.2 *Group Level Analysis*

Employees are expected to work in a group. Working in teams is essential for surviving in a competitive environment. Individual employees perform differently when they work in groups. Also known as meso-level analysis, it helps understand group dynamics. Areas of interest in this category include group cohesiveness, teamwork, power, politics, group dynamics, etc.

1.10.3 *Organization Level Analysis*

It is also known as macro-level analysis. Several groups/teams operate within an organizational structure. They together form the culture. The organizational level analysis consists of a study of culture, climate, cross-culture analysis, etc., For example, it has been observed that employees often resist change, and change is an inevitable process. OB helps deal with resistance to change and facilitates a smooth change process.

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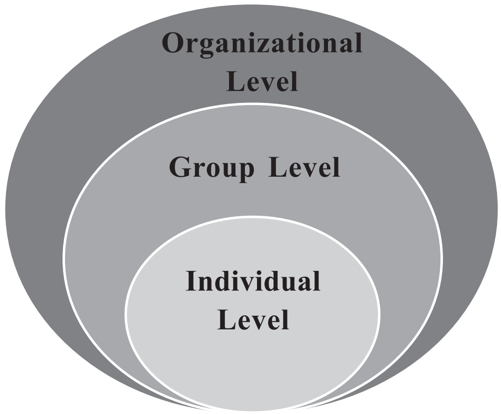

Figure 1.7: Level of analysis in Organizational Behaviour

IN-TEXT QUESTIONS

6. Level of organization could be broadly classified into ___________ categories.

7. Individual level analysis is also known as micro-level analysis. (True/False)

8. Following title is not related to individual level analysis—

(*a*) Personality (*c*) Values

(*b*) Attitude (*d*) Culture

9. ___________ is also known as meso level analysis.

10. Organization represents a set of arrangement by group of people to accomplish_______________.

1.11 Challenges and Opportunities in Organizational Behaviour

Organizational behaviour has grown in importance as the work environment has become more challenging, and the understanding of organisational behaviour is being looked upon to provide solutions to the challenges. The diversity in the workplace has increased, and now organizations need more flexible employees. With technological advancement and globalization, new employment opportunities have emerged, and managing the workforce has become more challenging. The emerging gig economy and use of artificial intelligence in all spheres of business are presenting

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fresh challenges for managers. Following are emerging challenges where the understanding of OB provides a solution to the manager.

Enabling Leaders to Lead in a VUCA World: Leading in today's VUCA world (Volatile, Uncertain, Complex & Ambiguous) creates unprecedented challenges that traditional leadership development fails to address. Leaders need to regain control of what they pay attention to and be capable of maintaining focus whilst experiencing feelings of fear, self-protection and, uncertainty. By practising mindfulness, leaders can equip themselves with the ability to feel calmer, be more present and develop clearer thinking amidst these challenging external conditions.

Agility and Teams Work: With the increasing need for organisations to become more agile, teams are becoming the foundation of organisational structure. Cisco, for example, already has more than 20,000 teams, with people sitting on many teams simultaneously. Agile teaming as a work practice requires agile minds, focusing more on "we and our priorities" and less on "me and my priorities". The pace of forming-to-performing and team disbanding has now become a strategic advantage. As we practice mindfulness, our default "all about me" thinking patterns become less automatic and habitual, and we open up to more inclusive thinking. Mindfulness also increases our cognitive flexibility, enabling us to think about things in new ways, be that the new ways of working, new team members, or a new project.

Responding to Globalization: Globalization refers to the integration of various economies. Today businesses are no longer restricted to a particular region. Companies have presence in multiple countries; for example, Samsung a South Korean company has worldwide operations and so does the Burger King Brazilian company. Companies hire employees from other countries due to the cost of labour; like Apple Inc is an American company, but most Apple employees are not from the US. Even the production process is undertaken in a foreign land by some companies like Honda cars are built in Ohio. The world has become a "Global village". Therefore, a manager needs to focus on global issues. An expatriate manager must understand the cultural differences among employees. Something that fits the culture of the homeland might not work in other countries.

Managing Workforce Diversity: Workforce diversity means differences and similarities between employees in terms of gender, ethnicity, race,

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sexual orientation, age, value, etc. Organizations operating globally have to deal with a diverse workforce. The heterogeneous workforce is essential because it helps the organization understand the customer needs. It helps in bringing innovative ideas to the organization and increases the morale of other employees. But the diversified workforce is also a challenge for management. It is difficult to resolve conflicts as people tend to stick to their viewpoints which often centre around their values, belief, religion, or ethnicity.

Improving Customer Service: Employees in front roles (directly dealing with customers) play an essential role in ensuring customer satisfaction as it plays a vital role in a competitive environment. Therefore, there is a need for a "customer- responsive" culture in an organization. Organizational behaviour helps managers bring such a culture into the organization by working on employees' attitudes and behaviour.

Working in Networked Organization: Network organizations allow employees to work together even when they are far away from each other in terms of distance. Worldwide lockdown around 2020 due to the pandemic (Covid-19), forced most organizations to move to the virtual platform. Even today in 2023, many businesses are still working through virtual platforms or have permanently adopted a hybrid mode. Managing such an organization needs different set of skills. Virtually collaborating and coordinating with employees is an emerging challenge for managers.

Helping Employees in Work-life Balance: Employees today find it challenging to create a balance between their work and life. Long working hours are one of the main reasons for work-life conflict. Today, employees from all over the world are virtually connecting through online platforms. It may be daytime for one employee and night for another employee. So, the world never sleeps. Work is endless, and there is no specific working time. Such conditions of present-day work lead to work-life conflict. It can increase burnout and stress among employees and, drop productivity.

Creating a Positive Work Environment: The new wave of positivity within the organization led to the growth of a new concept of Positive Organizational Behaviour (POB), a study that focuses on the strength of employees. The earlier focus of managers was to work on the weakness of the employees or correct what is wrong, but the field of POB suggests that the focus needs to be deviation from what is wrong to what is right.

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Therefore, a manager today needs to learn how to get the best from the strengths of the employees.

Improving Ethical Behaviour: It is not that employees always want to do something considered wrong on moral grounds for their benefit or that they are not aware of what is right or ethical. It is just that people at work face Moral Distress, *i.e.,* they mostly know what is right, but due to the limitations and fear of adverse outcomes, they fail to do the right thing. There is no clear line between what is right and wrong. Still, a manager needs to create an "ethically-healthy climate", which minimizes the vagueness between right and wrong behaviours. It is important to promote integrity in the organization at all levels.

Economic Pressure: Managing employees in bad times, like Covid-19, is more challenging than managing employees in good times. The Covid-19 pandemic besides impacting health conditions pushed organizations to cost-cut. Therefore, COVID -19 brought about a sudden change in the business environment and presented unprecedented challenges to most businesses and their management. Under good economic conditions, managers work on employee motivation through rewards, but under bad economic conditions, managers need to deal with the growing stress conditions at the workplace.

The above challenges provide various opportunities to present-day managers. For instance, workforce diversity brings new ideas to the organization but also leads to increased conflicts. Therefore, a manager must learn how to convert these challenges into opportunities.

IN-TEXT QUESTIONS

11. To coordinate with employee's manager needs ________skills.

12. Role of manager is changing and becoming more challenging due to the technological advancements. (True/False)

13. ______suggests that the focus needs to be a deviation from what is wrong to what is right.

14. A manager needs ________to analyse complex nature problem.

Models of Organisational Behaviour (OB)

Managers behave the way they think is the best for the organisations, based on assumptions about people. This behaviour results in an OB

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model that prevails in the entire organisation. The following OB models represent beliefs about how managers think and act:

1. Autocratic Model
2. Custodial Model
3. Supportive Model
4. Collegial Model
5. Systems Model

1. **Autocratic Model:** This model assumes that workers are lazy and dislike work. They do not assume responsibility and prefer to be directed. They do not take initiative to work. Managers work in a formal environment and use authority to get the work done. Employees follow their orders for fulfilment of their needs. Managers issue orders by virtue of their position and authority. They use negative forces of motivation like threats and punishments to which the employees simply obey. They are not committed to the organisation. There is strict and close supervision to get the desired performance, communication is one-way (top to bottom) and interaction of managers with employees is minimum.

   This model is largely based on McGregor's. Theory X assumptions about motivating people and Rensis Likert's system 1 of management which believes in external control or the exploitative-authoritative style of leadership. This model is most suitable in situations like—

   - Urgent action is required.
   - Employees are unskilled, inexperienced and submissive.
   - Employees have strong lower-order needs.

2. **Custodial Model:** This model is based on economic concept. Employees develop a sense of insecurity at work. To develop better relationships with employees, managers follow the custodial model of OB. They provide fringe benefits and economic rewards, like pension, gratuity etc. to employees. Money is a strong motivator to satisfy their security needs (job security). Rather than depending on the managers, employees become dependant on the organisation. They want the organisation to provide them a fair wage for which they cooperate with the management. Money serves as maintenance

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factor. It, thus, believes in the power of money rather than power of authority. Though workers are not dissatisfied with their jobs, they are not motivated to perform better. They do not participate in the decision-making process, they do not decide their rewards and, therefore, they are happy but not motivated. It assumes that managers know what is best for them. They are their custodians and decide what is good for them. This approach of paternalism does not work for employees who have strong higher-order needs (ego satisfaction, recognition and achievement). Workers in this approach are, thus, happy but not productive.

3. **Supportive Model:** While autocratic model satisfies physiological needs of people through use of power and custodial model satisfies safety needs through use of money, the supportive model satisfies psychological needs through participative style of management. Managers adopt relationship-oriented behaviour and participative decision-making processes. Communication is two-way and a healthy work climate takes care of the human side of the organisation. It provides supportive climate in the organisation where employees contribute to the best of their abilities. Their innovative abilities are exploited to the fullest.

   Managers, thus, focus on human relations. They have an attitude of care and understanding for each other.

   This model is similar to Theory Y assumptions of McGregor's theory of motivation and also supports system 4 (participative style of management) of Rensis Likert's system of management. This model is appropriate when:

   - Workers' higher-order needs are predominant.
   - They are self-motivated to work.
   - Managers have trust and confidence in the employees.

4. **Collegial Model:** 'Collegial' means a body of people working together for a common purpose. People work as a team. They are self-directed and take independent charge of their work. They set high targets, have full potential for development and are skilled at work. This model is an extension of supportive model. The manager, however, does not direct through incentives. People have

strong higher-order needs and produce good results at work. Since the team is confident, capable and motivated, managers often step back and let the people go on with their tasks. They empower the group handing ownership to them. People look at organisational tasks as their own tasks and work for the company.

This model is appropriate when:

- People use their innovative abilities.
- Work is intellectually challenging with behavioural flexibility.
- People have freedom to work.

5. **Systems Model:** Under this model, people work for their self-actualisation needs; need to become what they want to become or to do what they want to do. They look for challenge and meaning in their work and are not satisfied by mere financial rewards. Employees do not see organisations as different from themselves. They go beyond discipline and motivation and work to create organisational culture that serves as a benchmark for others. Organisations take benefit of such employees and employees also view organisations as a source of fulfilment of their needs. There is mutuality of interests between the organisation and the employees. It requires transformational leaders who let the people decide for themselves and their organisations.

   These models are based on assumptions about people and how they react to different situations. Primarily, they depend upon need hierarchy of the individuals. As one moves up the hierarchy, each successive model focuses on human side of organisations.

   When people have—

   - Strong physiological needs, managers adopt autocratic model;
   - In case of strong security needs, custodial model works better;
   - In case of social and esteem needs, supportive model is adopted;
   - High-order needs (achievement and self-actualisation) are met through collegial and systems model.

These models are contingent upon the situation; policies of the organisation, its culture and climate, the level at which people are working, their level

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of maturity, work environment, personality factors etc. In the contemporary business environment, people are important assets of the organisation and managers no more see them as passive and immature workers. They are independent, mature and prefer to work in participative style of management. There is a tendency to focus more on supportive models. These models help in morale building and achieve organisational effectiveness.

1.12 Managerial Implication

The following are the implications for the managers—

1. Human behaviour is complex, and it is challenging to generalize human behaviour. Though some provide insights for understanding and generalizing human behaviour, most of them are erroneous.
2. Managers often try to use intuition/idea/or feeling while explaining cause-and-effect relationships. But sometimes feelings lead to incorrect decisions. Therefore, it is important to use metrics and rely on facts.
3. Managers should learn interpersonal skills. In a managerial role, soft skills like empathy, communication, leadership skills, etc., are more important than technical skills.
4. Work environment is changing continuously. Hence managers needs to upgrade their technical and conceptual skills. They must also update themselves with the new OB trends like Big Data.
5. Concepts of OB provide various insights that help a manager resolve conflicts, improve work-life balance, reduce stress, etc.

1.13 Summary

The lesson aims to highlight the meaning of organizational behaviour, the need for interpersonal skills, and managerial functions and roles. The present-day managerial roles have changed with technological advancement, globalization, organizational structures, and changing employee lifestyles. A manager needs to learn how to convert these challenges into opportunities. Additionally, with increasing complexity in an organization, the skills required by a manager also vary. The domain of organizational behaviour integrates the knowledge drawn from various disciplines like psychology,

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social psychology, anthropology, and sociology. It helps in understanding people's behaviour at individual, group, and organisational level. and applies knowledge that enhances organizational effectiveness.

1.14 Answers to In-Text Questions

1. Minimum Resources
2. Henri Fayol
3. Spokesperson (or Informational role of manager)
4. Figurehead
5. Planning
6. Three
7. True
8. (*d*) Culture
9. Group-level analysis
10. Purpose/goal (Both are correct)
11. Human skills
12. True
13. Positive Organisation Behaviour
14. Conceptual Skills

1.15 Self-Assessment Questions

1. Assume you are a bank manager. As per Mintzberg's theory, what roles do you think you will be required to play as a manager? *(BMS; Open book exam).*
2. An effective manager may not be an efficient manager. Comment. Explain the skills required by a manager to become successful.
3. Write short note on the functions of a manager. State how functions of management are different from managerial roles.

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4. Explain various challenges faced by present-day managers. Elaborate on how the role of manager is changing with time.
5. "Management is a universal concept". Do you agree? Comment.

1.16 References

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1.17 Suggested Readings

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LESSON

2

Personality

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STRUCTURE

2.1 Learning Objectives

At the end of this lesson, the student should be able to:

- To **understand** the concept of personality and various factors that determine personality.
- To **identify** various types and theories of personality.
- To **comprehend** the development and assessment of personality.
- To **examine** how personality influences organizational behaviour.

2.2 Introduction

Personality is a key psychological component that influences an individual's behaviour. Personality is the role that an individual performs in public. The personality of an individual is distinct, personal and a major determinant of his behaviour. Hence, it is important to understand the concept of personality in shaping individual behaviour.

This lesson provides an overview of personality. It discusses various factors that determine personality. The next part of the lesson briefly explains the types and theories of personality. The lesson also explores the development of personality. Later on, this lesson also examines how personality influences organizational behaviour.

This lesson will help the learners to understand various traits of personality and how it has a significant impact on organizational behaviour. It will assist them in shaping their behaviour in real-life situations.

2.3 Concept of Personality

The term "personality" originates from the Latin word "persona", which means "to speak through". This Latin term refers to the masks used by the actors. As a result, personality is the role that an individual performs in public. Personality does not just refer to a person's charm, appearance, smiling face, and attitude toward life. However, it is a dynamic notion that represents the evolution and development of an individual's entire psychological system. Traditionally, the idea of personality pertains to how individuals affect others through their outer appearances and conduct. Personality is a reasonably consistent set of characteristics that impact an individual's behaviour and may be defined as the sum total of an individual's reactions and interactions with others.

Personality is interpreted differently by different psychologists. The following definitions will help you better understand the notion of personality:

According to Gordon Allport, personality is defined as "*the dynamic organization within the individual of those psychological systems that determine his unique adjustment to his environment*".

In the words of Floyd L. Ruch, "*Personality includes external appearance and behaviour, inner awareness of self as a permanent organizing force*

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and the particular pattern or organization of measurable traits, both inner and outer".

Fred Luthans defined personality as *"how a person affects others and how he understands and views himself as well as pattern of inner and outer measurable traits and the person- situation interaction."*

These definitions of personality clearly demonstrate that the meaning of personality is considerably more than just the part that an individual performs in public. Integrating these definitions, one may say that personality is the sum of various characteristics that are evident in an individual and define his/her behaviour pattern.

2.4 Determinants of Personality

Now that you have understood the meaning of personality, the next question arises about how an individual's personality is developed.

Personality is an intangible idea. It is complicated since it is linked to cognitive and psychological processes. It is said that an individual is born with certain mental and physical characteristics, but personality gets shaped depending on the environment in which a person has been raised. A variety of factors influence an individual's personality, including biological factors, family and social factors, situational factors, and environmental factors.

Biological Factors

Biological factors are those factors related to the human body. Three factors are considered to be relevant namely:

- **Heredity:** It refers to the characteristics of a person's personality that are passed down from parents to children. These parameters are decided at the time of conception. Temperament, sex, energy level, reflexes, etc. are often inherited totally or partially from the parents. This viewpoint contends that the molecular structure of genes is the foundation of human personality.
- **Physical Attributes:** Personality is influenced by physical attributes and maturation pace. The pace of maturation is linked to physical stature. It is considered that an individual's physical appearance has

a significant impact on his personality. For example, height, colour, facial attractiveness, physical strength, etc., all have an impact on one's self-concept.

- **Brain:** Biological factors have an impact on the brain. The composition and structure of the brain have a significant impact on one's personality. Few scientific studies show the brain impacts personality.

Family and Social Factors

Family and social factors have a vital role in developing an individual's personality. The personality is influenced by three key factors namely:

- **Socialization:** It is the process by which a new-born acquires a wide variety of behavior from an extremely vast range of behavioural potentialities that are available at birth. Those patterns of behaviour are considered acceptable and normal by the family and social groups. Family members force the infant to adhere to particular acceptable behaviours.
- **Identification:** The process of shaping one's personality begins with the identification process. The identification process happens when a person attempts to identify oneself with someone in the family who is considered ideal. Normally, children emulate their father or mother.
- **Birth order:** Another important factor determining an individual's personality is birth order. For example, first born children are more likely to be reliant, logical, ambitious, cooperative, diligent and less aggressive, as well as more prone to anxiety and guilt.

Situational Factors

The impact of situational factors on personality has become more widely recognized in recent years. In general, an individual's personality is constant and stable, yet it fluctuates depending on the situation. Life is typically described as a series of experiences. Every person goes through many situations in his life that have a significant impact on his personality development. It sometimes exercises restrictions and sometimes boosts an individual's behaviour. For example, a coward and a physically frail person might occasionally act bravely to save the life of a close one.

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Environmental Factors

Environmental factors are the ones that exist within and around an individual. They are cultural considerations. Culture influences human decision-making, independence, Dependency, attitudes, soberness, violence, competitiveness, cooperation and shyness. Culture comprises two essential components – individual conformity and approval by the wider group. Culture creates rules, attitudes and values that are imposed by various social groups. Individuals are obliged to adapt to the culture that society has built. Every culture has its sub-cultures further specifying success criteria, moral standards, appropriate style of dress, and hygiene standards. These cultural sub-groups have a large influence on an individual's personality development. For example, a girl born and raised in a rich family in an urban region will act differently than a girl born and raised in a poor family in a slum area.

It is evident from the above discussion that a variety of factors determine an individual's personality. As a result, one must consider personality as a comprehensive system.

Personal factors like age, gender, marital status affect personality in the following ways:

1. **Age:** Stability is highest during middle adulthood and relatively lower during young adulthood and potentially also old age.
2. **Gender:** Jobs which are demanding on physical strain and time are stressful for women than men.
3. **Ability:** Physical and intellectual abilities affect personality in defining skills, aptitude, perception and analytical abilities at work.

IN-TEXT QUESTIONS

1. _____ refers to the characteristics of a person's personality that are passed down from parents to their children.
   (*a*) Heredity
   (*b*) Physical Attributes
   (*c*) Brain
   (*d*) Socialization

2. Which of the following are the factors that determine personality?

(*a*) Biological

(*b*) Environmental

(*c*) Situational

(*d*) All of these

3. ________is the process by which a newborn acquires a wide variety of behaviour from the extremely vast range of behavioural potentialities that are available to him at birth.

(*a*) Identification

(*b*) Physical Attributes

(*c*) Birth order

(*d*) Socialization

4. A coward and a physically frail person might occasionally act bravely to save the life of the close one is an example of which factor of personality?

(*a*) Biological

(*b*) Situational

(*c*) Environmental

(*d*) All of these

5. When a person attempts to identify himself/herself with someone in the family who he/she considers ideal it is known as:

(*a*) Birth order

(*b*) Physical Attributes

(*c*) Identification

(*d*) Socialization

2.5 Types of Personality

Personality qualities help people understand their personality types. The personality types are discussed below:

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The Myers-Briggs Type Indicator (MBTI)

The MBTI is a personality assessment instrument that is widely used across the world. This instrument consists of 100 statements on human personality. It asks individuals how they generally feel in specific scenarios. Based on the responses provided by the individuals, they are categorized as:

- **Extroverted v. Introverted (E or I):** Extroverted individuals are outgoing, friendly, and self-assured, whereas introverted people are calm and reserved.
- **Thinking v. Feeling (T or F):** Feeling types of individuals often base their decisions on their own morals and feelings, whereas thinking individuals are more logical and sensible in general.
- **Sensing v. Intuitive (S or I):** Sensing individuals are highly practical and tend to stick to routines and orders. In contrast, intuitive individuals are not practical and typically rely on unconscious processes.
- **Judging v. Perceiving (J or P):** Judging personalities appreciate order and organization in their surroundings and seek control, whereas perceiving personalities are more adaptable and impulsive.

Higher and lower scores in each of these characteristics aid in categorizing individuals into 16 different personality types. For instance, Extroverted/ Sensing/Thinking/Judging (ESTJ) people are effective organizers and decision-makers because they are logical, reasonable, and analytical. Introverted/ Intuitive/ Thinking/ Judging (IITJ) persons are self-sufficient, driven, excellent creative thinkers, and have a strong desire to pursue their own ideas. As a result, it can be stated that MBTI is a highly effective instrument that is frequently used for employee selection, enhancing self-awareness, and offering career direction.

The Big Five Personality Model

The Big Five Personality Model is a paradigm that identifies five essential personality dimensions namely conscientiousness, emotional stability, extroversion, agreeableness, and openness to experience. These five characteristics are fundamental and accurately reflect the substantial differences in personality. These factors are discussed below:

- **Conscientiousness:** This factor measures an individual's reliability. Individuals who are conscientious are more trustworthy, reliable, systematic and organized. An individual with poor conscientiousness, on the other hand, is reckless, less trustworthy, negligent, and unorganized.

- **Agreeableness:** This factor relates to a person's capacity to collaborate with others. Highly agreeable individuals are compassionate and cooperative. Individuals that score low on this dimension, are likely to be non-cooperative, disagreeable, and self-centered.
- **Extroversion:** This factor defines an individual's level of ease in interpersonal connections. Extroverts are more talkative, friendly, social and self-assured. Introverts, on the other hand, are more calm, reserved and less social.
- **Emotional Stability:** This factor demonstrates a person's capacity to cope with stress. Individuals that are emotionally stable are usually calm, secure and self-assured. Emotionally weak individuals, on the other hand, are likely to be depressed, apprehensive, and insecure.
- **Openness to Experience:** This factor assesses a person's creativity and interests. Extremely open individuals are incredibly creative and are constantly open to new ideas. On the other hand, individuals that score low on this factor are less interested and do not respond to new ideas. They normally follow conventional methods of doing things.

Type A and Type B Personalities

Type A personalities are impatient, highly competitive and aggressive whereas Type B personality individuals are easy-going, non-competitive and laid-back. Type A individuals are likely to be very productive as they work really hard, however, they are more irritable, not good team players, impatient and have poor judgment, whereas Type B individuals perform better on complex tasks involving accuracy and judgment rather than hard work and speed.

Type A Personality		Type B Personality	
1.	They are always in a hurry and feel urgency for time.	1.	They work patiently and do not feel urgency for time.
2.	They are competitive and set high standards for themselves.	2.	They are not competitive and work in a composed way.

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Type A Personality		Type B Personality	
3.	They get aggressive and irritable if things do not happen as they want.	3.	They are relaxed and easy going.
4.	They try to work more in less time. They want to work even during leisure time.	4.	They do not take work pressure and work at steady pace.
5.	For them, work is not a means to an end; it is an end in itself. In fact, they live to work.	5.	Work is means to the end. They work to live.
6.	They are workaholics and are disinterested in any work outside the company.	6.	Though they are interested in work, they are not workaholics. They even extend deadlines, if required.
7.	They do not get along well with people as they lack interpersonal skills.	7.	They have strong interpersonal skills and do not lose temper on others if the work is not done as scheduled. They are social and understand people.
8.	They prefer to work alone.	8.	They prefer to work in teams.
9.	They are more prone to stress at work and, therefore, physical and mental ailments.	9.	They do not take stress at work.

Type A and Type B personality traits affect individual behaviour at the work place and managers analyse these traits carefully to relate them with organisation's requirements.

Introversion and Extroversion

These terms are usually associated with the sociability and interpersonal orientation of an individual. While extroverts are more gregarious; introverts are more self-assured and driven by their own distinct thoughts. Extroverts are reality-oriented, sociable individuals and are performers whereas introverts, are less risk-taking and more directive. They need strong encouragement and clear instructions. While extroverts think in terms of interactive and objective interactions; introverts think in terms of their own philosophy and belief.

2.6 Theories of Personality

In the preceding section, you have learnt about types of personality. Now, the next question arises about theories that shape personality. Personality theories have been established to give insight into an individual's personality. They aid in comprehending the factors that form personalities. There are four main theories of personality. Let us discuss them one by one.

Psychoanalytic Theory

The psychoanalytic theory is a personality theory that holds that an individual is more driven by unseen forces that are influenced by conscious and logical thinking. The psychoanalytic theory is directly associated with Sigmund Freud. He contends that the interaction of the three components of the mind shapes human behaviour namely:

- **Id:** The primitive aspect of the mind that desires instant fulfilment of biological or instinctive needs is known as the id. Biological needs are the fundamental physical requirements, whereas instinctive needs are the unlearned or natural demands, such as hunger, thirst, sex, and so on. Id is indeed the unconscious component of the mind that acts instantly and without giving any consideration to what is right and what is wrong. Id is, therefore, the source of psychic energy and the driving factor underlying all mental forces.
- **Super-Ego:** The Super-Ego is associated with the social or moral norms that an individual instils as s/he gets older. It serves as an ethical restriction on action and aids in the development of an individual's conscience. As an individual matures in society, cultural values and social conventions leading towards distinguishing right and wrong get acquired.
- **Ego:** The ego is the rational and conscious aspect of the mind that is linked to the reality principle. This implies that it balances the needs of the Id and the super-ego in real-life situations. While the Id is an unconscious part, the ego is conscious of the realities of the external world, hence, the ego keeps the id in control through intellect and reason.

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Self-Concept Theory

The self-concept theory focuses on an individual's set of perceptions about oneself, as well as the perceptions of his/her interactions with others and other areas of life. Carl Rogers made substantial contributions to the self-theory. He defined self-concept theory as "*an organized, consistent, conceptual gestalt composed of perceptions of **I** or **Me***". There are four factors that comprise self-concept theory namely:

- **Self-Image:** Self-image refers to "*what an individual perceives about himself*". Everyone has specific views about themselves, for example, who or what they are; these beliefs shape an individual's self-image and identity. According to Erikson, an identity is created through a lifetime development that is typically unconscious to the individual and his society. In other words, an individual builds perceptions about himself unknowingly, based on social conditions.
- **Ideal-Self:** The term "ideal-self" refers to the "*way an individual would like to be*". It differs from the self-image as it depicts the ideal position that is perceived by an individual, whereas the self-image represents the reality that an individual experiences. The difference between these two factors may thus exist. The ideal-self acts as a stimulus to drive an individual to engage in activities that are consistent with the features of his ideal self.
- **Looking-Glass-Self:** The looking-glass self refers to "*an individual's impression of how others see his attributes or feel about him*". In other words, it is the perception of other's perception that is perceiving what others perceive about oneself rather than seeing who you truly are.
- **Real-Self:** The real-self is "*what others show you in terms of your self-image*". An individual's self-image is verified when others respond to him and express their beliefs or perceptions about how they genuinely feel about him. This is seen as an input from the environment, which allows an individual to modify the self-image in accordance with the information received.

Socio-Psychological Theory

According to the belief of socio-psychological theory, person and society are found to be closely linked. This indicates that an individual seeks to satisfy the demands of society and society assists him/her in accomplishing the goals. An individual's personality is formed as a result of this interaction. Adler, Horney, Forman, and Sullivan contributed to the socio-psychological theory. This theory (also known as Neo-Freudian Theory) varies from Freud's psychoanalytic theory in the following ways:

1. This theory contends that social variables rather than biological instincts play an essential role in forming an individual's personality.
2. In this, motivation is conscious, which means that the individual is aware of his or her own needs and desires, as well as the kind of behaviour necessary to achieve those requirements.

Thus, the theorists think that socio-psychological factors are a mix of social (family, religion, society, money) and psychological (ideas, feelings, beliefs) factors that are regarded to have a significant impact in determining an individual's personality.

Trait Theory

According to trait theory, an individual is made up of a set of defined predisposition characteristics known as traits. These characteristics are identifiable and often long-lasting qualities of an individual that set him apart from others. There are two main trait theories namely:

- **Allport Trait Theory:** This theory was proposed by Gordon Allport. According to him, an individual's personality may be examined by distinguishing between common traits and personal dispositions. The common traits are used to compare people based on six values, *i.e.,* religious, economic, social, political, theoretical and aesthetic. Apart from common traits, there are personal dispositions that are distinct and categorized as follows:
  - **Cardinal Traits:** The cardinal traits are strong and few people have personalities that are dominated by a single trait such as Mother Teressa's selflessness.
  - **Central Traits:** These are the general features that numerous individuals share in varying degrees such as friendliness, loyalty, kindness, agreeableness, etc.
  - **Secondary Trait:** Secondary traits explain why an individual acts differently than his/her usual behaviour at times. For

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example, a cheerful individual may become irritated when others taunt him.

- **Cattell's Trait Theory:** Raymond Cattell developed a taxonomy of 16 different personality traits. According to him, a vast number of factors should be investigated to have a good comprehension of an individual's personality. He gathered life data (individuals' daily life behaviours), experimental data (standardizing experiments by evaluating actions), questionnaire data (responses gained through introspection of an individual's behaviour), and performed factor analysis to find traits that are connected to one another. He identified 16 key personality factors by performing factor analysis techniques (Table 2.1).

Table 2.1: Cattell's 16 Key Personality Traits

Traits	
Abstractedness	Imaginative vs. Practical
Apprehension	Worried vs. Confident
Dominance	Forceful vs. Submissive
Emotional Stability	Calm vs. anxious
Liveliness	Spontaneous vs. Restrained
Openness to Change	Flexible vs. Stubborn
Perfectionism	Controlled vs. Undisciplined
Privateness	Discreet vs. Open
Reasoning	Abstract vs. Concrete
Rule-Consciousness	Conforming vs. Non-Conforming
Self-Reliance	Self-sufficient vs. Dependent
Sensitivity	Tender vs. Tough
Social Boldness	Uninhibited vs. Shy
Tension	Impatient vs. Relaxed
Vigilance	Suspicious vs. Trusting
Warmth	Outgoing vs. Reserved

The trait theory is based on the premise that traits are shared by many individuals and fluctuate in absolute amounts. Furthermore, the traits remain constant over time and may thus be assessed using behavioural indicators.

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IN-TEXT QUESTIONS

6. _______ individuals are outgoing, friendly, and self-assured.

(*a*) Extroverted

(*b*) Introverted

(*c*) Thinking

(*d*) Feeling

7. _______ measures an individual's reliability.

(*a*) Conscientiousness

(*b*) Emotional stability

(*c*) Extroversion

(*d*) Sensing

8. Which is not a factor that belongs to Big Five personality traits:

(*a*) Sensing

(*b*) Extroversion

(*c*) Conscientiousness

(*d*) Sensing

9. The _______ is a personality theory that holds that an individual is more driven by unseen forces that are influenced by conscious and logical thinking.

(*a*) Psychoanalytic Theory

(*b*) Self-Concept Theory

(*c*) Socio-Psychological Theory

(*d*) Trait Theory

10. Which theory is also known as Neo-Freudian Theory?

(*a*) Trait Theory

(*b*) Psychoanalytic Theory

(*c*) Socio-Psychological Theory

(*d*) Self-Concept Theory

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ACTIVITY

Observe persons you know very closely and note down the various attributes of Id, Super Ego and Ego they possess.

2.7 How Personality Develops

There are two prominent psychologists, Sigmund Freud and Erikson, who described the development of personality. Let's discuss each of them.

Sigmund Freud's Stages of Personality Development

Sigmund Freud proposed five universal stages of personality development namely oral, anal, phallic, latency, and genital. These stages are explained below:

- **The Oral Stage:** This stage extends throughout the first year of life. During this time, the child's mouth is the most sensitive area of the body and the primary source of pleasure and joy. For instance, an infant's thumb sucking or biting when teeth erupt. The way the mother cares for the child influences whether the infant trusts or distrusts the environment (represented by the mother) around him. If his desires are frequently fulfilled, he develops trust and assumes that the world will look after him.
- **The Anal Stage:** This stage expands from one to three years in which the center of libidinal energy transfers from the mouth to the anal area. In other words, the anal zone of the body becomes the source of sexual satisfaction. Young children take great enjoyment in both the retention and ejection of feces. Toilet training provided by the parents to the child has an impact on the child's adulthood. If the mother is overly strict and controlling, the child will withhold feces and if this happens frequently enough, the child will become anal-retentive. When a child grows up, such a personality will show traits of stubbornness, frugalness, punctuality, excessive cleanliness or extreme messiness.
- **The Phallic Stage:** Around the age of three to six years, the focus on sexual enjoyment moves to another erogenous bodily zone, the sex organs. During this time, children might be seen gratifying

themselves by inspecting and fondling their genitalia, masturbating, and exhibiting excitement in the matter of birth and sex.

- **The Latency Stage:** The latency stage is the fourth stage lasting six years until puberty. The libido is dormant at this stage, and no more psychosexual development occurs. During this time, the child lacks interest in sexual things and seeks libido gratification from the outside world, such as interest, knowledge, and so on. It is a stage of social development during which the child gains information and abilities for interacting with the outside world.
- **The Genital Stage:** The genital stage lasts from puberty to adulthood. There is a resurgence of sexual and violent impulses, as well as an enhanced awareness of a desire for the opposite sex. The individual finds satisfaction via heterosexual love. Libido discharge through mature sexual encounters with an opposite sex partner opens the door to true compassion for one's fellow. Freud believes that if an individual wants to attain ideal genital attributes then he should learn to work, delay gratification, become responsible, and, most importantly, take a more active part in dealing with life's issues.

Erikson's Stages of Personality Development

Erikson criticized Freud's emphasis on biological and social factors in the development of personality. He believed that social concerns should be given more consideration. Erikson established eight stages of life that reflect a person's continuous development. He described each stage as a specific conflict that must be successfully resolved before moving on to the next. These eight stages are explained below:

- **Infancy:** During the first year of life, a child resolves the fundamental problem of ***trust vs. mistrust***. An infant who receives love and care develops a sense of trust for other people whereas mistrust develops from a lack of love and care. This period has a significant impact on child's future events.
- **Early Childhood:** A child's independence begins to develop in the second and third years of life. A sense of autonomy will emerge if the child is permitted to govern those parts of life that the child is capable of controlling. If the child often faces rejection from adults, a sense of ***self-doubt and humiliation*** is likely to emerge.

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- **Play Age:** The four and five-year-olds are curious about their abilities. A child will acquire a feeling of initiative if encouraged to try and attain appropriate goals. If the child is controlled and made to feel incompetent, it will develop remorse and a lack of **self-*confidence in him/her***.
- **School Age:** A child learns numerous new skills and develops social talents between the age of 6 and 12 years. A child will acquire a ***sense of enterprise*** if he sees actual progress at a rate that is appropriate for his abilities, whereas, in the opposite scenario, a child will acquire a ***sense of inferiority***.
- **Adolescence:** The problem of adolescence is gaining a ***sense of identity*** rather than being confused about who you are. While enduring rapid biological changes, the adolescent is simultaneously attempting to distinguish himself or herself as socially distinct from the parents. The autonomy, enterprise and initiative established in earlier stages are critical in assisting the teenager to effectively resolve this issue and prepare for adulthood.
- **Early adulthood:** The young adult in his or her twenties faces the ***conflict of intimacy*** against isolation. The feeling of identity acquired throughout the adolescent years permits the young adult to begin building meaningful and enduring relationships.
- **Adulthood:** During this stage, adults must choose between ***generativity and self-absorption***. A self-absorbed individual never learns to see beyond themselves. They become preoccupied with maintaining and advancing their careers, and they never learn to care about the well-being of future generations, the organizations to which they belong, or the welfare of society at large. A generative individual perceives the world as much larger than themselves. Workplace productivity and societal growth become vital to them. They start to exert influence that is advantageous to their organizations through innovation and creativity.
- **Mature Adulthood:** In this stage, an individual is developed as a mature individual. He has gained a sense of **wisdom or despair** and has earned insight and perspective that can truly lead future generations.

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2.8 How Personality Influences Organizational Behaviour

The personality traits of employees are used to analyze their behaviour and to build appropriate tactics to cope with their behaviour. The following are some of the attributes that impact organizational behaviour:

- **Authoritarianism:** Authoritarianism is a term used to characterize people who have negative perceptions of their jobs and workers. Authoritarian persons often see obedience to authority as vital, have a negative attitude about people, adhere to traditional value systems regarding people and work, are highly inflexible, and are opposed to making decisions based on feelings and emotions. Such individuals want a well-organized and structured job environment guided by rules and regulations. They prefer autocratic or directive leadership, respect those who are in higher positions in the organizational hierarchy and also want respect from those who work for them.
- **Locus of control:** The belief about the results of their actions is termed as the locus of control. Some people feel that their talents and abilities have an impact on the result of an activity. Others think that external factors such as fate or chance impact their outcome. Individuals who feel they have control over what happens to them are termed *internals*, whereas those who believe it is governed by other forces such as luck or chance are called *externals*. Internals are typically more satisfied with their jobs and are more active in seeking out information to make decisions than externals. Externals are more likely to be absent from their work, less satisfied and less committed to their jobs than internals.
- **Machiavellianism:** The term Machiavellianism is named after the works of Nicolo Machiavelli. Machiavellianism refers to an individual's tendency to manipulate others in order to gain and achieve power. Such people are more inclined to be active in organizational politics. Individuals who exhibit this attribute with greater intensity are known as high Machs. High Machs are more realistic, emotionally stable, and willing to use any means to attain their goals. They manipulate more and generally win more. They are more likely to succeed in an environment with few rules and restrictions and are

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more self-assured and have higher self-esteem. They perform well in jobs that are more rewarding or that demands bargaining skills.

- **Achievement orientation:** It is a personality attribute that is used to predict an individual's behaviour at work. An individual having a strong desire to succeed will make continuous attempts to do things better. Such individuals are convinced that their failure or success is the result of their own talents and flaws, as well as their own actions. These individuals dislike performing easy jobs because they do not appear to be challenging, nor do they enjoy performing tough tasks since the odds of failure are significant. As a result, they favour tasks with a moderate level of difficulty. High achievers often work better when they receive continuous performance feedback and the job has a direct link between efforts and rewards.
- **Self-Esteem:** A sense of liking or disliking oneself is referred to as self-esteem. A person with a strong drive for achievement is said to have high self-esteem. Such individuals feel that they have the necessary skills to succeed in work. People who have high self-esteem are risk-takers. They like dangerous and difficult tasks. They have an internal locus of control. They value pride, flair, recognition, achievement, and independence and are fulfilled with higher-order requirements over simple monetary motivation. People with low self-esteem, on the other hand, are impacted by external factors. They value and appreciate other individuals' perspectives more. They do not wish to be in an uncomfortable situation. As a result, they strive to please.
- **Risk Taking:** People's attitudes toward taking risks vary. The willingness to accept risks impacts decision-making. The risk-takers are more inclined to make quick decisions. Taking risks is also linked to job demands. High risk-taking is more prevalent in some castes, nationalities, religions and gender groups. Risk-taking behaviour in organizations is connected to employees' capacity to take up difficult jobs and possess a high level of achievement motivation.
- **Self-Monitoring:** Self-monitoring is the capacity to adjust to the demands of the situation. Individuals with a high self-monitoring score closely examine the behaviour of others to change their own behaviour. They value professional mobility. They are more

effective at performing opposing roles. These individuals can wear a mask that is more appropriate to the situation. As a result, highly self-monitoring persons exhibit a high degree of behavioural inconsistency. Therefore, the self-monitoring attribute assists managers in understanding their subordinates' personalities and behaviours to guide, motivate, communicate and control them on the job.

ACTIVITY

Observe a group of people in the organization based on their characteristics and nature of work and differentiate between:

1. Type A Type B personality
2. Internals and Externals
3. High Mach and Low Mach personality
4. High self-esteem and low self-esteem personality
5. Risk-seekers and risk-averse personality

2.9 How to Measure Personality

There are several reasons for assessing an individual's personality. Understanding personality impacts numerous decisions, including recruiting personnel, developing relationships, designing motivational packages, and so on. A variety of metrics and procedures must be employed to comprehend an individual's personality. This, in turn, emphasizes the need of developing appropriate methodologies for assessing personality. Depending on the goal of the personality assessment, the usage of assessment methods for understanding personality may change from time to time and from circumstance to circumstance. There are three ways that are extensively utilized among the different methods of analyzing personality *i.e.*:

- Personality Inventories (Objective Tests)
- Projective Tests
- Assessment Center

Personality Inventories (Objective Tests)

Personality inventories (often known as objective tests) are the most widely used method of measuring personality. They are standardized and

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can be administered to a large group of people at the same time. As the name implies, this approach consists of a series of statements referring to a specific aspect of the individual's personality. These statements are collectively known as *'Personality Inventories*,' and they serve as the foundation for prediction, or perhaps more accurately, understanding of personality. It is a questionnaire-based way of assessing personality that asks an individual to express reactions or feelings in certain scenarios. Individuals are asked to indicate their level of agreement or disagreement with each statement. Sometimes even a simple yes or no answer pattern is required.

However, these replies are considered to have drawbacks such as faking a positive reaction. This highlights the importance of taking corrective actions to avoid and manage these drawbacks in order to generate a more trustworthy personal inventory. One method is to ask both positive and negative statements about the same aspects of personality, as well as to reverse the degree of agreement or disagreement values. The most popular personality inventories is the 'Locus of Control' developed by J.B. Rotter. As per Rotter, locus of control is a method of personality assessment that examines an individual's internal and external orientation, as well as his or her attitude toward control. On the basis of this, individuals are usually categorized into two extremes *i.e.,* internal and external locus of control. People with an "internal locus of control" are those who think they have total control over their destiny and luck, whereas, people with an "external locus of control" are those who feel that what occurs to them is completely at the mercy of forces outside their control. The locus of control influences the individual's behaviour and performance.

Projective Tests

Projective tests, as opposed to the inventory method of personality measurement, are primarily used to determine the more subtle characteristics of personality. As a result, these tests are predicated on the underlying fundamental beliefs that an individual's personality may be judged by assessing some of his or her dormant feelings, ambitions, aspirations, and hopes. Numerous projective tests for assessing personality have been developed over time.

Projective tests include the Inkblot Test, Sentence Completion Test, Thematic Appreciation Test (TAT), Picture Frustration Test and World Association Test. Among them, the most extensively used projective test to measure personality is the Inkblot test, popularly known as the Rorschach test, devised by the Swiss psychiatrist named Herman Rorschach. In the Inkblot test, Rorschach employed ten ambiguous and unstructured images termed inkblots, with one-half identical to the other. The individuals are then shown these inkblots/images and asked to describe what they perceive in the inkblots/images. The interpretations of these inkblots/images represent their sentiments or feelings, which serve as the foundation for their personality assessment. Whereas, Morgan and Murrary devised the Thematic Apperception Test (TAT) projective test, which is also used to measure an individual's personality. It is made up of twenty images that depict various societal situations. Unlike the Rorschach test, these images depict a more precise picture of a situation. Individuals are then asked to compose a story about what may be happening in such a social context.

Assessment Centre

In the 1930s, the notion of an assessment center was first applied to military situations in the German army. The primary goal of this approach was to evaluate applicants in a social setting. During the 1960s, this paradigm spread from the army to the business world. An assessment center is a tool used to examine personality. Situational tests, management difficulties, business plan presentations, in-basket exercises, scenario-based decision-making exercises and other simulated activities are used to evaluate personality. Individuals are required to take part in these activities. Multiple trained assessors, who might be from inside or outside the business, monitor the applicants' behaviour and grade them based on specified aspects considered significant in their job. A job analysis is used to discover the critical aspects of a job. Each assessor creates an evaluation report for each applicant in the assessment exercises. Finally, all the reports are combined to create the employee's profile.

IN-TEXT QUESTIONS

11. Which is a term used to characterize people who have negative perceptions toward their jobs and workers?

(*a*) Authoritarianism

(*b*) Locus of Control

(*c*) Machiavellianism

(*d*) Achievement Orientation

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12. A person with a strong drive for achievement is said to have self-esteem.

(*a*) Low

(*b*) Medium

(*c*) High

(*d*) None of the above

13. ______is the capacity to adjust to the demands of the situation.

(*a*) Machiavellianism

(*b*) Locus of Control

(*c*) Achievement Orientation

(*d*) Self-Monitoring

14. Which approach is a questionnaire-based way of assessing personality that asks an individual to express reactions or feelings in certain scenarios?

(*a*) Personality Inventories

(*b*) Projective Tests

(*c*) Assessment Center

(*d*) Regressive Tests

15. Sentence completion test is an example of________.

(*a*) Projective Tests

(*b*) Personality Inventories

(*c*) Assessment Center

(*d*) Regressive Tests

The assessment center approach to personality evaluation is beneficial for both the organization as well as employees. Organizations gather enough information about their employees to determine their strengths and weaknesses. This data assists the organizations in planning the selection, training, career paths and promotions of their employees. On the other hand, employees, gather favourable impressions about their jobs, chances of promotions and long-term loyalty to the organization. Many Indian companies, including Hindustan Lever, Modi Xerox, Crompton

Greaves, Eicher, etc., have embraced this approach of assessment. This strategy, however, is not without limitations. One is that many stimulating approaches could not accurately represent the circumstance, and as a result, the applicant might not act genuinely. Second, even if the employee will be evaluated by many assessors, the halo effect in terms of personal abilities may affect the assessment.

Halo effect is the tendency to think that a person who has one set of positive qualities must be having other specific positive qualities that are associated with the first set.

2.10 Summary

- Personality is the role that an individual performs in public.
- A variety of factors influence an individual's personality, including biological factors, family and social factors, situational factors and environmental factors.
- Personality qualities help people understand their personality types. The personality types have been classified as The Myers-Briggs Type Indicator (MBTI), The Big Five Personality Model, Type A and Type B Personalities and Introversion and Extroversion.
- The MBTI is a personality assessment instrument widely used across the world and includes various personality types such as extroverted vs. introverted, thinking vs. feeling, sensing vs. intuitive and judging vs. perceiving.
- The Big five Personality Model is a paradigm that identifies five essential personality dimensions namely conscientiousness, emotional stability, extroversion, agreeableness, and openness to experience.
- Personality theories have been established to give insight into an individual's personality.
- There are four main theories of personality namely psychoanalytic theory, self-concept theory, socio-psychological theory and trait theory.
- The psychoanalytic theory is a personality theory that holds that an individual is more driven by unseen forces that are influenced by conscious and logical thinking.

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- The self-concept theory focuses on an individual's set of perceptions about himself/herself , as well as the perceptions of his/her interactions with others and other areas of life.
- Socio-psychological theory indicates that an individual seeks to satisfy the demands of society and society assists in accomplishing goals.
- According to trait theory, an individual is made up of a set of defined predisposition characteristics known as traits.
- Freud proposed five universal stages of personality development namely oral, anal, phallic, latency and genital.
- Erikson established eight stages of life that reflect a person's continuous development namely infancy, early childhood, play age, school age, adolescence, early adulthood, adulthood and mature adulthood.
- The personality traits of employees are used to analyze their behaviour and to build appropriate tactics to cope with their behaviour. The following are some of the attributes that impact organizational behaviour: authoritarianism, locus of control, Machiavellianism, achievement orientation, self-esteem, risk-taking and self- monitoring.
- The three ways of measuring personality are personality inventories (objective tests), projective tests and assessment centers.

2.11 Answers to In-Text Questions

1. (*a*) Heredity
2. (*d*) All of these
3. (*d*) Socialization
4. (*b*) Situational
5. (*c*) Identification
6. (*a*) Extroverted
7. (*a*) Conscientiousness
8. (*a*) Sensing
9. (*a*) Psychoanalytic Theory

10. (*c*) Socio-Psychological Theory
11. (*a*) Authoritarianism
12. (*c*) High
13. (*d*) Self-Monitoring
14. (*a*) Personality Inventories
15. (*a*) Projective Tests

2.12 Self-Assessment Questions

1. Explain the concept of personality. Discuss the various factors that determine personality.
2. Briefly explain various theories of personality. According to you, which theory is more comprehensive? Give reasons.
3. Discuss how personality influences organizational behaviour.
4. Write a note on:
   (*a*) Self-Concept Theory
   (*b*) Freud's Stages of Personality Development
   (*c*) Locus of Control
   (*d*) Introversion and Extroversion

Match the following:

(*a*)	Heredity	1.	Type B personality
(*b*)	Events are within control of a person	2.	Type A personality
(*c*)	Relaxed and easy going	3.	High self-esteem
(*d*)	Prefer to work alone	4.	Low self-esteem
(*e*)	Organizational Politics	5.	Biological factor
(*f*)	Risk-seekers	6.	Machiavellianism
(*g*)	Risk avoiders	7.	Internal locus of control

Answers:

(*a*)	5	(*b*)	7	(*c*)	1	(*d*)	2	(*e*)	6	(*f*)	3	(*g*)	4

Notes

CASE STUDY

Rahul is the CEO of ABC Ltd. He is very particular about his work and is very obedient toward his authorities. He is self-centered and is not in favour of making decisions based on feelings and emotions. He has a negative attitude toward other people who are not like him. He does not like changes and follows traditional ways of meeting challenges, hence, he is very stubborn. On the other hand, Dhruv is an employee of ABC Ltd. He is opposite to Rahul. He makes a decision based on his feelings and emotions and is open to new challenges and experiences, hence flexible.

Based on this study, answer the following questions:

(*a*) Which personality trait(s) does Rahul possess? Discuss.

(*b*) Does this trait(s) influence organizational behaviour?

(*c*) Enumerate the differences between the personality traits of Rahul and Dhruv.

(*d*) Which theory of personality applies in this case?

2.13 References

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2.14 Suggested Readings

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LESSON

3

Learning, Attitudes, Values and Emotions

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STRUCTURE

Notes

3.1 Learning Objectives

At the end of this lesson, the student should be able to:

- Understand the concept of learning.
- Understand the theories of learning.
- Understand the concept of attitude.
- Understand the concept of values.
- Understand the concept of emotions.

3.2 Introduction

Individual behaviour is very complex to understand and the application of tools of organizational behaviour to modify individual behaviour are far more complex. Therefore, before students jump on to understand different tools and techniques of modifying individual and group behaviour at workplace, they must have clear understanding of dynamics impacting individual behaviour. This lesson illustrates different concepts that are related to the factors affecting individual behaviour. The concept of learning, attitudes, values and emotions establishes the foundation of human personality and thereby, impacting the behaviour. Learning signifies change in one's internal state, which may lead to new permanent behaviours (for instance, learning a new skill like driving) or new comprehension and knowledge (for example, a new subject area. When people learn specific behaviours, they may not always have a deeper comprehension of the reasons behind them (for example, using a mobile phone without an understanding the mechanics of technology used to build that mobile phone). By ascertaining the benefits of learning, organisations have started to actively promote a learning culture and reap on the benefits of advancement and change.

3.3 Learning

The concept of learning plays an important role for developing human nature. It helps an individual understand complex situations and respond logically and rationally. It is a concept that shapes an individual's skills, lifestyle and thoughts. Learning can have lasting change in individual's behaviour caused by direct and indirect events. Learning as a concept is

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quite often misunderstood as education and training; Whereas, education, training, practice and experiences are rather tools of learning that cause permanent changes. Temporary change does not truly reflect learning and eventually disappears. For instance, an employee out of the fear of pay cut may become punctual at workplace but in personal life where there is no fear of pay cut, he may not practice punctuality. This kind of temporary change requires practice and experiences to intensify individual learning process.

The Cambridge Dictionary defines learning as "the process of getting knowledge or a new skill".

According to E.R. Hilgard, "Learning is a relatively permanent change in behaviour that occurs as a result of a prior experience".

Henry P. Smith defined learning as "…the acquisition of new behaviour or the strengthening or weakening of old behaviour as the result of experience".

3.3.1 *Nature of Learning*

Learning is basically the process of acquiring Knowledge, Skill, Ability (KSAs), etc. This gives a refreshing understanding to the process of learning having distinctive features:

- It is a universal concept which is experienced by all living beings.
- It is acquired through personal or impersonal experiences.
- It is a continuous practice for modifying behaviour.
- It may imply improving behaviour in humans but behaviour may also degrade.
- It involves individuals to modify and adapt to distinct nature that can be adjusted according to the situation.
- It brings relatively permanent change in individual behaviour.
- Change in behaviour is the result of experience, practice and/or training.
- Experience or practice must be reinforced for learning to occur.
- Learning may not be directly observable.
- It is a tool for growth and development.

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3.3.2 *Types of Learning*

Motor Learning	Learning that require muscular coordination. Walking, running, driving, eating, etc.
Verbal Learning	Individuals learn different languages. Helps to communicate with others.
Concept Learning	Builds and develops mental framework in individuals. Thinking, reasoning, finding logic, etc.
Discrimination Learning	Helps in distinguishing stimuli and identifying suitable response to the stimuli. Distinguishing among various animal sounds.
Learning of Principles	Helps in building value system of individuals. Learning to be honest, helpful, etc.
Problem Solving	Application of concept learning in solving a problem. Finding shortest route to reach a destination.
Attitude Learning	Developing a predisposition for directing individual behaviour. It can be both positive or negative.

Figure 3.1: Types of Learning

3.3.3 *Principles of Learning*

The first three "Laws of learning" - readiness, exercise and effect were given by Edward Thorndike. Later, came the psychologists who recognized several other principles/laws of learning which are generally applicable to the learning process. These principles have been discovered, tested, and used in practical situations. They provide insight into what makes people learn most effectively. We discuss these principles in brief hereunder:

Readiness: An individual must be ready or capable of learning. Since learning is an active process, individuals must be adequately rested, healthy, and physically able to learn. For example, securing good grades in various subjects leads to mental and emotional readiness of students to do more hard work in acquiring knowledge.

Exercise: Learning continues as individuals practice more. Practice involves recall, review and summary, and manual drill and physical applications. All of these serve to create learning habits. For instance, to be a good doctor or lawyer, individuals have to practice their profession.

Effect: An individual's chance of success is definitely increased if the learning experience is a pleasant one. For instance, songs and movie stories are remembered for years by an individual as watching a movie is entertainment for the individual.

Primacy: Learning must be facilitated in a logical order, step by step, making sure the individuals have already learned the preceding step. For instance, an individual is first oriented and then trained on the job.

Recency: The principle of recency states that things learned recently will be remembered most at a particular time. Conversely, the far an individual is removed time-wise from a new fact or understanding, the more difficult it is to remember things. For instance, an individual will remember what he/she wore yesterday than what he/she wore a month or a year back.

Intensity: A sharp, dramatic, clear, vivid, or exciting learning experience creates an earning more than a routine or boring experience. The principle of intensity implies that an individual will learn more from the real-life experiences than from a substitute. For instance, a toddler learns to walk after falling many times.

Freedom: The principle of freedom implies that learning should be self-motivated and not forced upon an individual. Individuals must have freedom of - choice, action, bear the results of action—imbibing

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personal responsibility. If no freedom is granted, individuals might have little interest in learning.

Requirements: The principle of requirement implies that "one must have something to obtain or do something". It can be an ability, skill, instrument or anything that may help individuals to learn or acquire knowledge. For instance, in order to learn piano, an individual must have availability of piano.

IN-TEXT QUESTIONS

1. Which of the following is not a type of learning:

(*a*) Attitude learning (*b*) Concept learning

(*c*) Discrimination learning (*d*) Regular Learning

2. Experience or practice must be ___________ for learning to occur.

3. Learning requires pleasant experience. Which principle of learning suggests that?

4. Learning that promotes thinking and reasoning is __________ learning (concept, verbal).

3.4 Theories of Learning

Over the years, academicians have been focusing on describing different patterns and/or process through which learning occurs in an individual. The four popular theories that offer explanation of how individuals acquire patterns of behaviour are explained below:

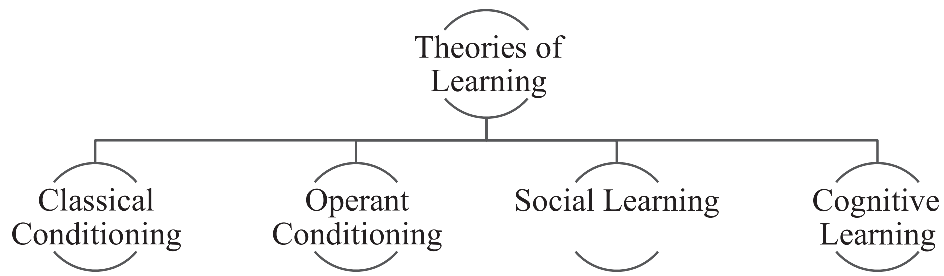

Figure 3.2: Theories of Learning

3.4.1 *Classical Conditioning*

It is the process by which individuals learn reflex behaviour. A reflex is an involuntary response that is not under an individual's conscious control. Ivan Pavlov, is the brain behind the concept of classical conditioning. His famous experiment with dogs lays the foundation of how classical conditioning works to produce desired behaviour among the individuals.

A stimulus creates a response. While initially a stimulus may not create a response but if that stimulus is repeatedly used with another stimulus that creates response, the initial stimulus can also create a response. This is known as classical conditioning.

The stimulus and the response can be understand as follows:

1. **Unconditioned Stimulus:** The stimulus which is not conditioned and creates a response naturally.

   For example, when one sees food, he naturally responds to it as he wants to eat it. The *stimulus* is, thus, *unconditioned*, and the *response* is also *unconditioned*.
2. **Conditioned Stimulus:** The stimulus which initially does not create a response is conditioned in a way (using it with another stimulus that creates response) that it creates a response. *Stimulus* is thus, *conditioned* and the *response* is also *conditioned*.
3. **Unconditioned Response:** It is the natural response created when a person faces:
   (*a*) Unconditioned stimulus, or
   (*b*) Conditioned stimulus along with the unconditioned stimulus.
4. **Conditioned Response:** It is the response or behaviour that is learnt or developed to a conditioned stimulus. It means a stimulus is deliberately created to deliberately create a response.

These stimuli and responses can be understood through the experiment conducted by a *Russian Psychologist, Ivan Pavlov*, who developed the theory of classical conditioning.

Pavlov conducted an experiment on a dog. He studied the dog's salivation (amount of saliva created by the dog) – a response – on different stimuli offered to him. The effect of presenting meat and ringing a bell (stimulus)

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was studied on the amount of saliva created by the dog (response). He observed the following:

(*a*) When a piece of meat was presented to the dog, there was natural increase in its salivation.

(Unconditioned Stimulus → Unconditioned Response).

(meat)

(*b*) When only a bell was rung, without presenting the meat, there was no salivation.

This is a situation of

(Neutral stimulus → No response).

(Bell)

Since *Pavlov* observed that a response (salivation) was created to meat (stimulus) and not to the bell, he used the stimulus, bell, repeatedly with the meat to create a response.

(*c*) When ringing of the bell was repeatedly used with presenting the meat, but before offering the meat, the dog began to salivate because the food was one of the stimuli.

This is situation of

(Conditioned stimulus + unconditioned stimulus → Unconditioned Response).

(Bell) (Meat)

(*d*) After repeatedly ringing the bell with the food, *Pavlov* only rang the bell without presenting the meat. Now the dog salivated to the ringing of the bell.

This is a situation of

(Conditioned Stimulus) → Conditioned Response

(Bell) (Salivation)

Thus, the bell which had a neutral stimulus initially and created no behaviour or response now had a conditioned response or behaviour. In the new situation of learning, the dog became classically conditioned to learn. A conditioned response (salvation or behaviour) was created to a conditioned stimulus (sound of the bell).

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- Unconditioned stimulus occurs naturally. Dog's salvation to food was natural.
- Conditioned stimulus is created. Dog's salivation only to the bell without even offering the food was created.

The classical conditioning theory asserts that a previously neutral stimulus which creates no response has the capacity to create a response, called conditioned response.

To sum up the above observations,

Before Conditioning

- Unconditioned Stimulus → Unconditioned Response

  (Meat) (Salivation)
- Neutral Stimulus → No Response

  (Bell) (No Salivation)

During Conditioning

- Unconditioned Stimulus (Meat) + Unconditioned Response → Conditioned Stimulus (Bell) (Salivation)

After Conditioning

- Conditioned Stimulus → Conditioned Response

  (Bell) (Salivation)

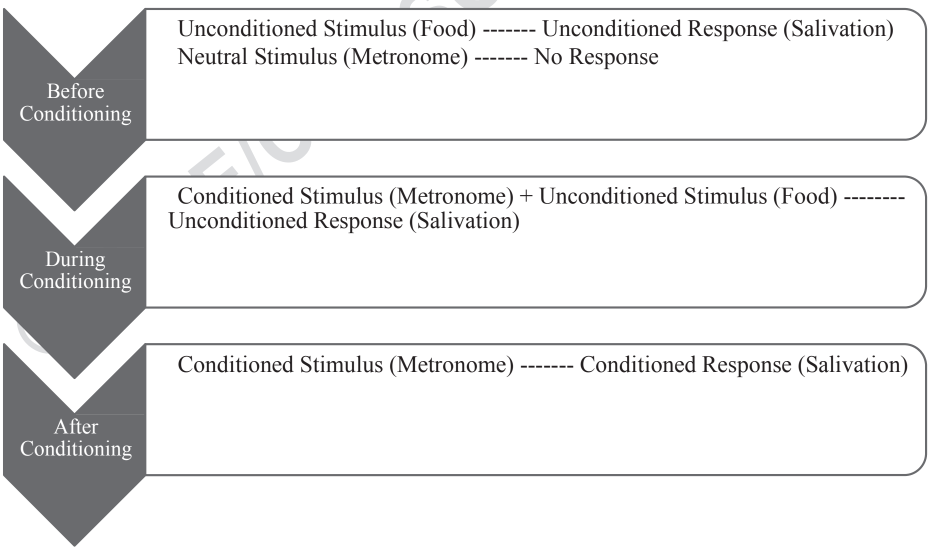

Figure 3.3: Process of Classical Conditioning

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Thus, learning (conditioned response) can be induced under classical conditioning by building an association between conditioned stimulus and unconditioned stimulus. This happens quite often in real-life, for instance when a mock fire drill is organized at a school, students are taught to respond to the sound of a particular fire alarm. Thereby, students become ready for any fire emergency in future.

3.4.2 *Operant Conditioning*

It refers to a process by which individuals learn voluntary behaviour. The theory argues that behaviour is a function of its consequences. Individuals learn to behave to get something or to avoid something. For instance, students reach to school on time to get attendance or to avoid missing on subject knowledge. B.F. Skinner, Harvard Psychologist is the brain behind the development of theory of operant conditioning. Skinner suggested the use of pleasant consequences to increase the frequency of good behaviour. The individuals are more likely to repeat their good behaviour if they are positively reinforced than not rewarded or worse, punished. For instance, students with highest attendance, if awarded in school are likely to impact students to be more regular than punishing them for their absence. In organizational setting, giving more work to employees who finished their tasks before deadline seems like a punishment for good behaviour. Next time, the employees may delay the completion of assigned tasks.

Table 3.1: Examples of Classical and Operant Conditioning

Classical Conditioning	
Stimulus	**Response**
Is stuck by a pin	Flinches
Is tapped below the kneecap	Flexes lower leg
Is shocked by an electric current	Screams
Operant Conditioning	
Response	**Stimulus**
Works	Is paid
Sit on a table in restaurant	Menu is presented
Increases productivity	Incentivize

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3.4.3 *Social Learning*

Albert Bandura and others have extended the works of Skinner by demonstrating that individuals can learn new behaviour by observing others in social situations and then adopting or modelling that behaviour after that of the others. This type of learning is coined as ‘Social Learning’, *i.e.*, learning from society. Individuals tend to behave the way they see others behaving in their social circle. If the results of replicating someone’s behaviour is positive, the behaviour is repeated; if the results are negative, the behaviour is not repeated. For instance, people indulge in smoking by watching others and then quit as it links to cancer. Our learning from parents, teachers, managers, celebrities, and similar such people influences our behaviour.

The impact of models is fundamental to social learning. The following processes determine the intensity of models over others’ behaviour:

Attentional Process: Individuals learn from only those models whom they find attractive. For instance, celebrity’s outfits are often duplicated by common people.

Retention Process: Individuals learn from only those models whose actions are remembered by the individuals. For instance, cricket lovers remember Sourav Ganguly’s waving his jersey in the Lord’s stadium.

Motor Reproduction Process: Individuals learn from models when they replicate models’ behaviour immediately. For instance, while watching a cooking show, the recipe is learned if you immediately prepare it.

Reinforcement Process: Individuals exhibit model behaviour if they are presented with positive consequences. For instance, higher pay for higher productivity.

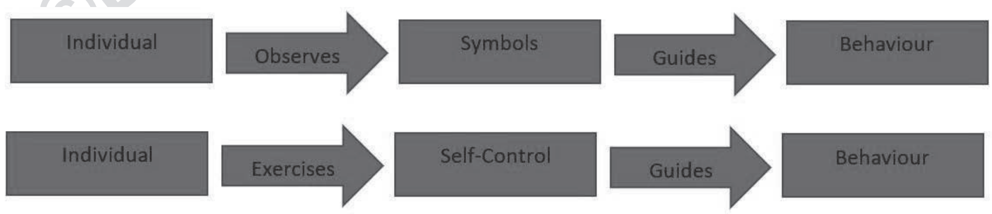

Figure 3.4: Model of Social Learning

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3.4.4 *Cognitive Learning*

The word “cognitive” is derived from the word “cognition,” which refers to the capacity for thinking, perception, memory and problem-solving. On the other side, cognitive learning theory emphasizes on how human mind functions during the learning process. It focuses on how the brain interprets information and investigates how learning takes place. “Cognitive learning” is thinking about the perceived relationship between events and individual’s goals and expectations”. It involves selective interpretation of perceived data organized into patterns of thoughts and relationships. For instance, the leadership theories explain how a manager is perceived as a leader. They become leaders by showing some traits for good role models. Cognitive theory of learning suggests that an individual creates a cognitive structure in memory which records and organizes information about various activities that occur in a learning situation.

Table 3.2: Types of Cognitive Learning

Types of Cognitive Learning	Meaning	Example
Intuition Learning	Focus on bigger picture and creativity	Application of acquired knowledge
Introversion Learning	Thought oriented, enjoys deep and meaningful conversations	Book reading clubs, Group Discussions
Extraversion Learning	Action oriented learning and enjoys socializing	Playing guitar, sports
Sensing Learning	Relies on historical data to evaluate a situation and develop solutions	Keeping umbrella handy in rainy season
Feeling Learning	Decision making based on personal values	Creating your own lifestyle

3.4.5 *Reinforcement*

The operant conditioning is based on the law of effect as given by Edward Thorndike. The law of effect states that the behaviour with rewarding consequences is likely to be repeated; while behaviour with negative consequences is not likely to be repeated. This law serves as the foundation of reinforcement theory. Reinforcement is the core of the learning process. Reinforcement can be defined as anything that strengthens a response and/or tends to increase its frequency. There are four types of reinforcement strategies.

Table 3.3: Strategies of Reinforcement

Motive	Reinforcement Strategy	Meaning	Example
Encourage desirable behaviour	**Positive Reinforcement**	Pleasant consequence for desired behaviour	Incentive for higher productivity
	Negative Reinforcement	Removal of undesirable consequence	Supervisor stops criticizing when employees meet their standards.
Discourage undesirable behaviour	**Extinction**	Removal of desirable consequence	Isolating a disruptive employee from the team
	Punishment	Placing undesirable consequence	Pay cut for being late at work

Reinforcement does not guarantee a particular response as individuals are dynamic. For instance, studying hard may not always yield good grades. Many times, the presence or absence of reinforcers may bring in random responses. Thereby, they need to be governed by rules.

These rules are known as schedules of reinforcement. These schedules explain how often a reinforcer must be present or absent to bring in desired responses.

Table 3.4: Schedules of Reinforcement

Schedule	Nature	Effect on Behaviour	Example
Continuous	Reward after each desired behaviour	Fast learning but rapid extinction of behaviour	Compliments
Fixed-Interval	Reward after fixed time intervals	Irregular performance with rapid extinction	Weekly pay-out
Variable-Interval	Reward after variable intervals	Above average performance with slow extinction	Pop quizzes
Fixed Ratio	Reward at fixed amount of output	High performance with rapid extinction	Piece-rate pay
Variable Ratio	Reward at variable amount of output	Very high Performance with slow extinction	Commission based sales

(Source: Robbins Stephen P and Judge T.A., Vohra, Organisational Behaviour, 16th Ed. Pearson.)

Notes

3.5 Learning Organization

A learning organization is an organization that has developed the continuous capacity to adapt and change. As individual learns, so do organizations. Continuous learning is a fundamental requirement for ensuring sustainability of businesses. Chris Argyris and his associates, developed two types of learning organizations:

(*a*) Single-loop learning involving measures to improve the organization's ability to achieve desired goals. It requires routine behavioural learning.

(*b*) Double-loop learning involves reworking on the organizational goals, policies and strategies to adapt a new organizational culture.

The fundamentals of learning organization are –

- In a learning organization, there is a shared vision that can emerge from many places but the top management is responsible for ensuring that the vision exists and is nurtured.
- Ideas are formulated and implemented at all levels of organizations.
- Employees understand their own jobs as well as the way in which their own work inter-relates with and influences that of other employees.
- Conflicts are resolved using collaborative learning and the integration of diverse opinions of employees throughout organization.
- The role of the leader is to empower employees, inspire commitment, and encourage effective decision-making throughout the enterprise through empowerment and charismatic leadership.

An organization can be transformed into a learning organization by adopting three-step process – **establishing a strategy for continuous improvement; redesigning organization structure; and reshaping organizational culture**.

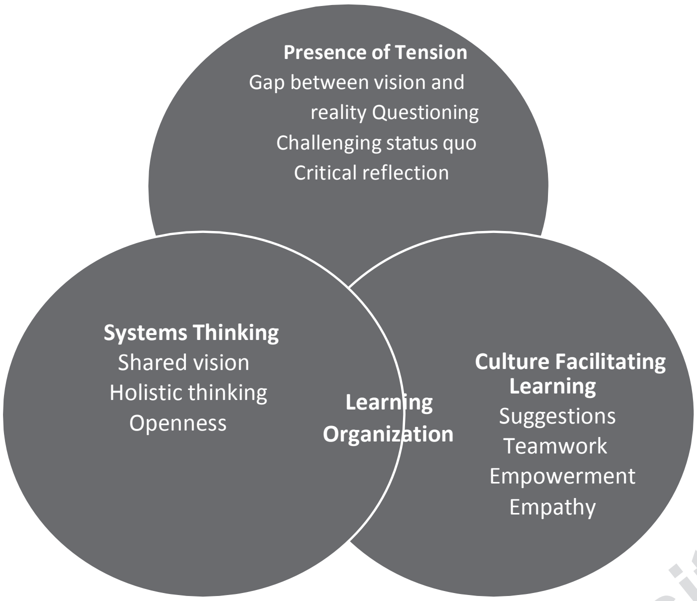

Figure 3.5: Characteristics of Learning Organization

(Source: Luthans, F. (2011). Organizational Behaviour: An Evidence – Based Approach, McGraw Hill Education)

IN-TEXT QUESTIONS

5. According to Skinnerian Operant conditioning theory, a negative reinforcement is:

(*a*) Nothing but punishment

(*b*) A biofeedback

(*c*) A withdrawing or removal of a positive reinforcer

(*d*) An instinctive drift

6. Which schedule of reinforcement is a ratio schedule stating a ratio of responses to reinforcements?

(*a*) Variable Ratio Schedule

(*b*) Fixed Interval Schedule

(*c*) Variable Interval Schedule

(*d*) Fixed Ratio Schedule

Notes

CASE STUDY

Learning Organization - Ford

Ford used the accounts payable prior to installation. The initial purchase order for raw materials is sent by Ford's purchasing department. Additionally, a copy of the purchase order is forwarded to the accounts payable division. The vendor raises an invoice for the accounts payable division after delivering the raw supplies. The accounts payable division totals the purchase order, the items that have been received, and the invoices before paying the supplier. While Mazda, a Japanese automaker competitor, managed the same procedure with 100 workers—a surprisingly low number of employees even when the magnitude of the operation is taken into account—Ford used roughly 500 individuals to handle the entire process.

Instead of tinkering with the company procedures just slightly. Ford made the decision to employ IT to drastically alter its accounts payable procedure. A mechanism without invoices has been put in place. The departments responsible for purchasing will create the purchase order and update the database. The payment will be made without waiting for the vendor to send an invoice as soon as the materials have been received and a warehouse worker updates the materials received.

3.6 Attitude

Evaluative remarks regarding things, people, or events are called attitudes. It can be positive, neutral or negative. They are a reflection of one's feelings. If an individual says that "I like my job" that describes how the individual feel about his/her job. Attitudes are intricate. In order to comprehend, individuals must take into account the underlying components of attitude. There are three important components of attitude as - cognition, affect, and behaviour which are closely related.

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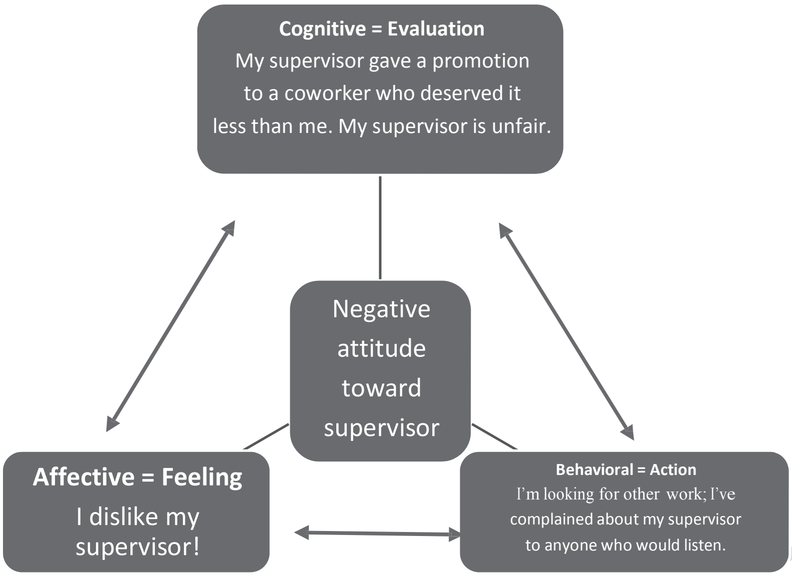

Figure 3.6: Components of Attitudes

(Source: Robbins Stephen P and Judge T.A., Vohra, Organisational Behaviour, 16th Ed. Pearson.)

Characteristics of Attitude:

- Attitude may be fluctuating. An individual may dislike something at first then like same thing later.
- Attitudes are intangible psychological phenomenon.
- Attitudes are acquired over a period gradually.
- Attitudes are built in the process of socializing.
- Attitudes help in adjusting to a new environment. With positive attitude individuals can welcome changes instead of resisting.
- Individuals build attitudes to create their self-image. Attitudes help in expression of one's value system.
- An ambitious person will have a positive attitude for the job instead of complaining about it whole day.
- Knowledge can be substituted by the attitudes. For instance, people stereotype about others due to lack of personal information about them.

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3.6.1 *Measurement of Attitude*

The attitudes of individuals though stable in a shorter duration, might be modified over a period of time. Minor changes in individual's attitude are inevitable and normal which makes the behaviour dynamic. For instance, an irregular student becomes regular and punctual realizing the positive aspects of getting up early in the morning. There are many ways of measuring such changes in individual's attitude. Few of them are presented hereunder:

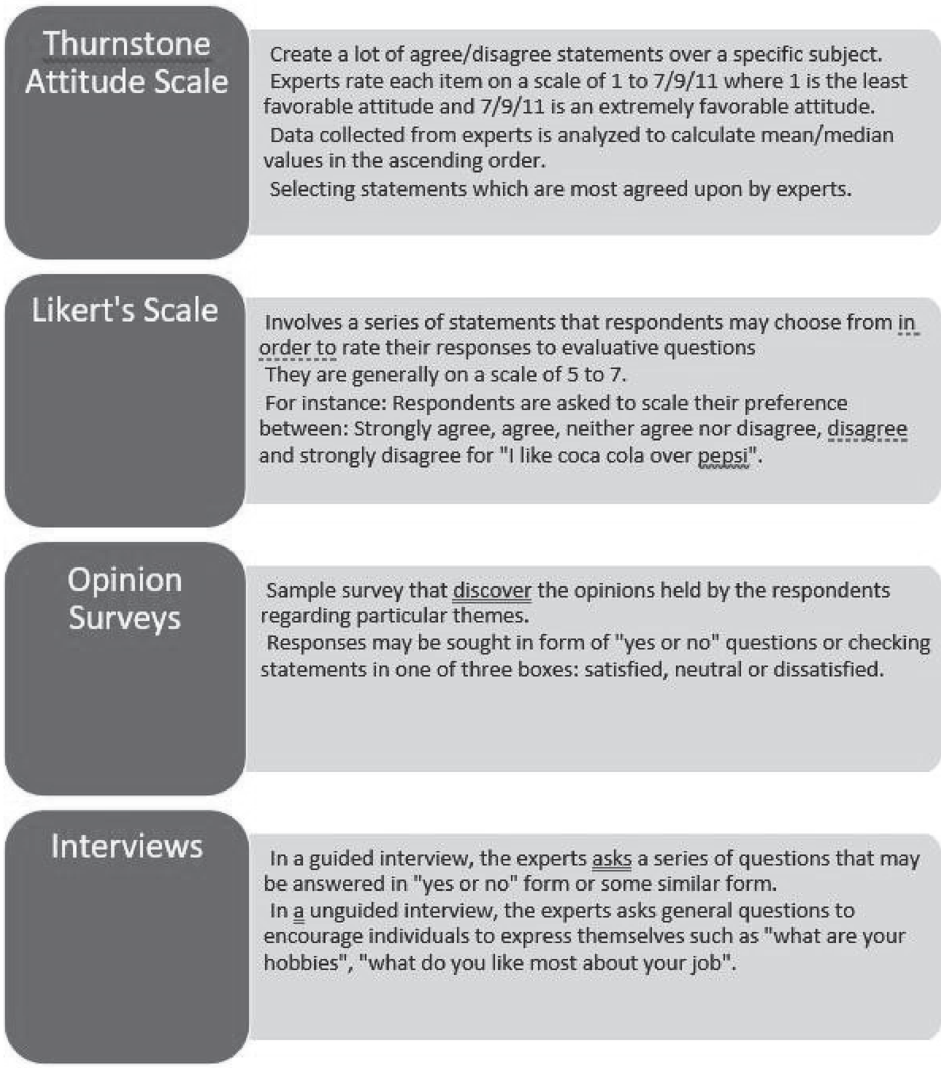

Figure 3.7: Tools for Measuring Attitude

3.6.2 *Formation of Attitude*

Individuals form positive, neutral and/or negative attitude towards something depending on various factors:

Psychological factors: It includes ideas, beliefs, perception, values, information, etc. For instance, if an employee perceives hard work will yield rewards, he will have positive attitude towards job.

Family: An individual is well influenced by the family as he/she spends major time of childhood with the family instilling ready-made attitudes of the family members. Family is involved in decision-making towards education, job, religion, economic conditions, etc. For instance, an individual with low income family will develop a saving attitude towards money.

Society: Society creates the circle of tradition and culture around the individual, influencing the attitude. For instance, the attitude of Japanese people towards their job is critically different from that of Americans. Japanese employees are better adjusted to the notion of work as honourable.

Political factors: Ideologies of the political parties, and leaders greatly affect an individual's attitude. For instance, an individual from any communist party may oppose liberal democracy.

Organisational factors: During the adulthood, individuals spend most of their time in the organization they work for. They collectively, not just form the organizational culture but influence each other's attitude as well. For instance, a nurturing culture in the organization may influence their employees towards personal development by providing opportunities to learn new things and grow professionally. Such practices develop good attitude towards organization and job.

Economic factors: Economic conditions of an individual affect spending capability of individuals that may develop negative attitude toward individual spending lavishly on leisure.

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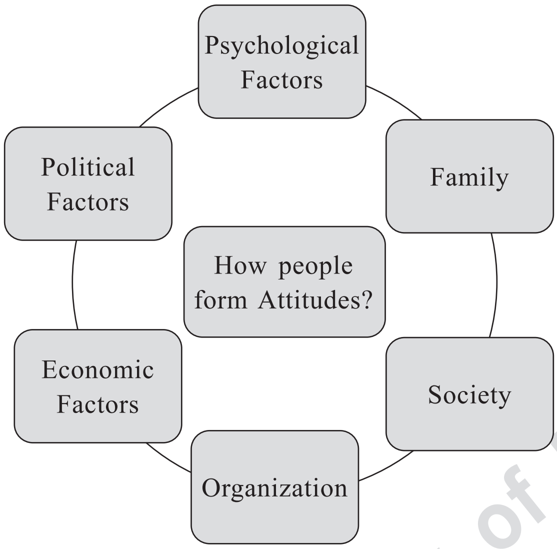

Figure 3.8: Formation of Attitudes

3.6.3 *Job Related Attitudes*

In the study of Organization Behaviour (OB) people focus more on job-related attitudes. These are positive or negative evaluations that employees hold about aspects of their job environments. Most of the research in OB has looked at three job related attitudes: Job satisfaction, job involvement, and organizational commitment. A few other important attitudes are perceived organizational support and employee engagement:

(*a*) **Job Satisfaction:** A positive feeling about one's job resulting from an evaluation of its characteristics.

(*b*) **Job Involvement:** The degree to which a person identifies with a job, actively participates in it, and considers performance important to self-worth.

(*c*) **Psychological Empowerment:** Employees' belief in the degree to which they affect their work environment, their competence, meaningfulness of their job, and perceived autonomy in their work.

(*d*) **Organizational Commitment:** The degree to which an employee identifies with a particular organization and its goals and wishes to maintain membership in the organization.

(*e*) **Perceived Organizational Support:** The degree to which employees believe an organization values their contribution and cares about their well-being.

(*f*) **Employee Engagement:** An individual's involvement with, satisfaction with, and enthusiasm for the work he or she does.

There is some distinctiveness among attitudes, but they overlap greatly for various reasons, including the employee's personality. If a manager knows someone's level of job satisfaction, he knows most of what employees need to know about how that employee sees the organization. Researches suggests that managers tend to identify their employees as belonging to one of four distinct categories: Enthusiastic stayers, reluctant stayers, enthusiastic leavers (planning to leave), and reluctant leavers (not planning to leave but should leave).

3.6.4 *Cognitive Dissonance*

In the late 1960s, a review of the research challenged the assumed effect of attitudes on behaviour. One researcher—Leon Festinger—argued that ***attitudes follow behaviour***. He observed that individuals change what they say, so that it doesn't contradict what they do. For instance, individuals criticize a political party and then praise the political party if any policy is released that is in favour of the individual. Festinger suggested that cases of attitude following behaviour prove the effects of ***cognitive dissonance***. It is any incompatibility an individual might perceive between two or more attitudes or between behaviour and attitudes. Festinger argued that any form of contradiction is uncomfortable and individuals will, therefore, attempt to reduce it. They will pursue a stable state, which is of minimum dissonance. Research has suggested that individuals do seek consistency among their attitudes and between their attitudes and their behaviour. They either change the attitudes or the behaviour, or they develop a rationalization for the inconsistency. According to a study, for instance, attitudes of employees who had experienced difficult, emotionally challenging work events improved after they talked about their experiences with co-workers. Social sharing helped these workers adjust their attitudes to behavioral expectations. No individual, of course, can completely avoid dissonance. Individuals know evading income tax is wrong, but they fudge

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the numbers a bit every year and hope they are not audited. Festinger proposed that the desire to reduce dissonance depends on three factors, including the importance of the elements creating it and the degree of influence individuals believe they have over them. Individuals will be more motivated to reduce dissonance when the attitudes are important or when they believe the dissonance is due to something they can control. The third factor is the rewards of dissonance; high rewards accompanying high dissonance tend to reduce the tension inherent in the dissonance (the dissonance is less distressing if accompanied by something good, such as a higher pay raise than expected).

IN-TEXT QUESTIONS

7. The defining characteristic of ____________ is that they express an evaluation of some object.

(*a*) Beliefs (*b*) Attitudes

(*c*) Interaction (*d*) Perception

8. Bob cooks for his girlfriend; it's his way of showing her he cares about her. His cooking is an example of:

(*a*) Dissonance (*b*) A terminal value

(*c*) A relational currency (*d*) Self-promotion

3.7 Values

Values represent the fundamental convictions that "a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence." Values have a judgmental element because they carry people's ideas about right, good, or desirable. They have both content and intensity qualities. The content characteristic says a code of conduct or end-state of existence is vital. The intensity characteristic specifies the extent of importance of end-state of existence. When people rank values in terms of intensity, they obtain that person's value system. Everyone has a hierarchy of values according to the relative significance they assign to values such as freedom, honesty, obedience, pleasure, self-respect and equality.

The basic characteristics of values are:

- They are relatively stable and enduring.
- People start establishing their value system in the early years—by parents, teachers, friends and others.
- They reflect standards of human behaviour.

ORGANIZATIONAL VALUES – EXAMPLE OF TATA

Business, as I have seen it, places one great demand on you: It needs you to self-impose a framework of ethics, values, fairness and objectivity on yourself at all times. - Ratan N Tata, 2006. Tata has always been a values-driven organisation. These values continue to direct the growth and business of Tata companies.

The five core Tata values underpinning the way we do business are:

Integrity: We will be fair, honest, transparent and ethical in our conduct; everything we do must stand the test of public scrutiny.

Responsibility: We will integrate environmental and social principles in our businesses, ensuring that what comes from the people goes back to the people many times over.

Excellence: We will be passionate about achieving the highest standards of quality, always promoting meritocracy.

Pioneering: We will be bold and agile, courageously taking on challenges, using deep customer insight to develop innovative solutions.

Unity: We will invest in our people and partners, enable continuous learning, and build caring and collaborative relationships based on trust and mutual respect.

Source: Organizational Values – Example of Tata (https://www.tata.com/about- us/tata-values-purpose)

Table 3.5: Dominant Work Values in Today's Workforce

Cohort	Entered the Workforce	Dominant Work Values
Boomers	1965–1985	Success, achievement, ambition, dislike of authority; loyalty to career
Xers	1985–2000	Work/life balance, team-oriented, dislike of rules; loyalty to relationships

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Cohort	Entered the Workforce	Dominant Work Values
Millennials	2000 to present	Confident, financial success, self reliant but team-oriented; loyalty to both self and relationships

(Source: Robbins Stephen P and Judge T.A., Vohra, Organisational Behaviour, 16th Ed. Pearson.)

3.7.1 *Types of Values*

Broadly speaking, there are two types of values - Terminal and Instrumental Values.

Table 3.6: Types of Values

Terminal Values	Instrumental Values
Desirable end-states of existence; the goals a person would like to achieve during his or her lifetime.	Preferable modes of behaviour or means of achieving one's terminal values.
Comfortable life	Ambition
Sense of accomplishment	Courage
Self-respect	Honesty
Wisdom	Independence

(Source: Robbins Stephen P and Judge T.A., Vohra, Organisational Behaviour, 16th Ed. Pearson.)

All port and his associates have identified six types of values –

Theoretical: Interests that develop reasoning and systematic thinking.

Economic: Interests in accumulation of wealth.

Aesthetic: Interests in beauty and artistic harmony.

Social: Interest in people and relationships.

Political: Interest in acquiring power and leading others.

Religious: Interest in understanding the cosmos of whole.

3.7.2 *Formation of Values*

A person sources his/her value system from the diverse components of their environment such as –

Family: Family is the prime and most important source of obtaining values. Children learn some values from his/her family since the childhood and retains those values in their mind throughout their life. The ways the parents nurture, educate and raise their children shape their personality and inculcate values in them.

Society: Society plays major role in developing value system of people. Children learn basic manners and discipline from their teachers. Teachers play a pivotal role in developing value system in individuals. Besides schools and colleges, other groups of society such as religious groups, economic and political groups to which people belong also affect their value system.

Personal factors: Personal characteristics like intelligence, ability, appearance and education level of a person determines his value system very strongly. For example, an intelligent and educated person will understand and learn the social and work-related values relatively faster than the uneducated person.

Culture: Cultural factors which influence value system of an individual include norms, beliefs and other behaviour patterns which are preferred and acceptable by the society. These values are often carried in rituals, customs or narratives that are often repeated and highly resistant to change because they are seen as absolute.

Religion: Religion is comprised of set of values and traditions which guide routine behaviour and decision making of an individual. Religious values help people determine what is good or bad.

Life experiences: One learns most from own experiences and sometimes from experiences of others too. The values which an individual learns from own experiences of life are relatively long lasting and difficult to change.

Role demands: Role demand refers to the behaviour associated with the particular position or role profile in an organisation. Every individual plays multiple roles in life. The problem occurs when there is a role conflict. In such case, individuals quickly learn the value system prevailing in the organisation so that they may survive and progress in the same organisation.

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Constitution: Almost, all the existing constitutions of various countries highlight the values of democracy, equality and world peace. The values enshrined in the Constitution of India are stated in its Preamble as Justice, Liberty, Equality of status and opportunity and Fraternity.

3.8 Values, Attitude and Behaviour

The difference between values and attitudes is firstly that while values are always positive (*i.e.* expressing preferences), attitudes can be both positive and negative. Secondly, values are general, but attitudes are specific and can vary from object to object. It is also believed that attitudes are more apt to change than values. Behaviour depends on underlying attitudes, but is also affected by many other things like opportunities to act, norms, expected consequences etc. Therefore, the link between attitudes and behaviour is not direct. The characteristics and relationships between individual values, attitudes and behaviour are presented hereunder:

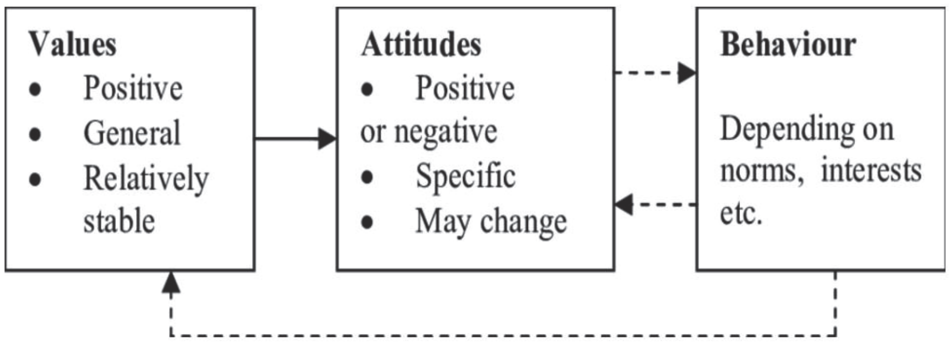

Figure 3.9: The relationship among Values, Attitudes and Behaviour
(Source: Jaakson, K. (2022). Management by values: The analysis of influencing aspects and its theoretical and practical implications.)

Although Collins and Porras (1994) are of the opinion that mere articulation of values increases the likelihood of values-based behaviour, there has to be support *via* organisational systems as well. Basically, there are two paths for organisational support of values-based behaviour. The first option is having the people with the "right" attitude who are naturally inclined to behave in the desired way. Stackman et al., (2000) maintain that values are key determinants of employee attitudes, which in turn affect work-related behaviour. This is to say that values do not affect

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behaviour directly, but *via* attitudes, which are defined as "dispositions to respond favourably or unfavourably to an object, person, institution or event" (Ajzen, 2005: 3).

3.9 Emotions

The root of the word emotion comes from a French term meaning "to stir up." And that's a great place to begin our investigation of emotions at work. Emotions are intense feelings directed at someone or something. They are reactions to a person (seeing a friend at work may make you feel glad) or an event (dealing with a rude client may make you feel frustrated). They are also useful for creative tasks, because positive people tend to be more creative and open to new ideas. In addition to helping with employee creativity, companies such as Microsoft Corporation often want to understand which features of their products produce not just high ratings for usability but also high emotional ratings. Individuals with strong positive emotional reactions are more likely to use their product and recommend it to others (Weler, 2008). This is something Apple Inc. has been known for doing well, as their products tend to evoke strong positive emotions and loyalty from their users.

Characteristics of Emotions:

- **Emotions accompany Instincts:** For instance fear is associated with the instinct of escape, in a situation which is considered by an individual as dangerous.
- **Emotions are primary or secondary:** For instance resentment, indignation, sullenness, rage and fury are the variations of anger (primary).
- **Emotions are subjective:** These are, in reality, personal experiences.
- **External situations produce emotions:** An external situation like thunder engenders fear in the mind of the individual.
- **Emotions are complex affective states:** It includes cognition to the extent that the individual experiences emotion only after he recognises a particular situation.
- There is a wide range and wide degree of emotions.

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- **Reasoning and emotion:** Reasoning provides a check on emotional upsurge. The emotional response is weakened by the application of intellect.

3.9.1 *Types of Emotions*

There are few attributes more core and universal to the human experience than the emotions. Of course, the broad spectrum of emotions humans are capable of experiencing can be difficult to articulate.

Figure 3.10: Types of Emotions

(Source: Adapted from H. M. Weiss and R. Cropanzano, "Affective Events Theory," in B. M. Staw and L. L. Cummings (Eds.), Research in Organizational Behaviour, Vol. 18, JAI Press, Greenwich, Conn., 1996, pp. 20–22 and Daniel Goleman, Emotional Intelligence, Bantam Books, New York, 1995, pp. 289–290.)

The workplace contains a wide variety of emotions. Furthermore, it is probably not overstatement to say that many administrative and organisational decisions, as well as most personal ones, are based more on emotions than on rational cognitive processes. For instance, rather than what is logically best for one's profession, career decisions are frequently dependent on feelings of satisfaction, affection or even fear. In reality, rather than being influenced by factors like marginal costs, return on investment, or other considerations that the classic rational economic/finance models would predict, management decisions are frequently motivated by unpleasant emotions like fear or rage.

3.9.2 *Sources of Emotions*

Emotions emerge from a wide range of sources:

(*a*) **Personality:** Every person has a natural tendency to experience some moods and feelings more frequently than others. We also differ in how strongly we feel the same emotion; people who are affectively intense feel both positive and negative emotions and moods more strongly.

(*b*) **Day of the week or time of the day:** People are typically at their worst early in the week and at their best late in the week. As people tend to avoid delivering unpleasant news or request favours on a monday morning.

(*c*) **Stress:** The emotions and moods can suffer from stress. The consequences accumulate over time, and ongoing stress can make our moods and emotions worse.

(*d*) **Social activities:** For the majority of people, social activities boost emotions and have minimal impact on negative emotions. A positive emotion encourages social contact.

(*e*) **Lifestyle Factors:** Sleep quality does affect emotions. People are more prone to experience tiredness, rage, and aggression when they are exhausted, which can affect decision-making and make it challenging to control emotions. Another factor be exercise that enhances our positive emotions. This is especially good for depressed people.

(*f*) **Demographic Factors:** As people age, negative feelings tend to happen less frequently. Highly happy emotions linger longer in elderly persons, but negative emotions pass more swiftly in older people. With age, emotional experience gets better. Moreover, men are less demonstrative in their emotions than women are. Compared to males, they feel them more strongly and hang onto them for longer. Except for rage, they express both pleasant and negative emotions more frequently. This is so because men are drilled to be courageous and tough. Women exhibit greater good moods because they are social and nurturing.

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IN-TEXT QUESTIONS

9. The link between attitudes and behaviour:

(*a*) Direct

(*b*) Not direct

(*c*) Neutral

(*d*) Does not occur

10. Emotions are:

(*a*) Objective responses to experiences in our environment

(*b*) Subjective responses to experiences in our environment

(*c*) Physiological changes to experiences in our environment

(*d*) Behavioural changes to experiences in our environment

11. Which of these supports the James-Lange theory of emotion?

(*a*) Emotion is a visceral response producing a behavioural response

(*b*) Artificial induction of visceral changes does not necessarily produce emotion

(*c*) The viscera are 'insensitive structures'

(*d*) Visceral changes are the same in many emotions

3.9.3 *James-Lange Theory*

The James-Lange hypothesis of emotion, put out independently by psychologist William James and physiologist Carl Lange, postulated that feelings are the product of bodily responses to experiences. To put it another way, this theory contends that people's physiological reactions to environmental stimuli are interpreted by them to produce emotional experiences. This idea holds that seeing an external stimulus causes a physiological reaction. How people perceive those physical responses will determine the emotional response. Imagine an individual is out for a walk in the woods when the individual spots a grizzly bear. The individual's heart starts to beat quickly, and the starts to quiver. According to the James-Lange theory, the individual will perceive his physical responses as signs of fear ("I am shaking. I'm afraid as a result").

The conventional wisdom prior to the James-Lange theory held that people's initial response to perception was cognitive. Then, in response to that idea, physical responses took place. Instead, the James-Lange method proposed that these physiological reactions take place first and are crucial to the sense of emotion. The hypothesis had a significant impact on psychology and our understanding of emotions, even though it may appear like a minor distinction in the course of events. Though widely accepted, not everyone concurred that emotions were triggered by physical reactions.

3.10 Emotional Intelligence

The term 'emotional intelligence' was first popularized by Daniel Goleman which later became an important study on self-management and social relationships.

"Emotional intelligence (EI) describes a person's ability to identify, understand, manage, and harness their own emotions and those of the people around them. EI is a vital skill for interpersonal communication and has become an area of interest across multiple disciplines, including the workplace".

A workforce that has emotionally intelligent individuals improves relationships within the team and promotes a positive work culture. Individuals better understand themselves, and develop the skills needed to guide future thought processes and actions.

Emotional intelligence as the "ability to understand and manage men and women, boys and girls, to act wisely in human relations." **Professor Thorndike**.

As per Gardner and Qualter, there can be interpersonal intelligence and intrapersonal intelligence. Interpersonal intelligence is the ability to understand the perception and desires of other people and intrapersonal intelligence is the capability to control and understand oneself.

In the contemporary organizational culture built on effective communication, open channels of feedback, interdependence, collaboration, and teamwork, managers use EI to engage with their co-workers and understand how they feel about work and the work style.

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Emotional intelligence relates to the ability to monitor one's own and other people's emotions. It is the ability to discriminate between different emotions and use those emotions to guide thinking and behaviour. It helps in finding ways that result in important outcomes in the family, the workplace, and other areas of life. In the organizational context, EI helps in determining leadership effectiveness to deal with teams in the workplace. EI leaders inspire team members to work efficiently to achieve organizational goals.

It concerns an individual's capacity to understand his emotions to understand the jobs and the clients. It is desirable to understand one's emotions before understanding others' emotions as it has direct influence on social interactions that influence the quality of social relationships, which affect task performance when dealing with customers. People align their emotions with productive activities resulting in organizational success.

Emotional intelligence in the workplace results in constructive feedback, supporting colleagues, productive employees, mutually acceptable solutions to problems and an environment with freedom of expression. Emotional quotient is a measure of emotional intelligence.

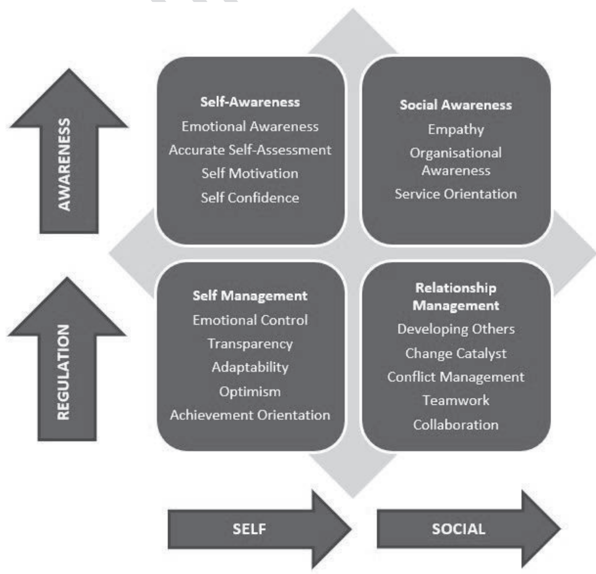

Figure 3.11: Attributes of Emotional Intelligence

3.11 Components of EI

Daniel Goleman who popularized EI described **four main components of Emotional intelligence:**

1. **Self-awareness:** It is the ability to understand one's emotions, strengths and weaknesses. A person understands what he feels and why he feels that way. Self-awareness helps to monitor oneself and discover how feelings affect their actions. People can sense if they are making the right and satisfying decisions. It develops an ethical framework that provides a ground for future decisions and actions.

   People with high emotional self-awareness reflect better on their strengths and weaknesses. They control their emotions and maintain relationships with colleagues at the workplace.

2. **Self-management:** It allows to manage the emotions to produce the desire outcome. It prevents unregulated so that staff can perform to their best abilities. This results in emotionally strong workplace devoid of conflicts and resentment. The employees remain focused and motivated to work towards goals and respond to dynamic situations.

3. **Motivation:** People are motivated towards goals and exceed the expectations set for them. It results in passion for work and makes the job interesting and challenging.

   People with high emotional intelligence derive motivation from the work itself rather than external factors. They seek creativity and challenges, maintain positive attitude towards work and look for opportunities. They look at failures as opportunity to do better.

4. **Social awareness:** It is the ability to sense how others feel about a situation. It is empathy that helps to understand people; their body language, tone of voice and expressions.

   People with high social awareness understand the emotions of employees, view the situation from their perspective, and take suitable decisions. They think beyond themselves and make decisions for a team.

5. **Social skills:** People manage relationships and take care of emotions of everyone in the organization. People work with commitment to

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make their organization successful. Leaders with social skills are transformational leaders and work with a vision. They promote unity in diversity where everyone moves in common direction.

3.12 How to Improve Emotional Intelligence at the Workplace

The following ways can help to improve EI at the workplace:

1. **Understand emotions:** A person must understand his emotions, and those of his colleagues to know how they affect people around them. Negative emotions like anger, frustration, apprehension, fear, jealousy, etc. should be removed to create a positive environment at the workplace.
2. **Feedback:** As it is not always possible to analyse the self and highlight the points of improvement, a person may not be able to understand his own emotions. Feedback from people around (peer group, seniors, juniors etc.) helps to get information regarding as to how one responds to different situations that are affected by his emotional state. Both positive and negative feedback help in developing emotional intelligence.
3. **Avoid overreacting:** Emotionally intelligent people stay calm in conflicting situations and think of solutions than expressing their displeasure. They do not react impulsively to make the situation worse.
4. **Active listening:** Listening patiently to everyone develops emotional intelligence. It avoids misunderstanding and promotes communication skills and balanced relationships in the organisation. This results in productive output.
5. **Practice:** Emotional intelligence does not develop on its own. It takes time and requires constant practice to manage one's emotions. One needs to constantly self-analyse his emotions to master emotional intelligence.

IN-TEXT QUESTIONS

12. Psychologist, Ivan Pavlov is associated with:

(*a*) Classical conditioning

(*b*) Operant conditioning

(*c*) Cognitive learning

(*d*) Social learning

13. Belief in oneself is:

(*a*) Modelling

(*b*) Self efficacy

(*c*) Reinforcement

(*d*) Learning

14. Strengthening the behaviour by offering rewards is:

(*a*) Positive reinforcement

(*b*) Negative reinforcement

(*c*) Extinction

(*d*) Punishment

15. The reinforcement schedule is administered after a fixed number of behaviours:

(*a*) Fixed interval schedule

(*b*) Variable interval schedule

(*c*) Fixed ratio schedule

(*d*) Variable ratio schedule

3.13 Summary

Theory	Appraisal	Criticism
Classical Conditioning	Identifying causes of behaviour Emphasizes learning from the environment Supports nurture over nature	Does not allow for free will in individual Underestimates uniqueness of human beings

Notes

Theory	Appraisal	Criticism
	Based on scientific, empirical evidence Improve or control undesirable behaviours	May lack validity Limiting in describing behaviour in terms of nature or nurture
Operant Conditioning	Effective for temporary behaviour modification Easy to implement	Does not address cognitive processes Behaviour ends with reinfor-cement May hinder intrinsic motiva-tion
Cognitive Learning	Creative approach for solving tasks Less time to solve tasks Division of tasks which makes it Possible for individuals to search for a quick solution	Limit the quantity of learning Use of repetition and therefore, encourages rote learning Ineffective for Bright Learners
Social Learning	Natural Way to Learn Great for leverage in organisations Higher Learning Retention Bringing employees together to share subject matter expertise	False setting Ignores the Role of nature Ignores Biological Factors Ignores life span changes
Thurstone scale	Allows as many statements as you want. Assured of survey reliability because the judges that will rate the scale are highly knowledgeable. Provides the average score of the survey ranks. This assists the researcher when analyzing the results from the respondents because the researcher already knows what score to compare the result to. The scale also gives the researcher the monopoly to choose items that represent the desired range.	Time-consuming. The scale is complex. There is no sure method of measuring attitude; scale only try to measure the expressed opinion and then draw inferences from it about people's actual feelings or attitudes. Limited answer options.

Theory	Appraisal	Criticism
Likert's Scale	Ease of Implementation - Quantifiable Answer Options Makes question answering easier on the respondent Responses are very easy to code Likert surveys are quick, efficient and inexpensive methods for data collection	On one side, two people can get the same value in the Likert scale by having chosen different options. Is difficult to treat neutral opinions as "Neither agree nor disagree". Respondents tend to agree to the statements showed. This phenomenon is called acquiescence bias.
Opinion Survey	To Get a Sense of the Majority Opinion For Potential Accuracy To Negate Thinking Errors Much more affordable	Influence could also be Negative Chances of Inaccuracy Altering Answers
Interviews	Ability to find the right candidate Enables detailed assessment Great source of information Increase knowledge Understanding stakeholders better Extracting additional information	Highly time - consuming Unpredictable outcome Hard to verify the truth Can easily form stereotypes Risk of personal bias

3.14 Answers to In-Text Questions

1. (*d*) Regular Learning
2. Reinforced
3. Principle of Effect
4. Concept
5. (*c*) A withdrawing or removal of a positive reinforcer
6. (*c*) Variable Interval Schedule
7. (*b*) Attitudes
8. (*c*) A relational currency
9. (*b*) Not direct

Notes

10. (*b*) Subjective responses to experiences in our environment
11. (*a*) Emotion is a visceral response producing a behavioural response
12. (*a*) Classical conditioning
13. (*b*) Self efficacy
14. (*a*) Positive reinforcement
15. (*c*) Fixed ratio schedule

3.15 Self Assessment Questions

1. What is meant by learning in the organization? What are the different ways in which employees may learn at work? Cite suitable examples.
2. How important is attitude in making people attached to a company and making employees satisfied?
3. Values have become secondary for achieving success in the organization. Discuss.
4. How do you apply concepts about emotions to specific Organizational Behaviour issues?
5. Differentiate between
   (*a*) Conditioned stimulus and unconditioned stimulus
   (*b*) Conditioned response and unconditioned response
   (*c*) Classical conditioning and operant conditioning theories of learning
   (*d*) Positive and negative reinforcement
   (*e*) Primary and secondary reinforces
   (*f*) Fixed and variable interval schedule of reinforcement

3.16 References

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3.17 Suggested Readings

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LESSON

4

Interpersonal Relationship

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STRUCTURE

4.1 Learning Objectives

At the end of this lesson, the student should be able to:

- Explain the concept of transactional analysis and the need to maintain a healthy interpersonal relationship in an organisation.
- Differentiate between complementary and non-complementary transactions.
- Understand the concept of life positions and their importance in the organisation.
- Understand the importance of stroke and the concept of psychological games.
- Understand the importance of Johari window as a tool for improving interpersonal relationships.

4.2 Introduction

Organisations accomplish objectives through their employees. It takes collective efforts, which requires smooth interpersonal interactions among employees. Globalization and technology improvements have made it more critical for employees to interact with one another and ensure smooth interpersonal communication to enhance organizational effectiveness.

As Aristotle said, "Man is a social animal" by extension, employees interact with one another and work in close associations. Employees working together share a special bond that makes them feel connected with one another and the organisation itself. A healthy interpersonal relationship makes employees more productive and positive and renders the entire working environment more salubrious. An interpersonal relationship is a dyadic relationship that is interactive. This interaction can be on a one-to-one basis, one-to-group basis, group-to-one basis or group-to-group basis. Besides, these transactions can be cooperative or conflicting. The cooperative transaction is a win-win scenario for both, the organization and the members partaking in it.

Some skills that can help navigate an individual to these significant transactions without a hitch are: - Mutual trust, positive thinking, empathy and courtesy.

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Accomplishing successful interpersonal relations in the context of organizational goals is a challenging and slow process. It requires deep psychological understanding of oneself as well as of others. Every manager is responsible for managing interpersonal relations in his department in such a way that everybody cooperates willingly in accomplishing the organizational goals. Without good interpersonal relations, there will be an atmosphere of misunderstanding and conflicts in the organization. Several behavioural scientists recommended the use of various tools for analysing and managing interpersonal behaviour in an organization for the betterment of the organization and its people. The present lesson explores some of these tools, like ego states, life positions, psychological games, strokes, and the Johari window.

4.3 Transactional Analysis

Transaction refers to communication and exchange of dialogue between two individuals. Transactions consists of two components -"Transaction stimulus" (It is given by a person who starts communication) and "Transaction response" (It is provided by a person who receives transaction stimulus).

When two individuals interact, one responds to the other; this is called a social transaction. The study of these transactions is known as Transactional Analysis (TA). Based on the ideas of Sigmund Freud's Psychometric theory of childhood experiences in the late 1950s, Eric Berne developed transactional analysis theory. It is a psychoanalytic theory and a therapy method that helps understand interpersonal behaviour and analyse social interaction between people. Transactional Analysis is a theory to improve interpersonal communication. Transactional analysis was initially thought to be a simple model and was criticized. But eventually, the understanding of transactional analysis increased, and many acknowledged it. Transactional Analysis has wide applications in clinical, therapeutic, organizational and personal development, encompassing communications, management, personality, relationships and behaviour.

Today TA is used in organizations as psychotherapy. Eric Berne said that verbal communication, particularly face-to-face communication, is at the centre of human social relationships and psychoanalysis. His starting point was that when two people encounter each other, one of them will

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speak to the other, which he called the Transaction Stimulus. The reaction from the other person he called the Transaction Response. The present lesson includes the concept of ego states, life positions, psychological games, strokes, and the Johari window that could help understand how interpersonal relationships could become smooth.

> "Psychoanalysis theory is based on the belief that man is encouraged more by unforeseen forces than the conscious and logical thought. Freud believed that most of the things in life are not present at the conscious level but they are present at an unconscious level".

4.4 Ego States

Humans are teeming with whims and fancies. Accordingly, when employees interact, their conduct varies as per the situation. An employee is cooperative at one time and grumpy at the other. He is cordial to one colleague and gives a cold-shoulder to another. Such different actions occur because of varying ego states.

At the core of transactional analysis are the Ego states. Paul Federn coined the term Ego states. According to this, human personality comprises three "ego states". Ego states refer to a "pattern of behaviour". As one grows up, one develops a certain behaviour pattern known as the Ego State. According to Dr. Eric Berne, there are three ego states: Parent ego, adult ego, and child ego. Each ego state consists of some common behavioural pattern an individual follows in various situations. Usually, their present-day reactions are based on their past experiences and feelings. Following is a brief detail on each ego state—

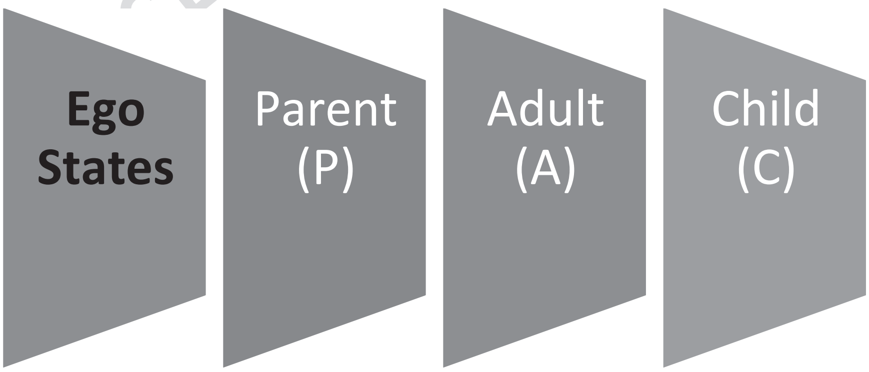

Figure 4.1: Ego States

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4.4.1 *The Parent Ego State*

Parent Ego refers to the personality attributes of values, attitudes, and behaviour of parents like people, inherited by a person when he was a child. An individual assimilates such behaviour from parent figures like a teacher, father, mother, brother, or any other person who is elderly and displays an advisory behaviour, which is copied by a child and subsequently displayed in his life when such situations arise. Either someone makes decisions for you, or they show protection and care. Both types of behaviour represent the "Parent ego". Parent ego can be of the following two types—

(*i*) **Nurturing Parent Ego:** The nurturing parent ego state has attributes like empathy, comfort, and protection towards others. In this state, an individual tries to understand others and emanates empathy towards them. Actions taken from this state instil confidence and encourage others to go on and are full of appreciation for people and their positive behaviours. For instance, a person in this ego state will say, "*What can I do to help you"*?

(*ii*) **Critical Parent Ego:** The critical parent ego state is about blaming others and giving unconstructive criticism. It includes actions like - attacking other people, being extremely judgmental, not listening, and not being interested in an explanation. The critical parent will write you off as a person rather than deal with your behaviour. However, they are always ready to respond with a should or ought to almost anything that people tell them. For instance, an individual in his critical parent ego state will say, "*You must submit your assignment by evening*."

ACTIVITY

Name that one friend in your friend circle—

(*a*) Who normally suggests place, fix time, and decides do's and don'ts for the whole group.

(*b*) Who says, "don't worry, I am with you", or "I'll help you in best possible manner" or shows care and concern.

Notes

4.4.2 *The Adult Ego State*

An adult's ego state refers to a pattern of behaviour where an individual behaves more logically. Past experiences do not influence such individuals and they believe in seeking facts and tend to reflect problem-solving behaviour. Their behaviour is inclined toward rational decision-making. They analyze the situation after going through the available facts and behave rationally. Logical thinking, thoughtful conversation and factual discussion are the cornerstones of an adult ego state. The adult ego state is stored by facts, not feelings and emotions.

4.4.3 *The Child Ego State*

The child ego state refers to a pattern of behaviour that could be characterized by spontaneous, impulsive, creative, and emotional components of personality. A child's Ego state could take two types, one is a happy child (no harm to anyone), and the second is a destructive child (behaviour might harm others or themselves).

People operating in this state usually act as they did when they were a child. The Child Ego State is primarily concerned with feelings though that does not mean that when in the 'here and now' experience, the person does not have access to attitudes and thinking, but it simply means that when activated, feelings are usually the executive energy force. People operating in this state act emotionally and make impulsive decisions. Immature behaviour characterizes this state. Anxiety, dependence, fear, hate, and conformity are other characteristics of a Child Ego State. Physical and verbal cues such as giggling, compliance, seeking attraction and coyness indicate the Child Ego State.

PARENT EGO	ADULT EGO	CHILD EGO
Teaching	Rationality	Spontaneous
Demonstrating	Objective	Impulsive
Rules & Laws	Figuring out	Fantasizing
Dos and Don'ts	Estimating	Creativity
Truths	Evaluating	Experiencing joy/ frustration

Notes

Conclusion: There is no general rule regarding the effectiveness of any ego state in given situation. Each type of ego state may lead to positive or negative behaviour. It is not only about words but also tone, body postures, expressions, and gestures that reflect the ego state during the communication exchange. From an organizational perspective, learning and reflecting on the positive side of each ego state is essential.

IN-TEXT QUESTIONS

1. There are three types of Ego states, namely,_______, _____ and _______.

2. The Transactional Analysis (TA) theory is coined by___________.

3. _______ coined the term Ego state.

4. Child Ego state is the pattern of behaviour that could be characterized by—

(*a*) Impulsive

(*b*) Creative

(*c*) Spontaneous

(*d*) All the above

5. Adult Ego state is the pattern of behaviour that could be characterized by—

(*a*) Logical

(*b*) Protective

(*c*) Spontaneous

(*d*) Controlling

4.5 Types of Transactions

A transaction is a unit of social interaction consisting of an initiating message called the stimulus(S), and a reply called the response(R). The stimulus and response might be verbal or non-verbal, but they must be received and acted upon by both parties. In other words, a transaction is a relationship between two people in which one says or does something,

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and the other reacts. A transaction may involve any combination of ego states.

Transactions are forms of interactions that develop early in life, such as Parent-Child, Child-Child, or Adult-adult. For instance, young children, when ordered, become frightened or grumpy. Many years later, as grown-ups, they may get into a rut and reply to the same transaction.

Following diagrammatic representations elucidate the exchange of transactions between two people—

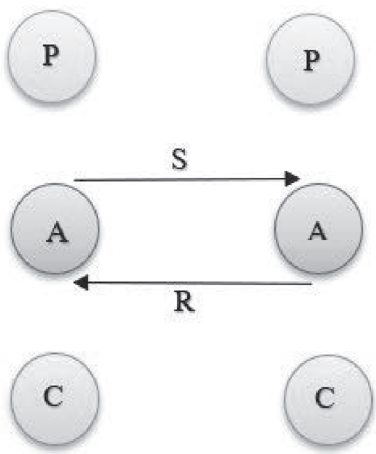

Figure 4.2: Transaction

An arrow passes from the ego state from which the stimulus(S) originates to the ego state which receives the message. The arrow represented by "R" shows the corresponding response(R).

Depending on the ego states of the persons involved in transactions, there may be four types of transactions: Complementary, Non-Complementary, Ulterior and Gallows.

4.5.1 *Complementary Transactions*

A stimulus invites a response; this response becomes a stimulus for further response, and so on. Appropriate and Expected Transactions indicate healthy human relationships. Successful communication takes place when transactions are complementary.

Notes

Complementary Transaction = Effective + Complete Communication

A transaction is complementary when a stimulus from one person gets the predicted response from the other. The transaction is complementary because both the interacting individuals act in the perceived and expected ego state. In such a transaction, both persons are satisfied, and communication is complete. A complementary transaction occurs when the lines between the sender's and receiver's ego states are parallel. Complementary transactions are of the following types:

(*i*) **Adult-to-Adult Transactions:** This is the most satisfactory transaction and leads to healthy communication. The individuals involved are rational, logical, and objective. Therefore, it is an ideal transaction within an organisation. It is the best type of communication, as it is respectful and reduces conflicts. The key to recognizing the Adult-to-Adult transaction is an unemotional exchange between the individuals.

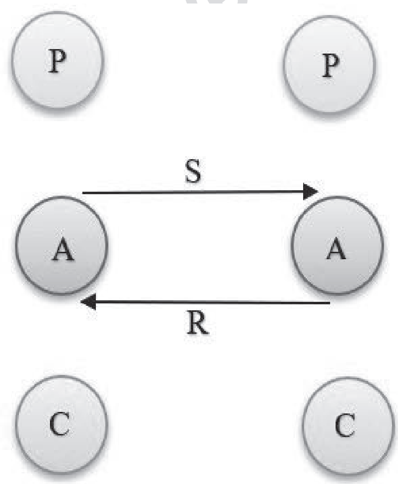

Figure 4.3: Adult-Adult Transaction

Supervisor: Have you finished your job? (A-A)

Employee: Yes. Sir, I finished it long back, and it has already been delivered to the assembly section. (A-A).

The supervisor wanted to take stock of the work assigned to the employee. The employee responded from his adult ego state. As a result, both individuals had effective and complete communication.

Notes

(*ii*) **Adult-to-Parent Transaction:** In this transaction, an individual sends a transactional stimulus as an adult to another individual. If the other individual responds from the nurturing parent's ego state, the communication will be smooth. On the other hand, if the response comes from a critical parent ego state, it could give rise to a conflict.

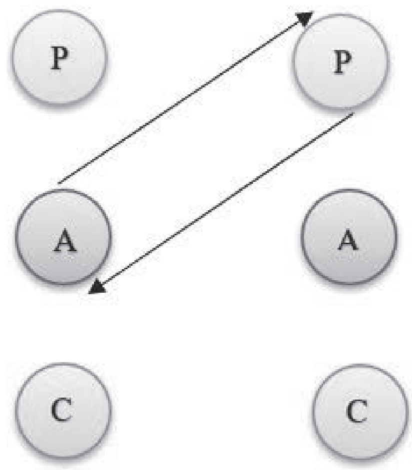

Figure 4.4: Adult-Parent Transaction

Employee X: Have you seen my file? (A-P)

Employee Y: No, but I can help you find it. (P-A)

An employee X enquired about his missing file. Employee Y responded from his nurturing parent ego state. As a result, both individuals had effective and complete communication.

(*iii*) **Adult-to-Child Transaction:** In this transaction, an individual may send a transactional stimulus as an adult to another individual and gets a response from a child's ego state. Such a transaction is generally not seen on work premises.

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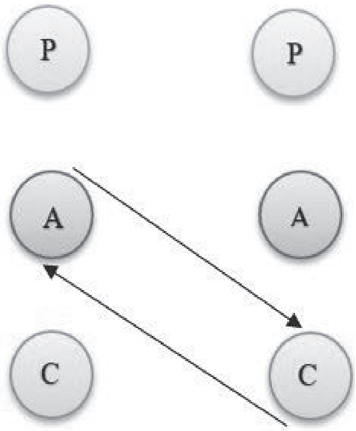

Figure 4.5: Adult-Child Transaction

Employee X: How are you? (A-C)

Employee Y: Aww, thanks for asking. I am doing great. (C-A)

Employee X wanted a normal howdy do with employee Y. Employee Y overwhelmed with emotions and responded from his Child ego state. Since employee X expected such a response from employee Y, the communication was successful.

(*iv*) **Parent-to-Parent Transaction:** In this transaction, the manager uses rewards, criticism, rules, and admonitions. The transaction can be beneficial if the employee supports him. Otherwise, there may be needless competition as the employees will try to push their ideas.

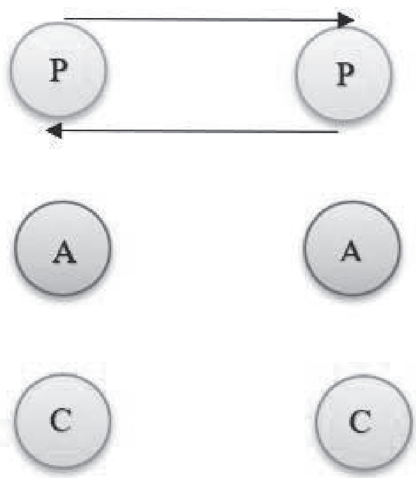

Figure 4.6: Parent-Parent Transaction

Superior: You must not unnecessarily experiment with things. (P-P)

Subordinate: Great things don't happen without experiments. (P-P)

(*v*) **Parent-to-Adult Transaction:** In this transaction, an individual sends a transactional stimulus as a parent to another individual and gets a response from an adult ego state. The stimulus uses dogmatic and overbearing language but gets countered with a logical reply. Therefore, conflicts over trivial matters are staved off.

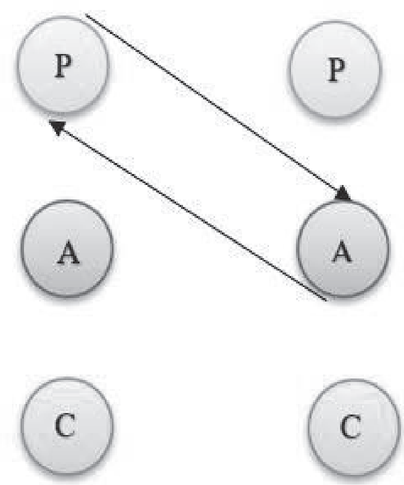

Figure 4.7: Parent-Adult Transaction

Employee X: You should sit straight. (P-A)

Employee Y: I have a backache. (P-A)

Employee X called employee Y on his sitting posture. Instead of snapping at him, Employee Y chose to reason with him and precluded a conflict.

(*vi*) **Child-to-Child Transactions:** In this transaction, an individual sends a transactional stimulus as a child to another individual and gets a response from a Child ego state only. Such a type of transaction is not suitable for a workplace. Both individuals act on whims, fancies, and emotions in this transaction. Therefore, the organization suffers badly, and the situation cannot last long.

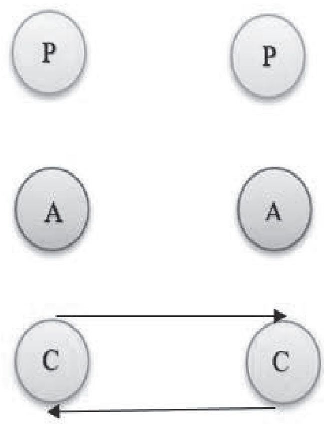

Figure 4.8: Child-Child Transaction

Employee X: Management should always think in favour of their employees. (C-C)

Employee Y: If management does not think in our favour, we will do the same towards them. (C-C)

Both employees are overcome with emotion. In the short run, such a transaction is smooth for the individuals involved, but in the long run, it is not good for the organization.

(*vii*) **Child-to-Parent Transaction:**

Employee: To whom should I submit the file after completing it? (C-P)

Manager: You must always follow the chain of command for any official work. (P-C)

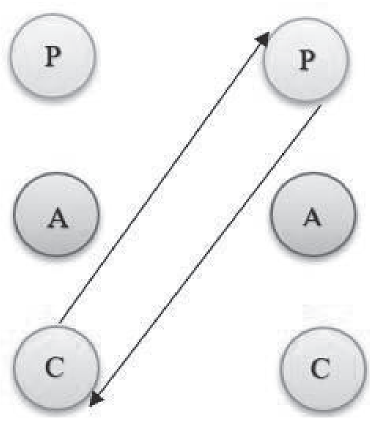

Figure 4.9: Child-Parent Transaction

(*viii*) **Parent-to-Child Transaction:** When the manager interacts from the Parent Ego and the employee responds with the Child ego; this can be satisfying for both in the short run. Conflict and pressure are eliminated. But in the long run, the personality of the employee may remain underdeveloped, which may create a feeling of frustration.

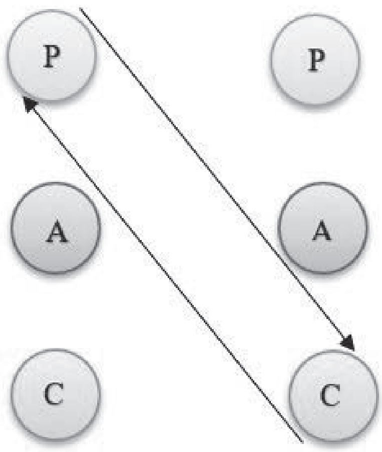

Figure 4.10: Parent-Child Transaction

Employee X: I am feeling under the weather today. I must go and see the doctor. (P-C)

Employee Y: Aww, I'll take care of you! (C-P)

Employee X acted from a parent ego state and received a response from Employee Y through a child ego state. The resultant transaction is complete communication. Nevertheless, such transactions are not preferred in a workplace since they may lead to the underdevelopment of employee Y.

4.5.2 *Non-Complementary Transaction*

A Non-complementary or cross-transaction occurs when the person who initiates the transaction does not get the response from the expected ego state. In such transactions the stimulus-response lines are not parallel.

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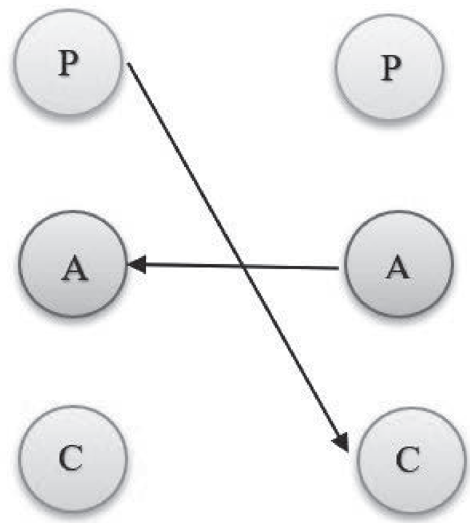

Figure 4.11: Cross Transaction

Supervisor: How many units have you made till now? (A-A)

Operator: Do not enquire frequently. I will inform you after completing it. (P-C)

The supervisor expected a rational response; instead, the operator got worked up and replied from a parent ego state. As a result, the communication was not successful.

Such a transaction will ultimately result in a dispute. Once the transaction is crossed, it results in unrest and dissatisfaction, leading to arguments and conflicts between the interacting parties.

4.5.3 *Ulterior Transactions*

We all have been in a conversation where it is all about the 'unsaid'. The real message is hiding behind the veil of social interaction. There is an overt and a covert message in such conversations. In transaction analysis, we call these interactions ulterior transactions.

In ulterior transactions**,** two messages are conveyed simultaneously – a social message on top and a psychological one at the bottom. So, it appears like the person is saying one thing, but there is something else he is trying to convey (left to the intelligence of the receiver).

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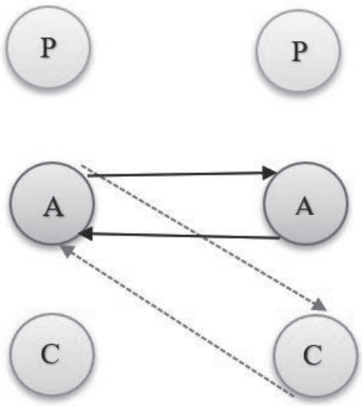

Figure 4.12: Ulterior Transaction

Now, these can be both enthralling and excruciating. Flirtatious games are a classic example of an exhilarating and enjoyable ulterior transaction. Whereas, on other occasions, the existence of a sub-text is downright unpleasant. Salespersons are usually adept at deploying ulterior transactions. Following is an example of an ulterior transaction at play in an organisation:

Supervisor: What time is it, Kunal? (Kunal reached late to the office, to which the manager asked him this question. On the surface, he is confirming the time, but he intends to highlight that Kunal is late to the office.)

Ulterior transactions occur when three or more ego-states interact at the same time. The interaction is at two levels - what the person says (the social message) and what he means (the psychological message).

Example:

Social Message (overtly spoken words):	Psychological Message (covert message):
Salesperson (S): This is the top-of-the-range model. (A-A) **Customer (R):** I'll take a look at it, please. (A-A)	**Salesperson (S):** I don't think you can afford this. (A-C) **Customer (R):** How dare you! I can buy this. (C-A)

Notes

4.5.4 *Gallows Transaction*

Gallows transactions include laughs or smiles on the heels of a statement which is painful to the individual. The distinguishing mark of humour in the gallows transaction is that it isn't funny. Instead, the laugh serves as tightening the noose, and the destructive behaviour gets reinforced. **Example**: A teacher getting amused at the stupid behaviour of her student.

Conclusion: The adult-to-adult transaction is most effective in the organization because it is problem-solving, treats people as equals and improves understanding. Though the A-A transactions are the most desirable yet, other complementary or parallel transactions are also workable depending upon situations and the willingness of both superiors and subordinates to develop a workable relationship.

IN-TEXT QUESTIONS

6. In _________two messages are conveyed at the same time - a social message on top and the psychological message at the bottom.

(*a*) Ulterior Transactions

(*b*) Cross Transaction

(*c*) Complimentary Transaction

(*d*) Gallows Transaction

7. When manager speaks to a subordinate as Parent-to-Child and Subordinate respond as Child-to-parent; then it is an example of —

(*a*) Ulterior Transactions

(*b*) Complimentary Transaction

(*c*) Cross Transaction

(*d*) Gallows Transaction

8. When stimulus and response lines are not parallel it is known as —

(*a*) Ulterior Transactions

(*b*) Crossed Transaction

(*c*) Complimentary Transaction

(*d*) Gallows Transaction

9. "A mother smiling at a stupid behaviour of her son" - Following is an example of:

(*a*) Ulterior Transactions

(*b*) Cross Transaction

(*c*) Complimentary Transaction

(*d*) Gallows Transaction

4.6 Need of Understanding Transactional Analysis

Transaction Analysis is a prominent tool for positive change and growth. It is the study of how individuals adopt certain behaviours, either by accident or from their early caretakers or authority figures and then continue to conduct in that same behaviour pattern.

TA is a model for people to work towards 'autonomy', where they can choose to live the way they want to and not act as if they are controlled by past events or messages. Determination of one's ego state through TA helps them to be in the driver's seat of their way of life. An understanding of the TA can help the person change their life's script and choose to rewrite it without being hooked on to the inappropriate behaviours of the past.

Before moving ahead, let us understand some commonly used jargons in transactional analysis.

(***a***) **Script:** A story we have learned and internalized about ourselves. Negative stories about us or others tend to result in dysfunctional social outcomes. The script itself tends to be out of our conscious awareness.

(***b***) **Games:** We all have our scripts and engage in various "games" that generally involve winners and losers. Games in Transactional Analysis have been defined as: "a series of duplex transactions which leads to a 'switch' and a well-defined, predictable 'payoff' that justifies a not-OK, or discounted (less-than) position." In a transactional game, we act out our internalized script and things go well for a

Notes

while. Then, we receive the "strokes" we expect to get from acting out our script instead of being vulnerable and authentic until things inevitably go south - the "switch" - and then we get the "payoff."

(*c*) **Strokes:** The pleasant or familiar thoughts and feelings we receive from playing social games with our internalized scripts.

(*d*) **Switch:** The moment when our internalized script's utility breaks down. This is usually when the script prevents us from expressing our authentic identity at that moment. We begin to feel sad, confused, and angry.

(*e*) **Payoff:** The usual, expected result of our game, wherein we end up feeling a loser or less-than.

4.7 Life Positions

A child is like a clean slate. However, in the process of growing up, he wades through a lot of experiences and emotions. These experiences lay the groundwork for making assumptions about their self-worth and the worth of significant people in the environment.

Thomas Harris has called these assumptions life positions, which tend to be firmer than the ego states. During our formative years, we make decisions about ourselves, our world, and the people around us. These decisions get built upon the pattern of strokes we receive from our parents and primary caregivers. These decisions lead us to accept one of our four basic psychological life positions. Once a life position gets decided, it drives our patterns of thought, emotion, and behaviour. The positions are acquired very early, *i.e.*, in childhood, and stay throughout our life. Life positions develop an individual's perception, which may be positive or negative. In this way, four "Life Positions" may be generated as shown in the following figure—

- **I am OK-You are OK:** This is the ideal life position. People with this life position have healthy relationships and a positive outlook. They are cordial, forthcoming and accepting of themselves and others. Managers working from this life position feel comfortable delegating authority as they have confidence in themselves and their subordinates. This life position is based upon the adult ego state.

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- **I am OK-You are not OK:** This is occupied by those who project their difficulties onto others. They are blaming and critical. Transactional games that reinforce this position involve a self-styled superior (the "I am OK") who projects anger, disgust, or disdain onto a designated inferior or scapegoat (the "You are not OK"). This position requires someone to be 'worse than' to maintain the sense of self as OK. Managers in this life position consider delegation of authority a threat because they do not trust others. These individuals possess the rebellious child ego.

YOU ARE OK

I AM OK

I am OK **You are OK** (The Healthy Position)	**I am not OK** **You are OK** (The One-down Position)
I am OK **You are not OK** (The One-up Position)	**I am not OK** **You are not OK** (The Hopeless Position)

I AM NOT OK

YOU ARE NOT OK

Figure 4.13 : Life Positions

- **I am not OK-You are OK:** People with this life position feel powerless and keep grumbling. They think others are more competent and have fewer problems. Managers working in this life position are unpredictable and erratic in behaviour. They use their bad feelings as an excuse to act out against others.
- **I am not OK-You are not OK:** This is a position of hopelessness, futility, and frustration. From this position, life seems uninteresting and hopeless. It may result in self-destructive or violent behaviour.

Notes

Managers in this life position neither take decisions on time nor delegate authority properly.

Out of these positions, the ideal one is **"I am OK - You are Ok",** This is because:

- It indicates healthy acceptance of self.
- It demonstrates respect for others.
- It is likely to result in better communication.
- It is expected to result in better performance behaviours.

The other three life positions are less mature and less effective. Thus, the life positions talk about the individual developing his identity, sense of worth and perception of others during childhood. Once a person has decided on a life position, that will often remain fixed unless considerable effort is made to change the underlying beliefs and decisions about life. Transactional analysis psychotherapy aims to bring awareness, explore, challenge, and change an ineffective life script. It is based on the belief that because we were the original creators of our script, we have the power to change it.

IN-TEXT QUESTIONS

10. ______ are more permanent than ______.

(*a*) Life Positions; Ego States

(*b*) Ego States; Life Positions

(*c*) Ego States; Psychological Games

(*d*) Psychological Games; Life Positions

11. ________ is an ideal life position—

(*a*) I am Ok; you're not OK

(*b*) I am Ok; you're OK

(*c*) I am not Ok; you're not OK

(*d*) I am not Ok; you're OK

12. ______ people tend to feel that whole world is miserable.

(*a*) I am Ok; you're not OK

(*b*) I am Ok; you're OK

(*c*) I am not Ok; you're not OK

(*d*) I am not Ok; you're OK

4.8 Stroke Analysis

From our earliest beginnings, we depend on another person. We are born needing and seeking contact, with an innate sense that we can't survive without it. Throughout our lives, we receive this contact through various types of verbal and non-verbal communication:

- A smile
- A hug
- Praise for something we do or who we are
- A challenge to something we do or who we are.

In transactional analysis, these modes of contact are called strokes. Eric Berne described strokes as a unit of recognition, one person acknowledging another by way of act or speech.

4.8.1 *Types of Strokes*

- Positive and negative.
- Verbal and non-verbal.
- Conditional and unconditional.

Telling someone that we love them is an unconditional positive stroke (the ultimate one) whereas telling someone that we love their cooking is a conditional positive stroke. The former strokes the person's entire being, whilst the latter strokes one aspect of their being. Conversely, telling someone, you don't like their cooking is a conditional negative stroke and telling someone you hate them is the ultimate unconditional negative stroke.

Throughout life, this communication develops our personality, informs our sense of self-worth, and defines our beliefs in ourselves, the world, and others. Depending on the type of strokes we receive before adulthood, we end up in one of four life positions, as defined in TA.

Notes

If the strokes we receive through childhood are appropriate to our age and stage of development and are a balanced mix of positive and negative, as needed, then we are likely to grow up with a sense of "I am OK-You are OK". In TA, this life position describes a balanced emotional and cognitive outlook on life.

However, if the balance of strokes has veered far to the positive, contained too many negatives or been an inappropriate mix, then we are likely to struggle with a fair sense of self and the world.

Those brought up with too many positive strokes might hold the life position of I am OK-You are not OK and struggle to see the others' point of view, having developed an over-inflated sense of self-worth.

On the other hand, children who receive too many negative strokes (or not enough positive ones) can grow into adulthood believing others to be more important than themselves; this life position is called I am not OK - You are OK. Alternatively, they might hold the life position of "I am not OK. You are not OK" with little hope for themselves and seeing little good in the world.

4.9 Psychological Games

Games in Transactional Analysis are "a series of duplex transactions which leads to a switch and a well-defined, predictable payoff which justifies a not-OK, or discounted, position".

Let us have a look at what that means. Firstly, what is a duplex transaction? A duplex transaction is where we say one thing and mean another. Only about 8% of our communication is through words; the rest is through tone, body language and facial expressions. Berne observed that whenever we say one thing (the social message) and mean another (the psychological message), it is always the psychological message that gets heard.

We tend to open games with duplex transactions, not saying what we really mean. Then, the game will deliver positive strokes until the "switch" clicks in. The switch is the point at which things suddenly feel like they are going wrong. It is the point at which we may feel confused, scared, angry, or whatever our racket feeling usually is. This leads quickly to us taking a "payoff". It confirms that whatever negative (untrue) thoughts we have held onto about life are true.

Notes

Let us give an **example** of a game and take it apart using the language introduced above. Let us take the game "*Yes, But*". In this, one person has a problem, and another is invited to solve it. Everything the other person suggests is rejected with a "*Yes, I could do that, but...(insert reason for not doing that)*". We all know people who play this. We may even play it ourselves.

Whilst it may appear the player is asking for help on the social level, what they are really doing on the psychological level is proving that they can't help and no one else can control them. The switch comes when the other person gives up trying. The payoff for the player is proof that no one can help them even though they remain passive. Feelings of sadness or anger may accompany this.

The other player in this game may feel helpless and frustrated that they have been unable to help the starter of the game - these feelings are likely to be very familiar too and reinforce a belief that they are not a very good friend, problem solver, therapist, etc. It takes two to play a game.

Why do we play games?

Games are a way in which we can get strokes without risking intimacy and confirm our beliefs (mostly wrongly held ones) about life.

How do we stop Playing games?

The first thing we need to do is identify what games we are playing. Ask yourself what patterns keep emerging in your life? What predictable events occur? What feelings do you often end up having? Spot the games and bring them into the light, where you can chew them over and decide whether you want to keep on playing or do things differently, avoiding the negative payoff.

IN-TEXT QUESTIONS

13. __________ proposed the concept of life positions.

(*a*) Thomas Harris

(*b*) Eric Berne

(*c*) Paul Federn

(*d*) None of the above

Notes

14. __________ is basic unit of motivation.

(*a*) Stroke

(*b*) Life Positions

(*c*) Ego States

(*d*) Script Analysis

4.10 Johari Window

Johari window is a framework developed by two psychologists, Joseph Luft and Harrington Ingham, who combined their first names to name the model. It is a widely used model to understand and train self-awareness and biases for personal development and to improve communications, group dynamics, team development, interpersonal relationships, and inter-group relationships.

People using the framework engage in two primary ideas, acquiring trust by revealing information about oneself to others and receiving feedback to learn more about themselves. The Johari Window model captures such information (feelings, attitudes, opinions, intentions, etc.) from four perspectives, as shown in the four quadrants.

	Known to self	**Not known to self**
Known to others	**OPEN AREA or AREA**	**BLIND SPOT**
Not known to others	**HIDDEN AREA Or FACADE**	**UNKNOWN**

Figure 4.14: Johari Window

- **Open Area:** (*Anything about yourself that you're willing to share with others)*: This is the region where actions, behaviours, and information are known to the individual and those around him. This type of interaction is marked by openness and compatibility and has a very little possibility for defensive feelings and behaviour. An "Open Area" is desirable as a team because when we work in this area with others, we are at our most effective and productive. This is the space where good communications and cooperation occur, free from distractions, mistrust, confusion, conflict, and misunderstanding. Soliciting feedback can help increase this area horizontally to reduce the blind spot while sharing one's feelings, and can extend the area vertically, reducing the hidden area.
- **Blind Area:** (*Anything about oneself that you are unaware of but that others have become aware of):* It reflects behaviour, feelings and motivation known to other parties but not to self. A person's observable habits, manners, feelings, etc., may be unknown to the self but known by others. Others may interpret these actions differently than what one expects them to. In fact, an individual may even annoy others unintentionally. This area could also be referred to as ignorance about oneself or issues in which one is deluded. Seeking feedback can help reduce this blind spot.
- **Hidden Area:** (*Anything about yourself that you are reluctant to reveal to others is in the hidden area):* It reflects behaviour, feelings and motivation known to self but not known to others. In other words, the individual understands himself but does not know about others. The individual tends to be hidden from others for fear of their reactions. The true feelings or attitude of the individual may remain a secret from others. It also includes sensitivities, fear, hidden agendas, manipulative intentions, and secrets - anything that person knows but does not reveal. Individuals are reluctant to share such information as it may affect their relationships. Disclosing information to others can help decrease the hidden area.
- **Unknown Area:** Any region that neither you nor anyone else is familiar with is the unknown area. The information in this quadrant is mysterious and has unknown potential. This includes subconscious information such as early childhood memories, undiscovered talents,

Notes

etc. These feelings and motivations remain unclear till people allow these to surface. Uncovering 'hidden talents' that is unknown aptitudes and skills should not be confused with developing the Johari 'hidden area'. It is another aspect of developing the unknown area and is not as sensitive as unknown feelings. The unknown area could also include repressed or subconscious feelings rooted in formative events and past traumatic experiences, which can stay unknown for a lifetime.

There are two interpersonal processes of 'disclosure' and 'feedback', which cause the redistribution of awareness and changes in the size and form of the four quadrants. The model assumes that an 'open self' becomes larger, and the relationship tends to be more rewarding and productive. Thus, the model is dynamic and sensitive, especially to the interpersonal application of 'disclosure' and 'feedback'. The 'hidden self' can be reduced, and the 'open self' can be increased through disclosure.

The 'blind area' can be reduced by seeking feedback from others, thereby increasing the open area *i.e.*, to increase self-awareness. Therefore, managers must promote a climate of non-judgmental feedback and group response to individual disclosure and reduce fear.

In the 'hidden area', relevant hidden information and feelings, etc., should be moved into the open area through the process of 'self-disclosure' and 'exposure' process. The extent to which an individual discloses personal feelings and information must always be at the individual's discretion. Organizational culture and working atmosphere significantly influence team members' preparedness to disclose their hidden selves.

The use of self-disclosure forms a mechanism for sharing awareness with others. However, self-disclosure involves risk for the individual, and the outcome must be worth the cost. Likewise, the 'feedback' process can decrease 'the blind self' and simultaneously increase the 'open self'. In other words, others must give, and the individual must use the 'feedback' in social encounters. It forms the means whereby the individual encourages, supports, and presents himself as open to the disclosure of others. In this context, the active solicitation of feedback data in social interactions is essential.

IN-TEXT QUESTIONS

15. ________ developed the model of Johari Window.

16. There are five quadrants in the model of Johari Window. (True/False)

17. Undiscovered/or unknown self is also termed as mysterious. (True/False)

18. Which process can cause change in the size & form of the four Johari Window quadrants:

(*a*) Suppression

(*b*) Feedback

(*c*) Disclosure

(*d*) Both (*b*) & (*c*)

4.10.1 *Application of Johari Window in Business*

The Johari window serves as an essential tool to analyse the employees' potential, work on organizational relations, and improve team performance.

The other people associated with the business also contribute to organizational improvement and development. These are the financial institutions, shareholders, customers, suppliers, etc.

Taking into consideration the known and unknown facts by the company and the customers, the Johari window provides us with four quadrants.

Let us see the various ways of modifying business relations using this model:

Feedback to Reduce Blind Area

Taking constant feedback from the customers and knowing about the competitive products the consumers may prefer; makes the company aware of customer satisfaction level, product performance, consumer loyalty, level of competition, etc.

Being updated with the market trend and response diminishes the blind spot of the organization.

Notes

Move Out of your Comfort Zone to Decrease Unknown Area

Innovation leads to learning, and learning contributes to growth and development.

Therefore, the organization must explore new possibilities or diversify into new products or means of production through proper research and development, to increase market share and profitability.

Exploring the untapped opportunities and developing new ideas can maximize the open area by diminishing the unknown region and shrinking the blind spot and the hidden area.

Disclosure to Reduce Hidden Area

At times, some strengths or positive traits of the product or the organization are not promoted. As a result, these may not be known to the customers creating a hidden area for the organization.

Therefore, the organization must reveal its strengths, like the premium quality of raw materials used, the better shelf life of products, etc., to develop customers' trust and loyalty.

Conclusion

As we know that all four quadrants are unique but to maintain transparency and cordial relations within a team, it is essential to maximize the open area.

Thus, the Johari window aims to improve interpersonal relationships, behaviour, attitude, and skills within an organization by continually assessing the scope of growth.

4.11 Summary

Transactional Analysis is one of the most accessible theories of modern psychology. In the 1950s, Eric Berne began developing his Transactional Analysis theories. He said that verbal communication, particularly face-to-face, is at the centre of human social relationships and psychoanalysis. Transaction refers to the communication between two persons. The transaction could be both Complementary and Cross in nature. Healthy communication occurs when individuals follow Complementary Transactions, whereas Crossed Transaction causes most difficulties in social situations. The concept of ego states, life positions, psychological games, strokes, and the Johari window could help us understand how interpersonal relationships could become smooth. This life position influences our behaviour when we interact with others. The Life Position refers to the specific behaviour towards others that an individual learns based on certain assumptions made very early in life. Life positions develop an individual's perception, which may be positive or negative. Johari Window Model is dynamic to the interactive processes of disclosure and feedback. It assumes that interpersonal relationships tend to be more productive and rewarding as one's "open self" expands.

4.12 Answers to In-Text Questions

1. Adult, Child, and Parent
2. Eric Berne
3. Paul Federn
4. (*d*) All the above
5. (*a*) Logical
6. (*a*) Ulterior Transactions
7. (*b*) Complimentary Transaction
8. (*b*) Crossed Transaction
9. (*d*) Gallows Transaction
10. (*a*) Life Positions; Ego States
11. (*b*) I am Ok; you're OK
12. (*c*) I am not Ok; you're not OK
13. (*a*) Thomas Harris
14. (*a*) Stroke
15. Joseph Luft and Harry Ingham
16. False
17. True
18. (*d*) Both (*b*) and (*c*)

Notes

4.13 Self-Assessment Questions

1. "Transactional analysis tends to improve interpersonal communication". Comment. Also, explain the utility of transactional analysis.
2. Explain three ego states with suitable examples.
3. Discuss the concept of Life Positions. Name the "ideal life position". Also, explain the utility of understanding life positions to a manager.
4. Explain the concept of the Johari Window. How can it help in improving interpersonal relations?
5. State the implication of Johari Awareness Model.
6. Differentiate Between
   (*a*) Cooperative and conflicting interpersonal behaviour
   (*b*) Child ego, parent ego and adult ego
   (*c*) Complementary and crossed transactions
   (*d*) Four quadrants of Johari Window

State the nature of transaction and draw the relationship:

i. *Manager to Employee : How are you doing?*

Employee to Manager : Fine sir, thank you.

ii. Manager Employee : "You misbehaved with your colleague yesterday and I don't expect this behaviour to be repeated."

Employee to Manager : "I was not wrong. I shall not apologise."

iii. Manager Employee : "You misbehaved with your colleague yesterday and I don't expect this behaviour to be repeated."

Employee to Manager: "I am sorry sir, I'll take care not to behave like this again."

iv. A to B: "I think you need to go and wash your hands"

B to A: "OK, I will wash now".

v. A to B: "The weather is so nice for winters."

B to A: "Yes, it is warm and sunny."

vi. A to B: "I have hurt myself."

B to A: "Don't worry. I will clean it up".

Notes

Answer:

i. complementary transaction (adult-adult)

ii. crossed transaction (Parent to Child and Parent to Child)

iii. complementary transaction (Parent to Child and Child to parent)

iv. complementary transaction (Parent to Child and Child to parent)

v. complementary transaction (adult-adult)

vi. complementary transaction (Child to Parent and parent child)

4.14 References

- Eric Berne, (1961). *Transactional Analysis in Psychotherapy*, Grove Press, New York.
- Thomas A, Harris, (1967). *I'm O.K., You're O.K.*, Harper & Row, New York.
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4.15 Suggested Readings

- Eric Berne, (1961). *Transactional Analysis in Psychotherapy*, Grove Press, New York.
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LESSON

5

Motivation at Work

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STRUCTURE

5.1 Learning Objectives

At the end of this lesson, the student should be able to:

- Define Motivation.
- Explain the need for and process of motivation in an organisation.
- Understand the importance of motivation in an organisation.
- Explain various theories of motivation.
- Differentiate between content and process theories of motivation.

CASE STUDY

Amrita and Shweta together have recently joined "Edu Drive". Edu drive is an innovative learning organisation that collaborates with various schools and promotes the concept of experiential learning. The office is near to Amrita's house, Amrita finds the job suitable to her in terms payment and location. Whereas it takes 30 minutes for Shweta to reach office. At the Edu Drive, Amrita works under the supervision of Mr. Das, and Shweta works under the supervision of Mr. Jain. As managers, Mr. Jain and Mr. Das are quite different.

Mr. Jain supports job rotation, employee participation, equal treatment to all subordinates, etc. He assigns different tasks each week to reduce boredom; This also allows employees to understand how the tasks are operated Edu drive, as they are allowed to do a variety of tasks. For instance, Shweta has worked at the content/ PowerPoint presentation development, video development and addressing queries through online portal. In addition to this, Mr. Jain also motivates Shweta to address concerns of teachers in case of urgency.

Mr. Das, on the other hand, feels it is essential to specialize in a particular task, due to which he prefers repeating the same task. For instance, Amrita has only worked on Organizing and formatting the content and PowerPoint presentations.

Notes

Mr. Das supports specialization and is very particular about time. According to him, monetary and non-monetary benefits could vary from person to person. Two employees in the same position could receive different benefits based on their performance.

On a fine day, Amrita met Shweta at lunch. Since morning Amrita has been formatting documents. During lunch hour, Amrita shared her awful experience with Shweta.

Amrita - I am tired of this monotonous job. Every day I do the same thing.

Shweta - Why don't you tell Mr. Das you want something else? I have heard he allows Daisy to work in other areas, even though I have heard daisy is paid $2 more an hour. Is that true?

Amrita - Yeah, though I do exactly what she does. What I don't do is tell Mr. Das how cool his dressing sense is. If you ask me, his dressing sense is pathetic.

Shweta - That's bad. You put in equal effort.

Amrita - Efforts? In what? Formatting PPts. This job is so meaningless. Even if I format more documents what will I get, another badge that says a good job.

Anyhow, what about you? How's your job going?

Shweta - Pretty good. Today Mr. Jain and I discussed targets that I have to achieve in the next week. It is to counsel 40 teachers at TGT level. Through my contacts, If I succeed in doing so, then I'll get a bonus of $75. It is difficult, but I want to give it a shot.

Amrita - Good to know. I would have left this job if I didn't have monetary constraints.

Shweta - Look at the brighter side; you are paid more than Rahul. Rahul joined before you joined.

Amrita-True. Rahul gives way too much effort, and to me, it doesn't even make sense. If daisy is getting more pay, then I think daisy should also take all responsibilities as well.

Shweta - I understand. Mr. Jain is the best supervisor.

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Amrita - (while looking at the watch) yeah, I am getting late; Mr. Das is very particular about time. He expects his subordinates to reach 5 minutes before time. I think it's time to format documents.

(Please refer to page no. 200 for questions related to opening case study)

5.2 Introduction

A manager's responsibility is to inspire staff to perform their tasks effectively. So how do managers accomplish this? The solution is "Motivation", the process through which managers make employees more productive and effective. It is the process in which basic need leads to creating drives aimed at a goal. Highly driven people put in much effort at their jobs, whereas those who lack motivation do not. Employees who are "happy" are sometimes mistaken for those who are "motivated." These may be connected, but motivation reflects the degree of drive workers have to put in regardless of their level of enjoyment. It is a force that directs employees to act in a certain way. Motivated employees are more productive and engaged and feel more immersed in their work.

The phenomenon of motivation is complex, with multiple definitions. The common frame of reference contains one of the following words in the definition: drives, goals, incentives, desires, wants and needs. The motivation process accounts for an individual's intensity, direction and persistence of effort toward achieving a goal. The concept of motivation is situational and its level varies between different individuals at different times. If you understand what motivates people, you have the most powerful tool for dealing with them at your command. Motivating employees is one of the most crucial roles of management. It includes the skills of communicating, leading by example, challenging, encouraging, obtaining feedback, involving, informing, briefing and rewarding. Motivation is a catalyst since it impacts the intensity of willingness and the level of work a person puts forth to attain organisational goals.

Notes

5.3 Process of Motivation

The motivational process begins with identifying an employee's needs and drives. Needs are the deficiencies a person experiences at a point in time that makes specific outcomes appear attractive. These deficiencies cause psychological (e.g., need for recognition) or physiological (e.g. need for water, shelter, or food) imbalances within the individuals. The deprived person, in turn, examines the environment (surroundings) to find the sources to gratify these imbalances. An unsatisfied need often acts as an energizer as they create tension within the individuals. Therefore, employees explore ways to satisfy them.

Next comes the effort given by employees within a context of opportunity (resources at disposal) to bridge the gap. Actions should be goal-oriented, as motivation is primarily goal-directed. Goal-directed efforts lead to performance towards which skill and technology (i.e., ability) undoubtedly contribute significantly. In the next phase, if performance is suitably rewarded, it results in need satisfaction. Finally, once the employees have received rewards, they reassess their needs.

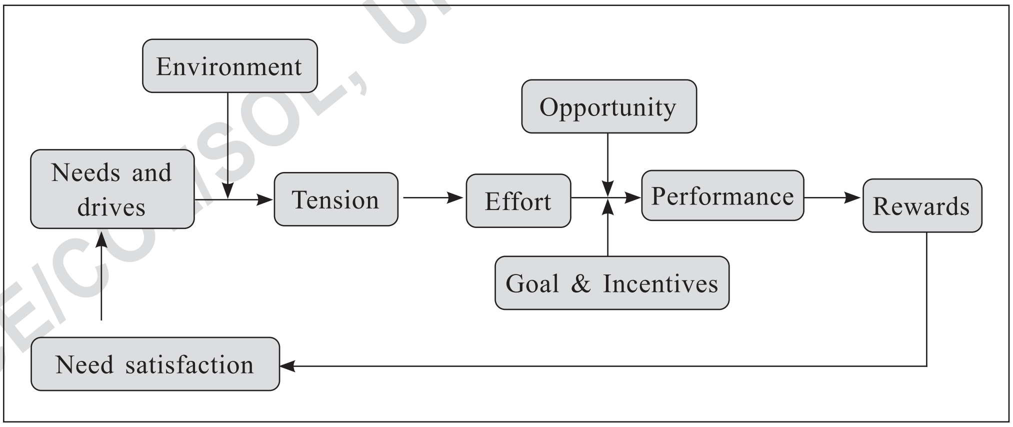

Figure 5.1 : Process of Motivation

The managers have a challenge to cater to diverse employees and their needs to help employees get attuned to working in different cultures. Training and retaining the exemplary employees and supporting their growth is another reason managers need to utilize the insights and implications suggested by motivational theories. Several theories attempt to explain how motivation works. The foundation of these motivation theories took place during the 1950s. In management circles, probably the most popular explanations of motivation are based on the needs of the individual. However, there has been a shift in the business environment with regard to globalization in terms of blending of work cultures and social cultures, increasing participation of women, raising awareness of the issue, and increased competition. All this has made motivation prominent subject.

5.4 Approaches to Motivation

Several theories attempt to explain how motivation works. The theories can be broadly categorized into Cognitive and non-cognitive models.

5.4.1 *Cognitive Models*

The cognitive model of motivation consists of theories that focus on the human mind's internal state. The focus is on mental processes that emerge from human needs, desires, expectations, and drives. Theories under the cognitive model could be further subdivided into Content and Process theories.

5.4.1.1 *Content Theories*

Content (or need) theories of motivation focus on factors internal to the individual that energize and direct behaviour. These theories suggest that people have certain needs and/or desires which are internalized. In general, such theories regard motivation as the product of internal drives that compel an individual to act or move (hence, "motivate") toward satisfying individual needs. It answers the following question-

"WHAT MOTIVATES EMPLOYEES?"

The motivation process starts with specific unsatisfied needs (as mentioned above). These psychological and physiological needs create tension in the mind of employees. The employees explore ways and act in a particular manner to satisfy these unsatisfied needs. Content theories explain different types of needs within employees. Following are some popular content theories-

- Maslow's Need Hierarchy Theory
- Herzberg's Motivation Hygiene Theory
- Alderfer's ERG Theory
- McClelland's Needs Theory

Notes

5.4.1.2 *Process Theories*

Process theories are concerned with determining how individual behaviour is directed and maintained in the specifically self-directed human cognitive processes. Process theories of motivation are based on early cognitive ideas which posit that behaviour results from conscious decision-making processes. It looks at what people are thinking about when deciding whether to put effort into a particular activity. It answers the following question-how motivation occurs?

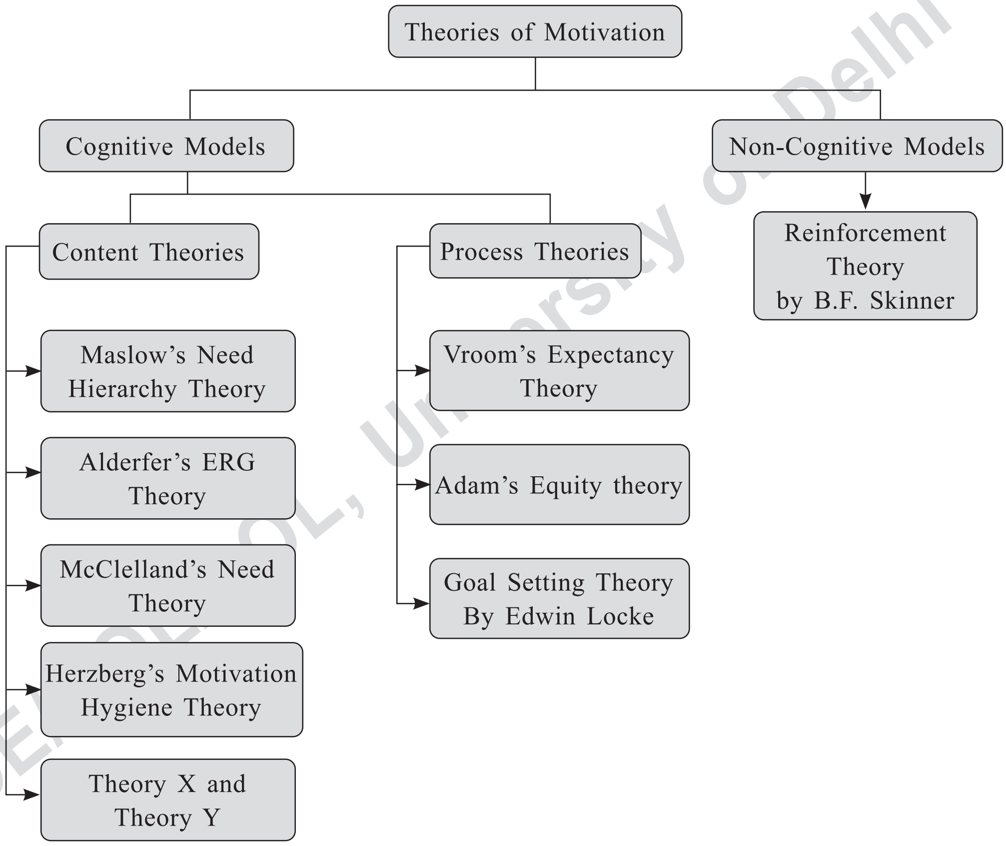

Figure 5.2: Cognitive and Non-Cognitive Models of Motivation

Process theories explain process within the human mind that leads to motivation. Following are some popular process theories-

- Vroom's Expectancy Theory
- Adam's Equity theory
- Goal Setting Theory

5.4.2 *Non-Cognitive or Reinforcement Model*

Unlike the cognitive model, which focuses on the internal state, the non-cognitive model focuses on external forces. If an action is rewarded, the employee is motivated to repeat the action. Similarly, if action is punished, employees will be motivated not to repeat it. A manager could use various external forces, like rewarding, punishing, ignoring, etc., to motivate employees to behave in a particular manner. Both cognitive and non-cognitive models are complementary to each other. It is not mutually exclusive. It means both models work together to motivate employees.

IN-TEXT QUESTIONS

1. The motivational process begins with identifying an employee's ______ and _____.

2. These theories of motivation could be broadly categorized into _______ and _______ models.

3. Cognitive model of motivation consist of theories that focus on ________.

4. Theories of motivation under cognitive model could be further sub-divided into ______ and _______.

5. Content theories do not include:

(*a*) Maslow's Need Hierarchy Theory

(*b*) Herzberg's Motivation Hygiene Theory

(*c*) McClelland's Needs Theory

(*d*) Adam's Equity Theory

6. Process theories do not include:

(*a*) Alderfer's ERG Theory

(*b*) Goal Setting Theory By Edwin Locke

(*c*) Vroom's Expectancy Theory

(*d*) Adam's Equity Theory

Notes

5.5 Maslow's Need Hierarchy Theory

It is one of the popular motivation theories given by A.H. Maslow. Maslow suggested that employees' needs are arranged in a particular hierarchy (as shown in figure 5.4). As lower-order needs are satisfied, the hierarchy's next need becomes dominant. From the standpoint of the theory, we could say that no need is ever gratified. A substantially satisfied need no longer motivates. Maslow separated the needs into higher and lower-order needs. Physiological and safety needs are lower-order needs, while higher needs are social esteem and self-actualization. The differentiation is that the higher-order needs are satisfied only within a person, and the lower-order needs are satisfied by material things. Following is a brief on various categories of need as mentioned by Maslow-

- Physiological Needs: Physiological needs are basic needs important for human survival, like water, food and shelter. Unless these basic needs are fulfilled, other needs won't be able to motivate employees.
- Safety and security Needs: Once physiological needs are met, one's attention turns to safety and security needs. Such needs might be fulfilled by living in a safe area, medical insurance, job security and financial reserves.
- Social Needs: Employees are social beings. The need for social circle and belongingness remains important. Social needs are the first higher-level wants that become essential after a person has satisfied their lower-level physiological and safety requirements.
- Ego or Esteem Needs: Esteem needs may be classified as internal or external. Internal esteem needs are related to self-esteem, such as self-respect, independence, and achievement. External esteem needs are social status and recognition. Some esteem needs are self-respect, attention, recognition, and reputation.
- Self-Actualization: It is the quest of reaching one's full potential as an individual. Unlike lower-level needs, this need is never fully satisfied as one matures. There are always new opportunities to continue to grow. Self-actualized people tend to have needs such as truth, justice, wisdom, and meaning. They have frequent occurrences of peak experiences, which are energized moments of profound happiness and harmony.

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Note: However, not all people are driven by the same needs - at any time, different people may be motivated by different factors. To motivate employees, managers must recognize the needs level at which the employee is operating and use those needs to motivate employees.

Need hierarchy and motivators that satisfy the needs are shown in the following figure:

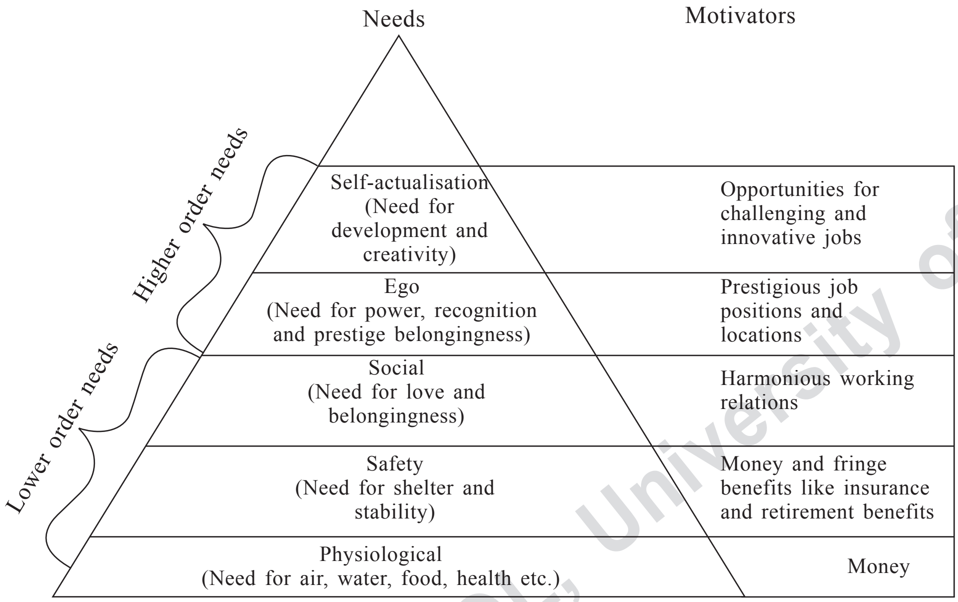

Figure 5.3 : Maslow's Need Hierarchy

5.5.1 *Appraisal of Maslow's Need Hierarchy Theory*

The theory suggests that needs follow a definite sequence. However, due to cultural differences, this may not hold. Some cultures appear to place social needs before others (for example, Spain and Belgium workers felt this way). Similarly, some assumptions might not work in all cases; for example, employees won't move to the next level need unless a lower need is fulfilled. Also, satisfied needs won't motivate employees further. Finally, there is little evidence to suggest that people are motivated to satisfy only one need level at a time, except when there is a conflict between needs. A "multiplicity of motives often guides employees". Even though Maslow's hierarchy lacks scientific support, it is pretty well-known and is the first theory of motivation to which many people are exposed.

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Figure 5.4 : Maslow Needs Hierarchy Theory

5.6 McClelland's Theory of Needs

David McClelland proposed that an individual's specific needs are acquired over time, shaping one's life experiences. The needs can be classified under three categories: Achievement, Affiliation, and Power. Also termed as the need for affiliation (n Aff), the need for power (n Pow), and the need for achievement (n Ach).

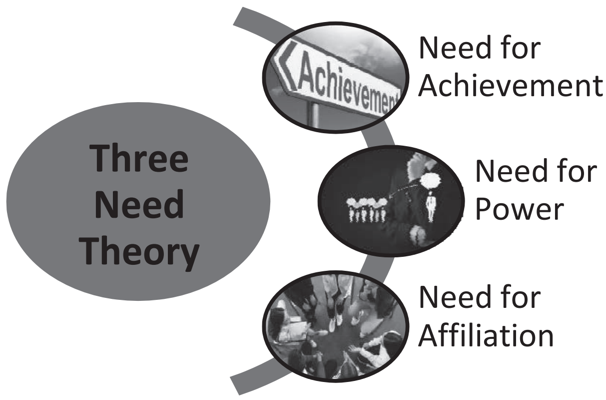

Figure 5.5 : Three Need Theory

Need for Achievement (n Ach) refers to the drive to excel, grow, strive, and succeed to a set of standards. People who need achievement differentiate themselves from others by their desire to do things better. They try to seek situations where they can achieve rapid feedback on their performance. Such individuals set moderately challenging goals. They are not gamblers, but they take up situations where the probability of winning is 50 -50. Such individuals also prefer to work hard and take personal responsibility for failures.

Need for Power (n Pow): The need to make others behave in a particular manner in which they wouldn't have acted otherwise. The need for power is the desire to have an impact on others or to be able to influence or control others. Individuals with high 'Power Need' enjoy being in charge and prefer to be placed in competitive and status-oriented positions. McClelland categorized power into two categories, institutionalized and personalized power. Here institutionalized power refers to the power used for social benefit, and personalized power refers to the power exercised for individual gain.

Need for Affiliation (n Aff): The desire for friendly and close interpersonal relationships. It refers to the need for affiliation, *i.e.* the desire to be liked and accepted by others. Individuals with this need strive to maintain friendships and prefer cooperative situations.

5.6.1 *Implication of the McClelland's Theory of Needs*

McClelland's achievement motivation theory suggests that:

A strong 'affiliation-motivation' undermines manager's objectivity, because of their need to be liked, and this affects a manager's decision-making capability. The focus is more on relationships than organisational goals.

A strong 'authority-motivation' need produces a determined work ethics and commitment to the organisation. People are attracted to the leadership role but they may not have the flexibility and people-centred skills.

Those with high personal power maximise personal goals and are, therefore, not good managers. Those with high institutional power focus on organisational goals and are generally good managers.

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People with strong 'achievement motivation' make the best leaders. They are good entrepreneurs although there can be tendency to demand too much from the staff. They believe that everyone is highly achievement-focused and results driven, which is not always true.

A research conducted on these needs revealed that:

- Managers usually have high achievement and power needs and low affiliation needs.
- As people at higher levels have by-far satisfied their achievement needs, these needs are more prominent in executives of smaller companies, and middle and lower-level managers.

However, such people are usually found low on affiliation needs. They believe only in work.

Successful managers have the following need-profile:

1. Moderate need for achievement so that personal growth and organisational growth are compatible.
2. Moderate to high need for institutional power to concentrate on organisational goals.
3. Minimum need for affiliation to focus goals on a friendly environment.

Managers develop this need profile to set high goals, expand business and establish new units.

Certain problems have also been identified in theory: The degree to which we have each of the three needs is difficult to measure, and therefore the theory is difficult to put into practice. It is more common to find situations where managers aware of these motivational drivers label employees based on observations made over time. Therefore, the concepts are helpful but not often used objectively.

5.7 Alderfer's ERG Theory

The ERG theory is an extension of Maslow's hierarchy of needs. The theory was developed to reduce the overlap between the five needs described by Maslow. Maslow's need theory was condensed into three types of needs, namely, existence, relatedness, and growth by Alderfer. It also assumes that no rigid structure of needs hierarchy is followed.

- **Existence Needs:** The existence needs comprise all those needs that relate to the physiological and safety aspects of human beings and are a prerequisite for survival. Thus, Maslow's physiological and safety needs are grouped into one category because of their same nature and similar impact on individual's behaviour.
- **Relatedness Needs:** The relatedness needs refer to the social needs, that an individual seeks to establish relationships with those he cares for. The relatedness needs refer to our desire to maintain essential relationships interpersonally. These align with Maslow's social needs and the external component of Maslow's esteem needs.
- **Growth Needs:** Growth needs refers to the intrinsic desire for personal development and the characteristics included under self-actualization. The ERG theory demonstrates that more than one need may be operative simultaneously, and if the gratification of a higher-level need is stifled, the desire to satisfy a lower-level need increases. Thus, growth needs influence an individual to explore the maximum potential in the existing environment.

Principles of ERG Theory

Alderfer ***talks of two principles :***

1. Satisfaction - Progression Principle
2. Frustration - Regression Principle

   1. **Satisfaction - Progression Principle:** According to this principle, as one need is satisfied, even in part, it leads to progression, of other needs. People can also satisfy two needs at a time. Social needs and growth needs may be present at the same time. As satisfaction of lower-order need increases, it is, replaced by another need. Thus, people progress to higher-order needs when lower-order needs are satisfied.

      Thus, contrary to Maslow's theory, different need categories can be satisfied simultaneously.

   2. **Frustration - Regression Principle:** *Alderfer* proposed a regression theory to go along with the ERG theory. When needs in a higher category are not met, individuals put efforts in a lower category need. For example if self-actualisation or self-esteem is not met, people invest more efforts in the

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relatedness category to achieve the higher need. Managers, therefore, provide motivators to avoid frustration and regression down the need hierarchy.

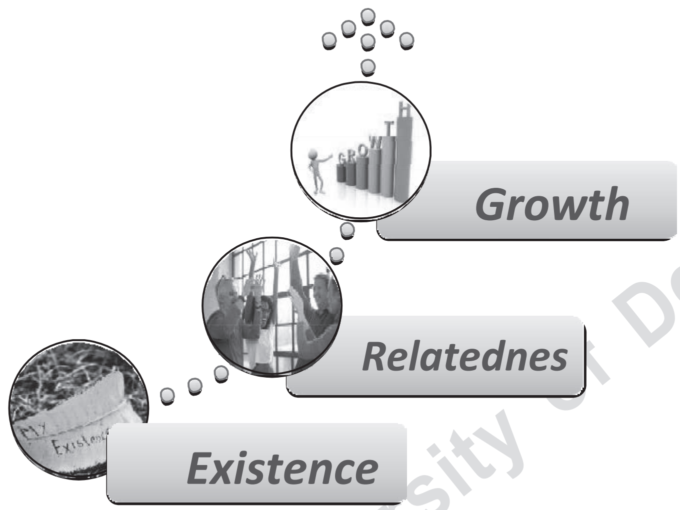

Figure 5.6 : Alderfer's ERG Theory

5.8 Herzberg Two Factor Theory

Frederick Herzberg proposed the two-factor theory of motivation. An empirical study was conducted using a sample of 200 engineers and accountants, and based on the study's findings, the various needs were categorized into two factors, namely, hygiene factors and motivators.

Hygiene factors, which were previously thought to be the motivators, do not result in motivation but are necessary to bring the level of motivation to a start level or platform so that the motivation of personnel from that platform becomes easier. It was reported in the study that the presence of hygiene factors would not cause satisfaction, but their absence would cause dissatisfaction. Hygiene factors must be present in the Job before motivators can be used to stimulate that person.

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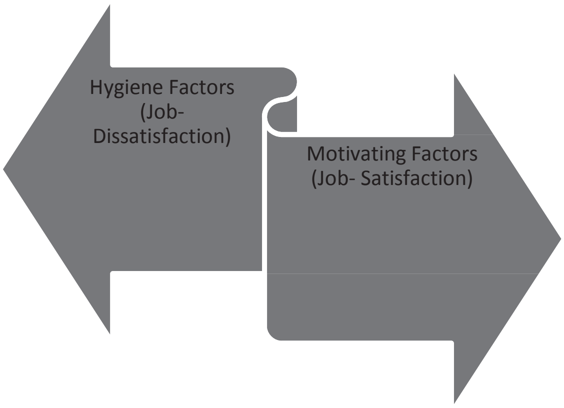

Figure 5.7 : Herzberg's Theory

One cannot use motivators until all the hygiene factors are met. Herzberg's needs are specifically job-related and reflect some of the distinct things people want from their work as opposed to Maslow's Hierarchy of Needs which reflects all the needs in a person's life. The following table shows the difference between hygiene factors and motivators-

Hygiene factors	Motivators
Absence results in dissatisfaction; presence results in no dissatisfaction	Absence results in no satisfaction; presence results in satisfaction
Examples- company policy, administration, supervision, working conditions, equitable salary	Examples- Achievement, recognition, work itself, responsibility, and growth

Figure 5.8 : Examples of hygiene and motivation factors

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Herzberg also reported that both factors are uni-dimensional, *i.e.*, the effect could only be seen in one direction. In other words, hygiene factors are maintenance factors or dissatisfiers, meaning if they are present, they act as a maintenance factor, and if they are not, they act as a dissatisfier. Either way, they won't motivate employees. Similarly, motivators are satisfiers, which means they tend to motivate the employees if they are present.

5.8.1 *Contribution of Herzberg's Two-Factor Theory*

Herzberg's two-factor theory has two essential Contributions.

First, improving work conditions and basic pay won't motivate employees to give higher performance. On the contrary, it would only reduce dissatisfaction among employees. It gave managers a different perspective, who believed this could motivate employees.

Secondly, Herzberg stressed that "work itself" is a motivator. It also gives a better understanding of the term "Job enrichment".

Additionally, Herzberg mentioned that today's motivator is tomorrow's hygiene factor. Because eventually, human needs shift to other needs.

Herzberg's Two Factor Theory continues to be essential for management in motivating their employees. His idea that satisfaction and dissatisfaction do not form a continuum, that one decreases with another increase, still holds. In fact, companies today are increasingly looking for ways to enrich their team's work. They are building enrichment into the appraisal and review process and investing in training and development opportunities. Job engagement has also become a key focus.

Example: TESCO today focuses on factors causing satisfaction as well as dissatisfaction. Employees are motivated and empowered by timely and appropriate communication, involving personnel in decision-making, and delegating wherever possible. Forums are held every year in which staff can provide input on pay raises. Tesco personnel even get an opportunity to give their input when restaurant menus are designed, helping to prevent feelings of alienation and dissatisfaction.

5.8.2 *Relationship between Herzberg's Theory and McClellands' Theory of Motivation*

People with high achievement (n Ach) are more inclined towards motivators, whereas those who score low in achievement (n Ach) are more inclined towards maintenance factors.

For example, managerial people are expected to score high on achievement.

5.8.3 *Appraisal of Herzberg's Two Factor Theory*

Herzberg's theory argues that job enrichment is required for intrinsic motivation. According to Herzberg, the job should have a sufficient challenge to utilize the full ability of the employee. If the motivation-hygiene theory holds, management must not only provide hygiene factors to avoid employee dissatisfaction but also provide factors intrinsic to the work itself for employees to be satisfied with their jobs. Herzberg's theory is highly appreciated but has also been criticized due to the following reasons-

1. **Limited sample of Professions:** The study's finding was based on the limited sample of professionals, who might value challenging tasks, but it is difficult to generalize the findings or say that financial benefits or payments are not a motivator.
2. **Too much emphasis is given to the enrichment of jobs:** For example- Employees do get satisfaction through status and pay; but such components have not been given much focus.
3. **Situational factors** have been ignored. For example, pay may motivate a lower-level worker, but the same is not true for an employee at higher level.

IN-TEXT QUESTIONS

7. Physiological and safety needs are the _______ of motivation given by A.H. Maslow.

   (*a*) Lower order needs

   (*b*) Higher-order needs

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(*c*) Important needs

(*d*) Required needs

8. Higher order needs are _________ and __________.

(*a*) Social esteem

(*b*) Self-actualisation

(*c*) Safety needs

(*d*) Both (*a*) and (*b*)

9. _________proposed the two-factor theory of motivation.

(*a*) Frederick Herzberg

(*b*) A.H. Maslow

(*c*) Alderfer

(*d*) Locke

10. Absence of Hygiene factors results in dissatisfaction, presence results in__________.

(*a*) No dissatisfaction

(*b*) Satisfaction

(*c*) Achievement

(*d*) Dissatisfaction

11. _______ argued that job enrichment is required for intrinsic motivation.

(*a*) Herzberg's Two-factor Theory

(*b*) Maslow's Need Hierarchy Theory

(*c*) Alderfer's ERG Theory

(*d*) McClelland's Needs Theory

5.9 Comparison between Maslow's & Herzberg's Theory of Motivation

Relationship between Maslow and Herzberg Models

Both the theories focus on needs of individuals. While Maslow talks of

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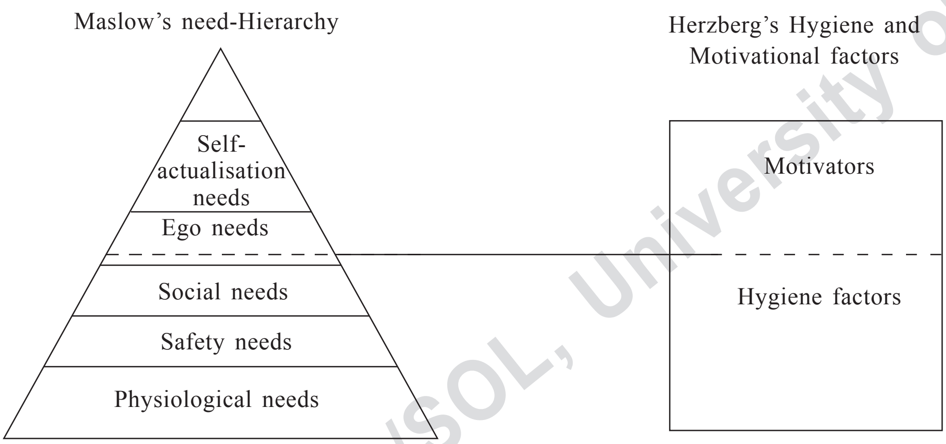
hierarchical arrangement of needs, Herzberg does not arrange the needs in sequence.

In Maslow's theory, same set of factors are motivators when they are present and dissatisfiers, when they are absent from the job. Herzberg formulated two sets of factors, motivators and dissatisfiers.

Maslow identifies strong needs in a person and Herzberg describes the factors that satisfy those needs. If physiological and safety needs are stronger than other needs, managers provide hygiene factors to avoid dissatisfaction at work. If self-actualisation needs or achievement and growth needs are stronger than other needs, they provide motivators on the job.



Relationship between theories of Maslow and Herzberg

The figure indicates that physiological, safety, social and ego needs in part (achieved through family status and not personal development) can be satisfied through hygiene factors. Managers provide salary, bonus and good working conditions to avoid dissatisfaction at work. The part of ego needs (which a person achieves through competence and skills) and self-actualisation needs can be satisfied through motivators.

If managers identify the needs, they determine the factors that satisfy those needs. If they identify the factors which motivate them to work, the is dominant needs can be identified.

	Need Hierarchy Theory (Maslow)	Two Factor Theory (Herzberg)
1.	The theory is based on general observation of human behaviour.	The theory is based on empirical findings.

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	Need Hierarchy Theory (Maslow)	Two Factor Theory (Herzberg)
2.	He arranges needs in hierarchy; starting from lower-order to higher-order.	He does not arrange needs in hierarchy.
3.	Motivators satisfy the strongest need of the individual.	Motivators satisfy higher-order needs of individuals.
4.	Same factors can be hygiene or motivators depending on the need of individuals.	Hygiene factors and motivators are two sets of factors.
5.	He identifies needs that motivate the behaviour.	He identifies the factors that satisfy those needs.

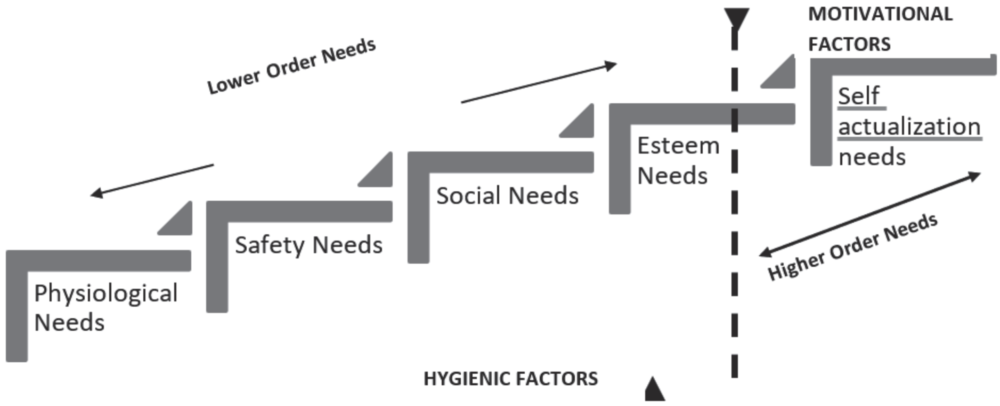

Figure 5.9 : Relationship between Maslow's and Herzberg's Model

Following are some noticeable differences between both the theories:

Herzberg	Maslow
The theory given by Herzberg is based on an empirical study.	It is not based on an empirical study.
The theory fails to explain the behaviour of workers. It is more relevant for professionals.	It is true for all employees in general.
Only higher-order needs are treated as motivators.	All unsatisfied needs could be a motivator.
It is prescriptive in nature.	It is descriptive in nature
It doesn't follow any sequence.	It follows hierarchical arrangement of needs.

Notes

5.10 Theory X and Theory Y

Douglas McGregor formulates theory X and Y. After studying managers' dealing with employees, McGregor identified two different viewpoints based on the assumptions a manager follows while managing employees.

Theory X

Assumptions

- Employees in general do not like work and if possible, try to avoid it.
- Unless manager closely supervise employees, it is difficult to ensure task completion. Therefore, manager must push employees to work through reward or punishment.
- Employees lacks aspiration and dislike responsibility. They give more weightage to job security.
- Manager needs to direct them at every step.

Under the first viewpoint, the manager believes that employees dislike working and therefore it is important to direct them as managers. This view point is based on the "*Carrot and Stick Approach*". According to the "Carrot and Stick" approach, a manager motivates employees through rewards or makes them work through punishments. In other words, Theory X assumes that lower-order needs (as Maslow suggested) dominate the employees. It represents a pessimistic viewpoint.

Theory Y

Assumptions

- Unlike Theory X, employees like their work.
- Employees possess self-direction and self-control. They are dedicated to achieve the goals set by organisation.
- Employees are loyal and committed towards organisations.
- Employees are ready to take responsibility, and they possess capabilities to solve problems and complete the task on their own.

Unlike theory X, Theory Y is an optimistic viewpoint. Here, managers assume that employees are self-motivated and like to work. If we look at Maslow's need hierarchy, then according to theory Y, employees are

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motivated by higher-order needs, like esteem and self-actualization needs motivates employees.

Implication of Theory X and Theory Y

Theory Y encourages employee participation in decision making process. It encourages decentralization. According to this theory, employees are problem solver and know how to discover new ways to complete a task. It is found to be more reasonable and valid as compared to Theory X.

	Theory X	Theory Y
1.	It holds pessimistic view about human nature.	It holds optimistic view about human nature.
2.	People dislike work and avoid responsibility.	People like work and take, rather, seek responsibility.
3.	They work to satisfy their lower-order needs.	They work to satisfy their higher-order needs.
4.	Money and fringe benefits, like insurance and provident fund are the main motivators.	Non-financial motivators like acceptance and recognition are more effective than financial motivators.
5.	People are directed to work. They lack creativity.	People are self-directed and creativity at work.
6.	They do not take initiative to work. They resist change.	People initiate on their own. They accept change as part of the work environment.
7.	They are not committed to organisational goals.	They integrate personal goals with organisational goals.
8.	Innovative and creative techniques for problems - solving are lacking.	Problems are solved through creative and innovative methods.
9.	This theory applies if workers are unskilled with no potential to work.	This theory applies when workers are skilled, have high growth and development potential.
10.	Authority is centralised and moves in hierarchy.	Authority is decentralised with participative decision-making processes.
11.	Leadership is autocratic in nature.	It is democratic in nature.

Unfortunately, no evidence confirms that either set of assumptions is valid. Theory X and Theory Y lack empirical support, which is vital for accepting the OB theories.

IN-TEXT QUESTIONS

12. Three need model is given______.

(*a*) David McClelland

(*b*) Frederick Herzberg

(*c*) A.H. Maslow

(*d*) Alderfer

13. The need for ______ is the desire to have an impact on others or to be able to influence or control others.

(*a*) Affiliation

(*b*) Power

(*c*) Safety needs

(*d*) Achievement

14. The desire for friendly and close interpersonal relationships. It refers to the need for_______.

(*a*) Affiliation

(*b*) Power

(*c*) Safety needs

(*d*) Achievements

15. People with high on _________ are more inclined toward motivators.

(*a*) Achievement needs

(*b*) Affiliation needs

(*c*) Safety needs

(*d*) Social needs

16. The __________ is an extension of Maslow's hierarchy of needs.

(*a*) Herzberg's Two factor Theory

(*b*) Goal Setting Theory by Edwin Locke

(*c*) Alderfer's ERG Theory

(*d*) McClelland's Needs Theory

Notes

5.11 Vroom's Expectancy Theory

Expectancy theory is part of process theories. Unlike previous theories, where the focus was on what motivates employees? Expectancy theories attempt to answer how motivation takes place in employees' minds. Expectancy, Instrumentality and Valence interact psychologically to create a motivational force such that the employee acts in ways that bring pleasure and avoid pain. In other words, individuals' perception of the outcomes of their actions and the value they add to the outcomes determine their motivation to do a particular action. Vroom's theory of motivation consists of three components: Expectancy, Instrumentality, and Valence.

Expectancy (Effort -performance probability): Employees have different expectations and levels of confidence about what they can do. Expectancy refers to an employee's perception of his/her capabilities to perform the given task. It could range from 0 to 1.

Example: If an employee believes that s/he lacks the required knowledge and the chances to complete the given task are zero, zero will be scored in expectancy. Similarly, if s/he believes that s/he will be able to complete the task based on confidence level, higher score on expectancy would be obtained.

Instrumentality refers to employees' perception about receiving desired rewards if they perform the given task. In other words, employees' beliefs about doing specific actions will lead to promised rewards (strength of relationship). It could range from 0 to 1.

Example: Let us assume an employee X needs a promotion. Suppose Employee X believes that his/her efforts will give him the promotion. Then, s/he will score high on Instrumentality. Similarly, if s/he believes the efforts have nothing to do with promotion, s/he will score zero in Instrumentality.

Valence: This represents employees' preference for the reward. In other words, it refers to how highly the employees value the rewards. It could range from -1 to 1. If an employee is indifferent about the reward, his valence will be zero.

All three components could be arranged in the form of an equation:

Motivation = Expectancy × Instrumentality × Valence

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All components should score above zero. If either of them becomes zero, motivation among employees will become zero. Conversely, motivation will be high if all three components score high.

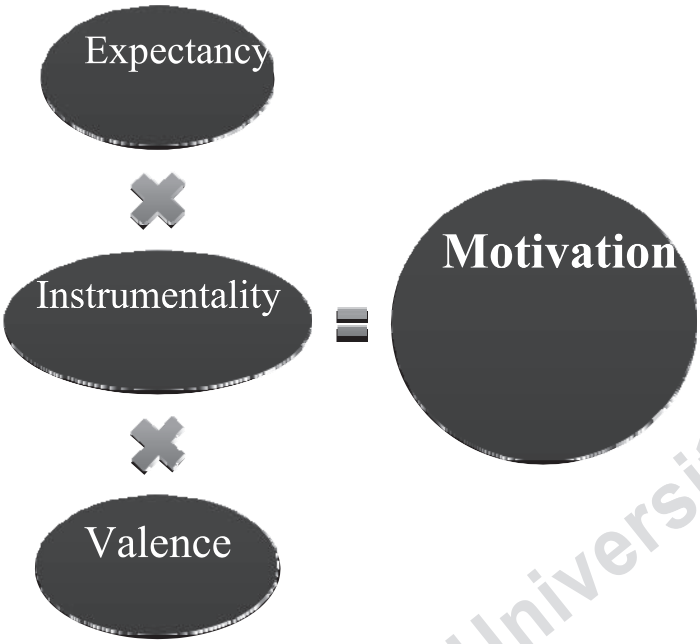

Figure 5.10 : Vroom expectancy theory

5.12 Equity Theory

J.S. Adams formulated the Equity Theory of motivation. This theory helps us understand the importance of equal treatment of all employees in an organisation. The theory explains the process through two components, namely inputs and outcomes. People use subjective judgment to balance the outcomes and inputs for comparing other employees with themselves. If people feel they are not equally rewarded, they either reduce the quantity or quality of work. However, if people perceive that they are rewarded higher, then they are motivated to work harder.

This theory believes that a manager's fair treatment and balanced decisions are crucial in an organisation and states that an employee compares his/her job input and outcomes with others, whether within or outside the organisation and then responds to eliminate these inequalities.

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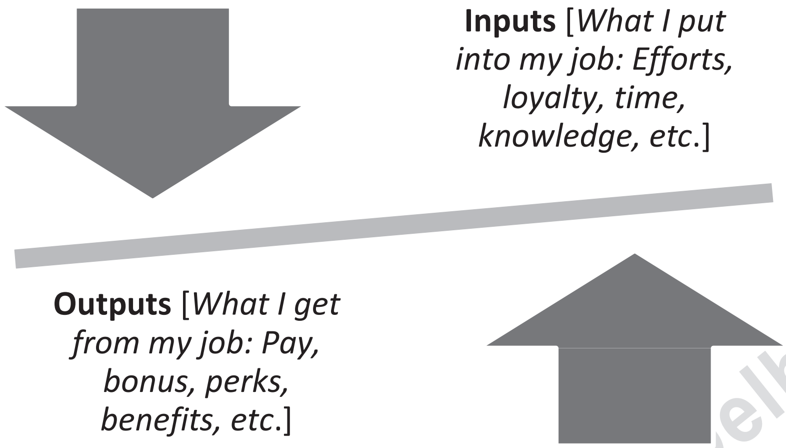

Figure 5.11 : Equity Theory

Here 'Input' refers to everything that an employee gives to the organisation (example-skills, knowledge, efforts, time, idea, etc.); and 'Outcomes' refers to various rewards that he receives from an organisation (for example-pay, recognition, promotion, benefits, friendly relationships, etc.). The employee tends to compare the inputs he gives to an organisation with the outcomes he receives. Additionally, s/he tends to compare his input-outcomes ratio with others.

According to Equity theory, employees take measures to re-establish fair treatment in case of inequity. Following are some examples through which employees could re-establish equity -

- Changing their inputs by giving less effort
- Changing outcomes by asking for higher returns
- Plans to leave the organisation
- Changing the employee with whom they compare themselves.

Porter and Lawler's expectancy model is an improvement over the expectancy theory formulated by Vroom. The model states that combining individual factors and the environment determines behaviour.

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IN-TEXT QUESTIONS

17. Theory X and Y are formulated by______.

(*a*) David McClelland

(*b*) Frederick Herzberg

(*c*) A.H. Maslow

(*d*) Douglas McGregor

18. Under this, manager believes that employees usually dislike working and therefore as a manager it is important to direct them:

(*a*) Theory X

(*b*) Theory Y

(*c*) Theory Z

(*d*) Three need theory

19. Expectancy theory is part of__________.

(*a*) Process theories

(*b*) Content Theories

(*c*) Non cognitive Theories

(*d*) Reinforcement Theory

20. _________refers to how highly do the employees value the rewards.

(*a*) Valence

(*b*) Instrumentality

(*c*) Expectancy

(*d*) None of the above

21. "If people feel that they are not equally rewarded they either reduce the quantity or quality of work or leave the organization.", the statement holds true as per—

(*a*) J.S. Adams Equity theory

(*b*) Equity theory by Edwin Locke

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(*c*) Alderfer's Equity theory

(*d*) McClelland's Equity theory

5.13 Goal Setting Theory

Edwin Locke and Gary Latham formulated the goal-setting theory. The theory states that goals affect employees' motivation. The goal-setting theory emphasizes on the importance of setting specific and challenging goals for achieving motivated behaviour. Challenging goals are difficult but not impossible to attain.

Instead of giving vague tasks to people, specific objectives are more helpful. It revolves around the concept of "Self-efficacy," *i.e.*, an individual's belief that he or she can perform a given task. According to Locke and Latham, goals affect individual performance through four mechanisms. First, goals, direct efforts toward goal-related activities and away from unrelated activities. Second, goals energise employees. Challenging goals lead to higher employee effort than easy goals. Third, goals affect persistence. Employees exert more effort to achieve high goals. Fourth, goals motivate employees to use their existing knowledge to attain a goal or to acquire the knowledge needed to do so.

The goal-setting model indicates that individuals have needs and values that influence their desires. According to Maslow's hierarchy of needs, all individuals possess some basic needs. Individuals do, however, differ in their values. Therefore, if an employee finds that they are not satisfied with the current situation, goal setting becomes a way of achieving what they want.

5.14 Reinforcement Theory

B.F. Skinner formulated reinforcement theory. This theory proposes that behaviour is a function of its consequences. In other words, unlike cognitive theories of motivation, other than the inner state, motivation can be enhanced through external factors. People are motivated or demotivated by the action of their consequences. Positive consequences lead to people repeating their behaviour, whereas negative consequences restrict employees from repeating their actions.

Skinner argued that individuals' internal needs and drives could be ignored because people learn to exhibit certain behaviours based on what happens to them as a result of their behaviour. Skinner states that the work environment should be made suitable for the individuals. He also mentioned that punishments lead to frustration and de-motivation. Hence, the only way to motivate is to keep making positive changes in the organisation's external environment. The focus is on operant conditioning.

There are two types of reinforcement, namely, positive and negative. Positive reinforcement refers to the occurrence of a valued behavioural consequence that strengthens the probability of the behaviour being repeated. The specific behavioural consequence is called a reinforcer.

An example of positive reinforcement might be a salesperson that exerts extra effort to meet a sales quota (behaviour) and is then rewarded with a bonus (positive reinforcer). The administration of the positive reinforcer should make it more likely that the salesperson will continue to exert the necessary effort in the future.

Negative reinforcement refers to an undesirable behavioural consequence that is withheld, with the effect of strengthening the probability of the behaviour being repeated. Negative reinforcement is often confused with punishment, but they are not the same. Punishment attempts to decrease the probability of specific behaviours; negative reinforcement attempts to increase desired behaviour. Thus, both positive and negative reinforcement increase the likelihood that a particular behaviour will be learned and repeated.

An example of negative reinforcement might be a salesperson who exerts effort to increase sales in his or her sales territory (behaviour), followed by a decision not to reassign the salesperson to an undesirable sales route (negative reinforcer). The administration of the negative reinforcer should make it more likely that the salesperson will continue to exert the necessary effort in the future.

As mentioned above, **punishment** attempts to decrease the probability of exhibiting specific behaviours. Punishment is the administration of an undesirable behavioural consequence to reduce the occurrence of unwanted behaviour. Punishment is one of the more commonly used reinforcement theory strategies, but many learning experts suggest that it should be used only if positive and negative reinforcement cannot be used in the given

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circumstances. For example, punishment might be demoting an employee who does not meet performance goals or suspending an employee without pay for violating work rules.

The purpose of **extinction** is to reduce unwanted behaviour. In this manager tends to ignore the behaviour completely. Due to absence of desired response, the employee avoids the behaviour.

For example, if an employee receives no praise for his/her contribution for months, his/her desirable behaviours will diminish. Thus, managers may continue to offer posit behavioural consequences to avoid unwanted extinction.

5.14.1 *Schedules of reinforcement*

The reinforcement schedule is timing the behavioural consequences following a given behaviour. There are two broad types of reinforcement schedules: continuous and intermittent. If a behaviour is reinforced each time it occurs, it is called continuous reinforcement. Researchers suggest continuous reinforcement is the fastest way to establish new behaviours or eliminate undesired ones. However, this type of reinforcement is generally not practical in an organisational setting. Therefore, intermittent schedules are usually employed. Intermittent reinforcement means rewards are given at irregular intervals. There are four types of intermittent reinforcement schedules: fixed interval, fixed ratio, variable interval, and variable ratio.

Fixed interval schedules of reinforcement occur when desired behaviours are reinforced after set periods. The simplest example of a fixed interval schedule is a monthly paycheck.

The **fixed ratio** schedule of reinforcement applies the reinforcer after a set number of occurrences of the desired behaviours. For example, the sales commission is based on the number of units sold. Like the fixed interval schedule, the fixed ratio schedule may not produce consistent, long-lasting behavioural change.

Variable interval reinforcement schedules are employed when desired behaviours are reinforced after varying periods. Examples of variable interval schedules would be special recognition for successful performance and promotions to higher-level positions. This reinforcement schedule appears to elicit desired behavioural change resistant to extinction.

Finally, the **variable ratio** reinforcement schedule is the reinforcer after a number of desired behaviours have occurred, with the number changing from situation to situation. The most common example of this reinforcement schedule is the slot machine in a casino, in which a different and unknown number of desired behaviours (*i.e.*, feeding a quarter into the machine) is required before the reward (*i.e.*, a jackpot) is realized. Organisational examples of variable ratio schedules are bonuses or special awards that are applied after varying numbers of desired behaviours occur.

5.14.2 *Behaviour Modification and Reinforcement*

Behaviour modification is the use of empirically demonstrated behaviour change techniques to improve behaviour, such as altering an individual's behaviours and reactions to stimuli through positive and negative reinforcement.

Reinforcement theory applied to organisational settings

The best-known application of reinforcement theory principles to organisational settings is called behavioural modification or behavioural contingency management. Typically, a behavioural modification program consists of four steps:

- Specifying the desired behaviour as objectively as possible.
- Measuring the current incidence of desired behaviour.
- Providing behavioural consequences that reinforce desired behaviour.
- Determining the effectiveness of the program by systematically assessing behavioural change.

Reinforcement theory is an important explanation of how people learn behaviour. Behaviour modification focuses on the external environment by stating that manipulating consequences can affect behaviours. The alternative consequences include positive and negative reinforcement, punishment, and extinction. Reinforcement can be applied according to continuous or partial schedules. The major benefit of behaviour modification is that it makes managers conscious motivators. It encourages managers to analyse employee behaviour, explore why it occurs and how often,

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and identify specific consequences that will help change it when those consequences are applied systematically.

5.15 Types of Motivation: Cognitive Evaluation Theory

Motivation activates human behaviour and gives it direction. Cognitive evaluation theory suggests that there are two types of motivation; intrinsic and extrinsic. Intrinsic (internal) motivation is an internal state or condition that drives behaviour, such as a hobby. On the other hand, extrinsic (external) motivation refers to direction from outside the person, including the promise of rewards, the threat of punishments, intimidation, and coercion. Both intrinsic and extrinsic motivations are essentially related to goals.

5.15.1 *Intrinsic Motivation*

Any of the following may determine intrinsic motivation:

1. **Physiological States/Needs:** Employees may seek sensory stimulation to decrease hunger, thirst, or physical discomfort.
2. **Emotional Needs:** An employee may seek to calm over-aroused emotions, increase good feelings, decrease negative emotions, maintain optimism and enthusiasm, develop a sense of productivity, or increase self-esteem.
3. **Cognitive Needs:** Employees may seek to increase knowledge and understanding, maintain attention to interesting and personally meaningful events and activities, solve problems, or resolve uncertainty or confusion.
4. **Social Needs:** Employee(s) may seek to be like a role model, to be part of a group, to help others, or to be accepted by peers and have friends.
5. **Volitional/Self-Determination Needs:** Finally, an employee may seek to achieve goals that he has set for herself, take control of her affairs, reduce others' control over her (become self-determined), or pursue her dreams.

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In summary, intrinsically motivated employees act as they do because of their own needs, goals drive them, and they like the outcomes, which make them feel good — give them a sense of satisfaction. The motivation agent is inside the person; they have an internal locus of control. It is worth noting that the idea of reward for achievement is absent from this model of intrinsic motivation since rewards are an extrinsic factor.

5.15.2 *Extrinsic Motivation*

Management systems in many rehabilitation centers, schools, and homes are based on the assumption that people are extrinsically motivated and will not engage in positive behaviour without external inducements. The underlying belief is that most human resources engage in activities because they are directed to do so, because they are required to do so, or because they are provided with either promise of rewards or threats of punishment to sustain their participation. Thus rewards (e.g., monetary or non-monetary) play an essential role. All factors mentioned above (under reinforcement theory) represent external factors that motivate or demotivate employees.

IN-TEXT QUESTIONS

22. The motivational process & not the Motivators as such is associated with:

(*a*) Need hierarchy theory

(*b*) Two factor theory

(*c*) Berg theory

(*d*) Expectancy theory

23. Who has given the Reinforcement theory of motivation?

(*a*) Abraham Maslow

(*b*) David McClelland

(*c*) B.F. Skinner

(*d*) Frederick Herzberg

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24. How many levels are there in Needs Hierarchy theory of motivation?

(*a*) 2

(*b*) 3

(*c*) 4

(*d*) 5

25. Name the motivation theory based on Satisfaction-progression?

(*a*) Alderfer – ERG theory

(*b*) Maslow – Hierarchy of needs theory

(*c*) Herzberg – Two factor theory

(*d*) Skinner's reinforcement theory

5.16 Application of Motivation Concepts

It is essential to apply various motivational concepts to organisations. Some of the applications of motivation and their linking with motivational theories are discussed below:

5.16.1 *Job Design and Motivation: The Job Characteristics Model (JCM)*

Job Design refers to how elements of a job are organised. The model states that any job could be described in terms of the following five dimensions-

Skill Variety: The variety of activities an employee is expected to do while performing a particular job. For example, an employee who invests 7 hrs in spraying paint scores low on this dimension, and a garage owner-operator who is involved in various tasks like repair, customer interaction, rebuilding engines, bodywork, etc., will score high on this dimension.

Task Identity: The degree of completion of work which makes the Job an identifiable piece.

Task Significance: The degree of impact a job has on the Job of others.

Autonomy: The degree of freedom the job provides to an employee in determining procedures, methods and scheduling of work to be carried out. For example: If an employee at the customer care office is given a set of procedures or questions for taking up queries, then such an employee scores low on this dimension.

Feedback: Feedback is the degree to which an employee receives direct and clear information about the performance.

From a motivational standpoint, if employees score high on these dimensions, they will be more motivated to perform than the situation otherwise. In addition, employees with higher- order needs (like growth or achievement) will prefer more autonomy. The dimensions could be further used to compute a consolidated motivational potential score (MPS).

5.16.2 *Redesigning of Jobs to Motivate Employees*

The nature of the job itself impacts the level of motivation. The same is suggested in the JCM model and Herzberg's motivational theory. Through the following ways, jobs can be redesigned to motivate the employees-

Job Rotation:

The periodic shifting of employees from one Job to another is known as Job rotation. Job rotation could be helpful if the Job lacks skill variety and the employee suffers from over- routinization. In addition, job rotation helps reduce boredom and employees understand how their work contributes to the organisation. ***Example***: Ticket agents may be involved in baggage handling. The Singapore Airlines is well known for its extensive job rotation.

Job Enrichment:

Job enrichment refers to vertical movement. The skill variety dimension is increased by adding more tasks to the current Job. It makes existing jobs comparatively more challenging. Job enrichment adds more meaning to a job and gives more freedom to the employees. Recent studies suggest that job enrichment works best when equivalent rewards accompany it.

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5.17 Alternative Work Arrangements

Organisations can motivate employees through various work arrangements like Flexitime, job sharing and telecommunication. These arrangements are beneficial in the current scenario because of diversity in the workforce, like a single parent and dual-earner couple.

Job Sharing:

Job sharing refers to a system in which two or more employees split a 40-hour-a-week job. ***For example, Ford engineers*** Julie Levine and Julie Rocco engaged in a job-sharing program. One worked in a morning slot, while the other worked in an evening slot. It helped them in managing their work-life balance while working on the Job of redesigning the Explorer Crossover.

Job sharing combines the talent of two or more employees and gives flexibility to employees, which could motivate them to perform better. Japanese organisation follows Job sharing for different reasons, like avoiding layoffs due to overstaffing.

CASE STUDY

Sunaina works at "Insta International". She is a coordinator responsible for handling applications received from agency partners. She is also responsible for reviewing and ensuring all fields are filled properly. She is also responsible for following up with agency partners and building a relationship with agency partners. As per the job description, it is a full-time job requiring a minimum of 8 hours of commitment. Presently, her office timing is from 10 a.m. to 6 p.m.

Sunaina is a good performer who meets her deadlines. Last year her performance rating was above average. She also received "applause" from her immediate manager. Keeping her professional life aside, in her personal life, Sunaina is a single mother. She wakes up at 5 a.m. and prefers to sleep before 9 a.m. Recently her daughter has started going to school, due to which from next month she needs to pick her daughter up from school at 3 p.m.

Now Sunaina has no choice other than to leave her present job. Sunaina goes to meet her manager, Mr Amit, in person with a resignation letter-

Amit: Hi Sunaina, How are you?

Sunaina: I am good. Due to some personal engagements, I am afraid I won't be able to continue with this job.

Amit: Why? What happened?

Sunaina explained her situation and left the resignation letter on his desk. After two days, Amit calls Sunaina in his office.

Amit: I was going through your resignation letter. I can recall that we lost hardworking employees in the past for similar reasons. After talking with the HR department, we have come across an alternative. The office opens at 6 a.m. and closes at 8 p.m., and you are supposed to devote 8 hours to the office. We could give you an option to pick up suitable hours, provided the hours should fall within the opening and closing time of the office.

Questions:

1: Identify the alternative work arrangement that Mr Amit provides to Ms Sunaina.

2: State the benefits and limitations of such alternative work arrangements.

Flexi time:

Flexi time refers to flexible work hours. Under this, organisations give an option to employees to choose working hours. In most cases, core hours remain the same. However, the flexibility of two to four hours is given beyond the fixed hours. Flexi hours provides various benefits to organisations; for example, it reduces absenteeism, reduces hostility towards manager, eliminates tardiness, increases autonomy, etc. However, other than the advantages, Flexi hours have certain limitations, like it is not suitable for all types of jobs. For example, if Sunaina is involved in direct customer dealing and customers are usually unavailable before 10 a.m., it won't be possible to give any alternative.

Telecommuting:

For at least two days a week, employees could work from home. Post covid, many organisations across the globe allow telecommuting. It not only gives flexibility to employees but is a cost-saving way for an organisation.

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5.18 Management by Objectives (MBO)

In his book "The Practice of Management", Peter Drucker formulated Management by Objectives (MBO) in 1954. Management by objectives (MBO) is a systematic and organised approach that allows management to focus on achievable goals and attain the best results from available resources. It aims to increase organisational performance by aligning goals and subordinate objectives. Ideally, employees get strong input to identify their objectives, timelines for completion, etc. In addition, MBO includes ongoing tracking and feedback in reaching objectives. The principle behind MBO is to ensure that everybody within the organisation has a clear understanding of the aims, or objectives, of that organisation, as well as awareness of their roles and responsibilities in achieving those aims.

Principles of Management by objective:

- Cascading of organisational goals and objectives
- Specific objectives for each member

Goal Setting And Its Effects On Performance

Motivation is goal-directed. A goal is the object or aim of an action, for example, to attain a specific standard of proficiency, usually within a specified time limit. An employee's goals often are driving forces, and accomplishing those goals affects performance. Goals affect performance through four mechanisms.

First, goals serve a directive function; they direct attention and effort toward goal-relevant activities and away from goal-irrelevant activities. Second, goals have an energising function. High goals lead to greater effort than low goals. Third, goals affect persistence. When participants are allowed to control the time they spend on a task, challenging goals prolong effort. Fourth, goals affect action indirectly by leading to the arousal, discovery, and/or use of task-relevant knowledge and strategies.

5.19 Employee Involvement Program

Employee involvement programs use inputs from employees in the decision-making process. Employee involvement creates an environment in which people impact decisions and actions that affect their jobs. Employee involvement is not the goal or tool practised in many organisations. Instead, employee involvement is a management and leadership philosophy about how people are most enabled to contribute. It is a participative process that uses the total capacity of employees and is designed to encourage commitment to the organisation's success.

Following are a few Employee involvement programs-

Participative management refers to a process where subordinates share decision-making power with the superior. The degree of power is significant, but the subordinate should have the required knowledge and competencies to participate. It helps in motivating employees.

Quality Circles: A group of employees meet regularly to discuss their quality problems, investigate causes, recommend solutions, and take corrective actions.

Employee Stock Ownership Plans: Companies establish benefit plans in which employees acquire stock as part of their benefits.

Linking Employee Involvement Programs and Motivation Theories

Many motivational theories can be linked with employee involvement programs. For example, theory Y of motivation shows consistency with participative management, while in the case of hygiene theory, employee involvement programs could provide employees with intrinsic motivation by increasing opportunities for growth, responsibility, and involvement in the work itself. Employee involvement is attuned with ERG theory and efforts to stimulate the achievement need.

Answer the following questions based on Opening Case Study—

1. Name the various motivation theories that have been highlighted in the above case.
2. Identify the motivation theory that explains Amrita's behaviour towards the end.
3. Using expectancy theory, explain the difference in motivation between Amrita and Shweta.

IN-TEXT QUESTIONS

26. Which of the following is not an assumption of Maslow's theory?

(*a*) Needs are satisfied in a hierarchy

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(*b*) Lower order needs are satisfied prior to higher-order needs

(*c*) New needs emerge even when existing needs are not satisfied

(*d*) Needs are classified as lower-order and higher-order

27. ERG theory of motivation is supported by:

(*a*) Clayton Alderfer

(*b*) Abraham Maslow

(*c*) Frederick Herzberg

(*d*) Douglas McGregor

28. _______focus on the needs a person is trying to satisfy and environmental variables that satisfy those needs:

(*a*) Process theories

(*b*) Situational theories

(*c*) Content theories

(*d*) Behavioural theories

29. B. F. Skinner is associated with:

(*a*) Reinforcement theory

(*b*) Need theory

(*c*) Behavioural theory

(*d*) Goal setting theory

30. Adding more responsibility, autonomy and skills to the job Is:

(*a*) Job enlargement

(*b*) Job simplification

(*c*) Job enrichment

(*d*) Job rotation

5.20 Summary

Motivation is the process in which basic need leads to creating drives aimed at a goal. Highly driven people put in much effort at their jobs, whereas those who lack motivation do not.

- The cognitive model of motivation consists of theories that focus on the human mind's internal state. Theories under the cognitive model could be further sub-divided into Content and Process theories.
- Content (or need) theories of motivation focus on factors internal to the individual that energise and direct behaviour. In contrast, process theories are concerned with determining how individual behaviour is directed and maintained in the specifically self-directed human cognitive processes.
- Content theory includes Maslow's Need Hierarchy Theory; Herzberg's Motivational Hygiene Theory; Alderfer's ERG Theory; and McClelland's Needs theory; while Vroom's Expectancy Theory, Adam's Equity theory; and Goal Setting Theory fall under Process Theories.
- B.F. Skinner formulated reinforcement theory. This theory proposes that behaviour is a function of its consequences. In other words, unlike cognitive theories of motivation, other than the inner state, motivation can be enhanced through external factors.
- Cognitive evaluation theory suggests that there are two types of motivation; intrinsic and extrinsic.
- It is essential to apply motivational concepts to organisations. Some of the applications of motivation and their linking with motivational theories includes redesigning of job, providing alternative work arrangements to employees; management by objective, initiating employee involvement programs and employee participation programs.

5.21 Answers to In-Text Questions

1. (*a*) needs and drives
2. Cognitive and non-cognitive models
3. internal state of human mind

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4. content and process theories
5. (*d*) Adam's Equity theory
6. (*a*) Alderfer's ERG Theory
7. (*a*) Lower order needs
8. (*d*) Both (*a*) and (*b*)
9. (*a*) Fredrick Herzberg
10. (*a*) No dissatisfaction
11. (*a*) Herzberg's Two factor Theory
12. (*a*) David McClelland
13. (*b*) Power
14. (*a*) affiliation
15. (*a*) Achievement needs
16. (*c*) Alderfer's ERG Theory
17. (*d*) Douglas McGregor
18. (*a*) Theory X
19. (*a*) Process theories
20. (*a*) Valance
21. (*a*) J.S. Adams Equity theory
22. (*d*) Expectancy theory
23. (*c*) B.F. Skinner
24. (*d*) 5
25. (*b*) Maslow – hierarchy of needs theory
26. (*c*) New needs merge even when existing needs are not satisfied
27. (*a*) Clayton Alderfer
28. (*c*) Content Theories
29. (*a*) Reinforcement Theory
30. (*c*) Job enrichment

Notes

5.22 Self-Assessment Questions

1. Define motivation and explain the process of motivation.
2. Explain Cognitive evaluation theory. State the effects of intrinsic and extrinsic rewards on the behaviour of the employees.
3. Explain Maslow's need theory and its implications for management.
4. Do you believe that motivational theories are affected by the Culture? Justify your answer with suitable examples.
5. "Millionaires keep working even in the later years of their lives" What motivates them to work.
6. Match the following:

1.	Need hierarch theory	(*a*)	William Ouchi
2.	ERG Motivation Theory	(*b*)	Locke and Latham
3.	Acquired-Needs Theory	(*c*)	Abraham Maslow
4.	Theory Z	(*d*)	David C. McClelland
5.	Goal Setting Theory	(*e*)	Victor H. Vroom
6.	Expectancy Theory	(*f*)	Clayton Alderfer

Answers:

1.	(*c*)	2.	(*f*)	3.	(*d*)	4.	(*a*)	5.	(*b*)	6.	(*e*)

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5.24 Suggested Reading

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LESSON

6

Leadership

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STRUCTURE

6.1 Learning Objectives

At the end of this lesson, the student should be able to:

- Understand the meaning and traits of a leader.
- Distinguish between a leader and a manager.
- Understand different leadership styles and their importance.
- Understand the evolution of leadership theories.
- Relate to the contemporary theories of leadership.

6.2 Introduction

"If your actions inspire others to dream more, learn more, do more and become more, you are a leader!" - John Quincy Adams.

Leadership is one of the most complex and multidimensional phenomena. It has been studied extensively over the years and has taken on greater importance than ever before in today's fast-paced and increasingly globalised world. Nonetheless, leadership continues to generate captivating and confusing debate due to complexity of the subject.

The present lesson traces the historical evolution of leadership theories and reviews the progress over the years. It explores four main eras in leadership theory: trait, behavioural, contingency, and contemporary leadership theories.

6.3 What is Leadership

Simply speaking, "leadership" is defined as "the ability to lead." Leadership in business is the capacity of company's management to set and achieve challenging goals, take fast and decisive action when needed, outperform the competition, and inspire others to perform at the highest level they can.

Some of the definitions of leadership given by eminent researchers are:

Stogdill (1974) says that:

"Leadership is the initiation and maintenance of structure in expectation and interaction."

James MacGregor Burns (1978) concedes that:

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"Leadership is leaders inducing followers to act for certain goals that represent the values and the motivations - 'the wants and needs, the aspirations and expectations - of both leaders and followers. And the genius of leadership lies in the manner in which leaders see and act on their own and their followers' values and motivations."

According to Katz and Kahn (1978):

"Leadership is the influential increment over and above mechanical compliance with the routine directives of the organization."

According to John Gardner (1990):

"Leadership is the process of persuasion and example by which an individual (or leadership team) induces a group to take action that is in accord with the leader's purpose or for the shared purposes of all."

Buchannan and Huczynski (1997) explain leadership as:

"A social process in which one individual influences the behaviour of others without the use of threat or violence."

6.3.1 *Characteristics of a Leader*

There is no clear cut formula for becoming a successful leader. Nonetheless, a few must-have traits are enumerated as follows:

1. **Integrity:** A leader must embody impeccable standards of integrity and honesty. Her/His decisions should be objective and unbiased.
2. **Initiative:** A good leader has an enterprise trait. S/He is resourceful and thinks on her/his feet and grabs the lucrative opportunities given a chance.
3. **Communication skills:** A leader should be eloquent and able to articulate his/her vision and goals with brevity.
4. **Motivation skills:** A leader must be able to influence followers to work towards shared goals and concurrently achieve their individual goals.
5. **Adaptive:** In this changing world, a leader must be receptive to new ideas and ways of doing things.

6.3.2 *Leader v. Manager*

A leader leads by example, whereas a manager dictates terms. A leader is someone whom people follow or someone who guides others. On the other hand, manager is someone responsible for directing and controlling the work and staff in an organisation. The following table states a few subtle differences between the two:

Leader	Manager
Innovator	Administrator
People Focused	Work focused
Have followers	Have subordinates
Do the right thing	Do things rightly
Creating value	Counting value
Change seeker	Prefer stability
Influence and inspire	Power and control

6.4 University of Iowa Studies

The University of Iowa Studies was the first to examine different leadership styles using scientific methodology. Kurt Lewin, in collaboration with Lippit and White, wanted to dissect different leadership styles and their effectiveness which resulted in concluding that there are three leadership styles - authoritarian, democratic, and laissez-faire. These are widely studied leadership styles around the globe.

6.4.1 *What is the University of Iowa Studies?*

In 1939, the great depression was about to dissipate, and industries were back on their feet. Yet, no one tried to fathom out which leadership style tics the subordinates the most. Psychologist Kurt Lewin was the first to do so. The Iowa Studies of leadership set out to identify different styles of leadership. This early study was very influential and established three major leadership styles.

In the first part of the study, they trained adults to act as authoritarian, democratic, or laissez- faire leaders. Later, they assigned schoolchildren of the same IQ to one of the three groups. They gave each group the same task. The performance was evaluated on the quality of work accomplished.

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The three group leaders assumed different styles as they shifted every six weeks from group to group. The objective was to gauge the bearing of different leadership styles on the level of satisfaction/frustration of an individual.

The Three Styles of Leadership

1. Authoritarian Leadership

Under this style, a leader makes all the decisions. He passes a dictum telling all the subordinates what to do, how to do it and when to do. No leeway for creativity or innovation gets bestowed upon an employee.

Under the authoritarian leadership style, a leader is believed to be a know-it-all and will do what is best for the organization. Employees are presumed to be ignorant, work-shy, lack ambition, dislike responsibility, and prefer to be led. They are not trusted to do what is beneficial for the organization. Unlimited authority is thus rightly vested in the leader.

Against its conspicuous flaws, authoritarian leadership is befitting to situations where there is little time for group decision-making or where the leader is the most knowledgeable member of the group.

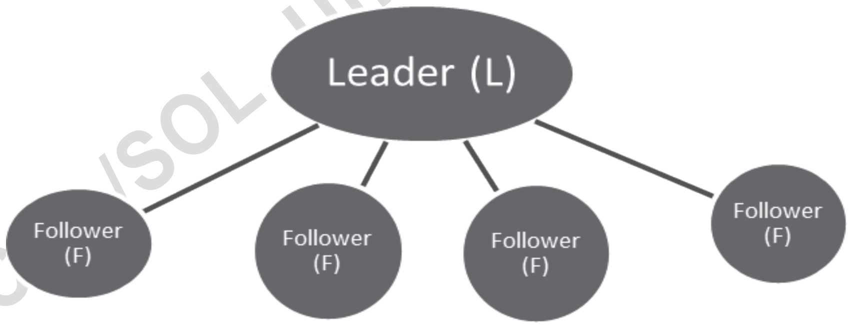

Figure 6.1: Authoritarian Leadership

2. Democratic Style

This style is characterized by a structured but cooperative approach to decision-making. It focuses on group relationships and sensitivity to people in the organization. This type of leadership style fosters professional competence. Subordinates are encouraged to express their ideas and make suggestions. However, shared decisions are not likely to occur in all aspects of organizational operations. Democratic leaders sell a vision. They tend to be warm, confident, and friendly. The democratic leadership style encourages employee participation and professional growth.

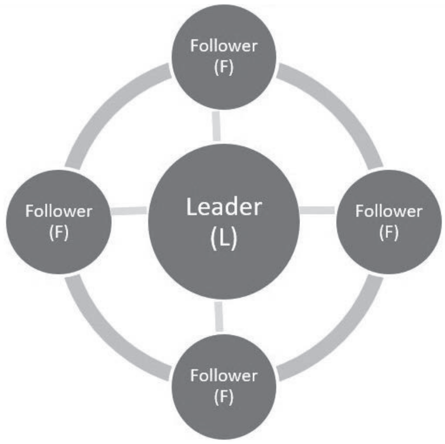

Figure 6.2: Democratic Style

It is well suited in environments where people have high level of expertise, like software engineers, lawyers, doctors, mature teachers, etc. The democratic leadership style promotes greater job satisfaction and improved morale.

3. Laissez-faire

Laissez-faire is a hands-off approach. A leader trusts his employees and gives them power to use their skills and accomplish the organization's goals. But this is not a one-size fits its all approach. Only individuals with high internal motivation and requisite skill sets can work under this minimalistic leadership style. On the other hand, if employees are not skilled or lack motivation, in that case, this style will drive the productivity of the organization into the ground.

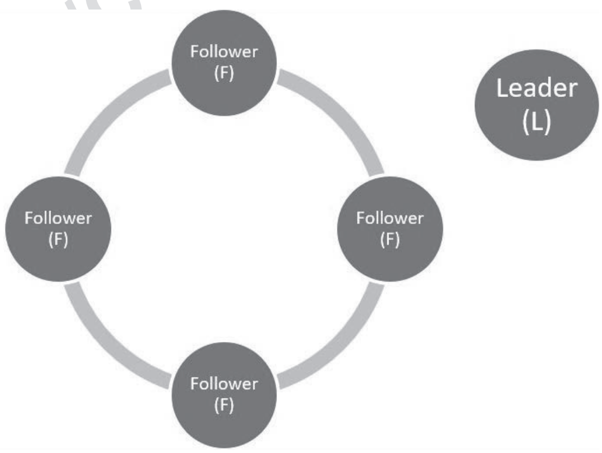

Figure 6.3: Laissez-faire

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6.4.2 *Observations of the Study*

Nineteen out of twenty boys liked the democratic leadership style. The only boy who liked the authoritarian style happened to be the son of an army officer. Seven out of ten boys preferred the laissez-faire leader to the autocratic one as they preferred confusion and disorder to strictness and rigidity present in the autocratic style. The boys under the latter style exhibited more aggressive, hostile, and indifferent behaviour than their counterparts under other leadership styles. They either showed hostility or cracked jokes about hostility towards others. Others belonging to the democratic style showed less aggressive and more indifferent behaviour when brought under the autocratic style of a leader. Even under the laissez-faire style of the leader, boys committed more aggressive acts than the ones under the democratic style.

The studies found the democratic style to be less productive than the autocratic style. On the flip side, quality was a rung higher with a democratic leader atop than the group with an autocratic leader. Besides, decision-making was less creative under authoritarian leadership than under democratic leadership. The researchers concluded that democratic leadership was the most effective form.

6.4.3 *Conclusion*

Undoubtedly a study on ten-year-old boys cannot be juxtaposed with the leadership behaviour of adults with much more intricate jobs. Nonetheless, the study in its own right was a trailblazer for the understanding of leadership styles from the point of scientific methodology. It depicts how the same group can deliver different results based on the leadership style deployed by the superiors.

Leadership Styles - At a Glance

	Autocratic Style	Democratic Style	Laissez-faire Style
1. Decision-making	Decisions are made by leaders (centralised decision-making)	Followers participate in the decision-making process (decentralised decision-making)	Decisions are made by the subordinates (decentralised decision-making)

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	Autocratic Style	Democratic Style	Laissez-faire Style
2. **Authority**	Leaders retain authority for decision-making	It is partly delegated to subordinates	It is completely delegated to subordinates
3. **Motivation**	Negative motivation (Threats and Punishment)	Positive motivation (Rewards and Incentives)	Self-motivated to work
4. **Behaviour orientation**	Task-oriented behaviour	Relationship-oriented behaviour	Relationship-oriented behaviour
5. **Need Satisfaction**	Lower-order needs	Lower-order and partly higher-order needs	Higher-order needs
6. **Communication**	Vertical, one way, top to bottom	Vertical, two way, top to bottom and bottom to top	Vertical and Horizontal

6.5 Likert's Management Systems

In the 1960s, social psychologist Rensis Likert and his colleagues at the University of Michigan in the United States administered questionnaires to managers from 200 organizations. He wanted to gauge management performance by determining which leadership style could extract maximum productivity from the subordinates.

6.5.1 *What is Likert's Management Systems*

Likert's management systems are management styles developed by Rensis Likert in the 1960s. He studied the patterns and styles of managers for three decades and established a four-fold model of management systems. His four systems are designed to highlight various organisational dynamics and characteristics built around interactions between individuals. Notably, the systems explore several soft management skills, such as trust-building and their effects on the broader dynamic of the organisation itself.

The four management systems by Likert:

1. **System 1 - Exploitative Authoritative:** Under this system, decision-making and responsibility lie in the hands of the people at the upper echelons of the hierarchy. The top management makes the

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policies and rules. The employees at the lower level are bound to follow the instructions. The superior has no trust and confidence in subordinates. Dictums get imposed on employees. They cannot freely converse about their jobs with the managers. The managers play on fear - punishment and threats get used as motivation tools. Teamwork and communication are minimal.

2. **System 2 - Benevolent Authoritative:** The responsibility lies at the managerial levels but not at the lower levels of the organizational hierarchy. The superior has condescending confidence and trust in subordinates (master-servant relationship). Here again, the subordinates do not feel free to discuss things about the job with their superiors. Teamwork or communication is very little, and motivation is based on a system of rewards.
3. **System 3 - Consultative:** Under this system, managers have greater trust in subordinates and demonstrate it by implementing ideas or beliefs that they share with their team members. There is an open level of communication throughout the organization, and team members are often consulted during the decision-making process, particularly when any changes will affect them substantially. However, the ultimate power of decisions remains with those at the highest levels within the organization. Employee motivation gets roused by incentives, including rewards and the responsibility for specific tasks. In this style, employees are given greater freedom and involvement in meaningful tasks is used to boost intrinsic motivation.
4. **System 4 - Participative:** Responsibility for achieving the organizational goals is widespread throughout the organizational hierarchy. The superior has a high level of confidence in his subordinates. The level of communication is high, both horizontally and vertically, and teamwork is regular.

6.5.2 *Key Concepts*

Under Likert's Management Systems, several dynamics determine which management system is at play. These are:

- Motivation
- Communication

- Influence
- Decision-making

1. **Motivation:** Motivation is a driving force that stimulates the employees to accomplish the organization's objectives. Now, it can be used both positively (through rewards and incentives) and negatively (through punishment and threats). Exploitative Authoritative and Benevolent Authoritative primarily focus on punishment, whilst Consultative and Participative are angled more towards a system of reward, though none is committed to any one approach. Rewards can come in the form of monetary bonuses, extra responsibility, opportunities for development, or improvement of employee relationships with superiors.
2. **Communication:** In Exploitative Authoritative Systems, communication is virtually one-way, with decisions being dictated directly from higher management to subordinates. On the other hand, in Participative Systems, communications is horizontal, with employees participating in the day-to-day decision-making process.
3. **Influence:** The level of influence employees hold is a conspicuous indicator of the management system at play. In Benevolent and Exploitative Authoritative Systems, subordinates are generally not consulted about decisions that relate to their role. On the other hand, in Participative Systems, employees are encouraged to add their pennyworth to the discussions.
4. **Decision-making:** When employees are asked their opinions and ideas regarding the running of the business, they may indirectly influence the decision-making of their superiors, with their thoughts, ideas and values being included in any strategic planning. However, in either of the Authoritative Systems, the final decision is made by individuals at the upper levels of the organizational hierarchy. Alternatively, in Consultative Systems, the employees are given a role in the decision-making process through consultation and in a Participative System, subordinates may have as much influence in decision-making and goal setting as their manager.

Notes

Rensis Likert's Four Systems of Management

Features		System 1	System 2	System 3	System 4
1.	**Decision-making and Goal Setting**	Top management	Top management -very few decisions at lower levels	Top management -operating decisions at lower levels	Joint decision-making by top, middle and lower level managers
2.	**Leader-follower Interaction**	Minimum	Some interaction but with apprehension	Moderate	Extensive
3.	**Communication**	Top to bottom	Top to bottom with slight under-standing of sub-ordinates' view point	Top to bottom and bottom to top	Vertical and Horizontal
4.	**Superiors' confidence and trust in Subordinates**	Minimum or no confidence	Slightly more than system 1	Substantial confidence	Complete confidence
5.	**Subordinates' loyalty towards Superiors**	Minimum or no loyalty	Slightly more than system 1	Substantial loyalty	Complete loyalty
6.	**Production**	Minimum	Better than system 1	Good	Excellent
7.	**Control**	Rests with top management	Rests with top management but some control is passed to lower levels	Top manage-ment shares with middle and lower levels of management	Self-control by subordinates
8.	**Motivational force**	Negative motivation -fear of punishment, threats and penalties	Negative motivation with some economic rewards	More economic rewards with very little negative motivation	Participation of employees in the decision-making processes
9.	**Need Satisfaction**	Physiological and safety needs	Lower-order needs	Lower-order and partly higher order needs	Higher-order needs
10.	**Informal Group Goals**	Informal goals are contrary to formal goals	Do not always resist formal goals	Support formal goals	Informal goals merge with formal goals.

6.5.3 *Conclusion*

Likert's studies confirmed that the departments or units employing management practices within Systems 1 and 2 were the least productive, and the departments or units employing management practices within Systems 3 and 4 were the most productive.

With the help of the profile developed by Likert, it became possible to quantify the results of the work done in the field of group dynamics.

The Likert theory also facilitated the measurement of the "soft" areas of management, such as trust and communication.

According to Rensis Likert, *the* nearer the behavioural characteristics of an organization's approach System 4 (Participative), the more likely this will lead to long-term improvement in staff turnover and high productivity, low scrap, low costs, and high earnings.

6.6 Theories of Leadership

Leadership theories seek to explain how and why certain people become leaders. Initially, the focus was on ascertaining the characteristics of leaders, but some attempted to identify the behaviours that people can adopt to improve their leadership abilities in different situations.

Early debates on leadership often suggested that such skills were innate abilities. In other words, these theories proposed that certain people were "born leaders." More recent theories propose that possessing certain traits make people mature leaders, but that experience and situational variables also play a critical role.

What exactly makes a great leader? Do certain personality traits make people better suited to leadership roles, or do characteristics of the situation make it more likely that certain people will take charge? When we look at the leaders around us—be it our employer or the President—we might find ourselves wondering exactly why these individuals excel in such positions.

People have long been interested in leadership throughout human history, but it has only been recently that several formal leadership theories have emerged. Interest in leadership increased during the early part of the twentieth century.

Notes

Early leadership theories focused on what qualities distinguished between leaders and followers, while subsequent theories looked at other variables such as situational factors and skill levels. While different leadership theories have emerged, most can be categorized into one of the five broad types: Great man theory, trait theory, behavioural theories, contingency theories, and contemporary theories.

6.7 Great Man Theory

Are some people born to lead? A cursory glance at the history provides numerous anecdotal evidence. Alexander the Great, Julius Caesar, Napoleon, Mahatma Gandhi, and Abraham Lincoln were the nonpareil leaders of their times. They had a strong moral fiber, great resolute to achieve their objective and a clear vision. Even today, the belief that truly great leaders are born is common.

6.7.1 *What is the Great Man Theory*

In the 19th century, a historian named Thomas Carlyle said, "The history of the world is the biography of great men". According to him, a leader is one gifted with unique qualities that captures the imagination of the masses.

The Great Man Theory of leadership espouses that great leaders are born, not made. It states that some people are born with traits that are the mainstay of a successful leader. Under the Great Man Theory, prominent leaders throughout history were born to lead and deserved to do so on the back of their natural abilities and talents. The theory gives the semblance of heroism.

6.7.2 *Criticism*

One of the central problems with the Great Man theory of leadership is that not all people who possess the so-called natural leadership qualities become great leaders. If leadership is simply an inborn quality, then every individual endowed with the said traits must have eventually found themselves in leadership roles.

The Great Man Theory gives the semblance of heroism. Accordingly, a leader is a hero who accomplishes goals against all odds for his followers. Such assumptions are unrealistic.

Many of the traits cited as being vital to being an effective leader are typical masculine traits. In contemporary research, there is a significant shift in such a mentality.

6.7.3 *Conclusion*

The Great Man Theory was a catalyst for arousing the interest of the researchers in understanding what leadership is, who is a leader, what are the distinguishing traits of a great leader, from this emerged the trait theory of leadership.

6.8 Trait Theory

The Great Man Theory is the earliest theory of leadership. It suggested that great leaders were born and not made. They had some inborn qualities, and this made them great. However, there was no agreement on the traits these leaders shared or how to identify such people. In trait theory, the researchers attempted to identify these traits of a leader.

6.8.1 *What is the Trait Theory*

The Trait Theory is an extension of the Great Man Theory. The objective of the Trait Theory was to discern the innate traits embodied by an individual that transform them into successful leaders. Different researchers worked on this theory, like Francis Galton. Galton stated that leadership quality is for those who have specific traits that are rigid by birth. Cowley also said in 1931 that traits should be part of research in leadership study. In 1948, Ralph Melvin Stogdill also supported Trait theory and did value addition to it. He added further that leadership is based not only on inherent traits but also on the way a leader interacts with the situation.

The theory sought personality, social, physical, or intellectual traits that differentiated leaders from non-leaders. Underlying this approach was the assumption that some people are natural leaders endowed with certain traits not possessed by others. It attributed managerial success to extraordinary abilities such as tireless energy, intuition, uncanny foresight, and irresistible persuasive powers. Some of the traits identified were as follows:

(*i*) **Personality traits:** Self-confident, adaptable, assertive, emotionally stable etc.

(*ii*) **Task-related characteristics:** Driven to excel, accepting responsibility, having initiative, results-oriented etc.

(*iii*) **Physical traits:** Young to middle-aged, energetic, tall, handsome etc.

(*iv*) **Social characteristics:** Charismatic, charming, tactful, popular, cooperative, diplomatic etc.

6.8.2 *Assumptions*

The kernel of this theory is its three assumptions, which are as follows:

- Individuals have innate leadership traits.
- A specific set of traits induces a particular behaviour pattern.
- This behaviour pattern is irrespective of the situation, *i.e.*, doesn't change according to the situation.

6.8.3 *Results*

There were many studies conducted during the l930s and 1940s to discover these elusive qualities focusing on the trait of leaders. But the research effort failed to find any traits that would guarantee leadership success. It could not identify a universal set of traits to recognize a leader in all situations.

6.8.4 *Criticism*

The trait theory of leadership lacks in providing better and clear results. It is not fit for all situations, as different traits were set forth by different researchers, there is no uniform list. Consideration of other factors that affect leadership is also missing. Also, the comparative analysis of traits and their importance is undetermined. It couldn't justify why some people with these traits were not influential leaders and why some others with streaks of rigidness were successful. Tests to measure these traits are also not present.

IN-TEXT QUESTIONS

1. _______ holds a formal position in the organisation, whereas _______ can influence the group even without a formal position in the organisation.

2. Leaders who practice Laissez- faire style is very good at ____.

(*a*) Decision making

(*b*) Delegating work

(*c*) Communicating with employees

(*d*) None of the above

3. Under this leadership style, followers feel they are participating in the decision making, but they are not_____.

(*a*) Benevolent Autocratic

(*b*) Dictator Leadership Style

(*c*) Manipulative Leadership Style

(*d*) Laissez- Faire Leadership Style

4. _____leadership theory assumes that leaders are born not made.

(*a*) Trait Theory

(*b*) Authentic leadership

(*c*) Great man theory of leadership

(*d*) Transactional theory of leadership

6.9 Behavioural Approach

The behavioural leadership theory focuses on how leaders behave. Sometimes called the style theory, it suggests that leaders aren't born successful but can be created based on learnable behaviour. Behavioural theories focus heavily on the actions of a leader—this theory suggests that the best predictor of leadership success is viewing how a leader acts. Action rather than qualities are the focal points of behavioural learning theory.

Notes

The main difference between trait theory and behavioural theory is the process of becoming a leader. In the trait theory of leadership, people can become leaders smoothly because they were born with the requisite skills. In the behavioural theory of leadership, however, anyone can become a leader after learning leadership skills.

6.9.1 *Ohio State Studies*

The researchers at the Ohio State University ushered in the direction of studying leadership extensively. The objective was to examine the impact of a leader's behaviour on job performance and satisfaction of employees. For this purpose, they administered the Leader Behaviour Description Questionnaire (LBDQ) to get scores of employees. The LBDQ consisted of 150 statements concerning leadership behaviour. Each employee responded depending on the degree of leader's engagement in various behaviours.

After studying the results of the ratings, the researchers subsumed the leader's behaviour under two categories. First, consideration, and second initiating structure.

(*i*) **Consideration:** The extent to which the leader exhibits concern for the welfare of the employees. A leader high in consideration respects employees' ideas, tries to solve their problems, is approachable, treats them as equals and frequently appreciates their work. S/He focuses on forging mutual trust and a conducive environment for his employees.

(*ii*) **Initiating structure:** The extent to which the leader defines individual roles. A leader high in initiating structure will set clear goals and emphasize meeting performance targets and deadlines. S/He will set much more by systematic coordination of work, will delineate job descriptions of each employee along the pecking order.

Ohio State Leadership Grid

According to Ohio State Leadership Studies, a leader can elicit both behaviours concurrently, which means consideration and initiating structure are not mutually exclusive.

Hence, leadership behaviour can be plotted on two separate axes rather than on a single continuum, as shown in the following diagram:

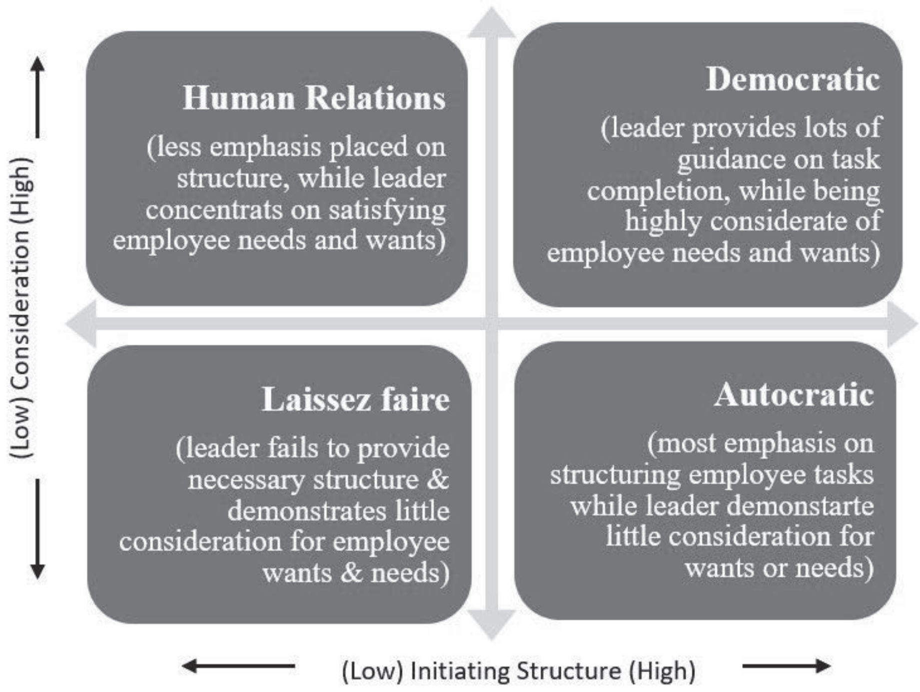

Figure 6.4: Ohio State Leadership Quadrants

Each quadrant in the above diagram is a mixture of varying degrees of initiating structure and consideration. A manager adopts any one style. The four quadrants are as follows:

1. **Low structure and low consideration:** The leader neither provides a rigid structure nor demonstrates much consideration for his employees. He projects a laissez-faire leadership style and is suitable for highly skilled employees with high intrinsic motivation.
2. **High structure and low consideration:** The leader is pedantic about structuring the work and roles of employees. He projects an autocratic leadership style and does not care much about employees' needs and wants.
3. **Low structure and high consideration:** A leader sets much store by the needs and wants of his employees. His primary concern is the welfare of employees. For instance, a leader might define the

Notes

problem and ask the group members to decide how they will work together to accomplish the task.

4. **High structure and high consideration:** A leader is highly active and considerate of his employees. He defines the structure but is open to alteration to squeeze in employees' ideas, needs and wants.

Conclusion

The Ohio State Leadership study found that a leader who is high in initiating structure and consideration (a high-high leader) is predominantly effective. He achieves high employee performance and satisfaction. However, in a significant number of cases, there were exceptions found. These exceptions indicated a need to take situational factors into cognizance.

6.9.2 *University of Michigan*

A study commenced at the University of Michigan intending to identify leadership styles that achieved maximum performance and job satisfaction among employees. It draws much semblance to Ohio State studies. The study identifies two broad leadership styles: employee oriented and production-oriented style.

(*i*) **Production-oriented leader:** This is quite similar to a leader under the Ohio State study who is high on initiating structure focusing on task-oriented activities. The leader considers employees as stakeholders.

(*ii*) **Employee-oriented leader:** This is similar to a leader under the Ohio State study who is high on the consideration emphasizing on human relations. The leader considers employees as a means to achieve production targets.

Conclusion

According to the University of Michigan, employee-oriented leadership coupled with general direction and not overbearing supervision would yield maximum performance and job satisfaction.

Criticism

The overarching assertion that an employee-oriented style leads to better productivity is contentious. It does not account for the employees and the circumstances that may warrant the use of a production-oriented leadership as more effective.

For instance, some intricate jobs might require a more hands-on approach from the leader.

Also, the same leadership style may not yield the same results for two different organisations due to different dynamics.

6.9.3 *Leadership Grid*

The leadership studies at the University of Michigan and the Ohio State University hinged on task-oriented and employee-oriented leadership styles. In the 1960s, Robert Blake and Jane Mouton also built their work on these dimensions. They proposed a grid known as the managerial grid (also known as the leadership grid). The x-axis of the grid indicates concern for production (keeping tight schedules) by the leader, and the y-axis portrays concern for people (accommodating people's needs and giving them priority). Each dimension ranges from low (1) to high (9) and thus rendering 81 different positions in which the leadership style may fall.

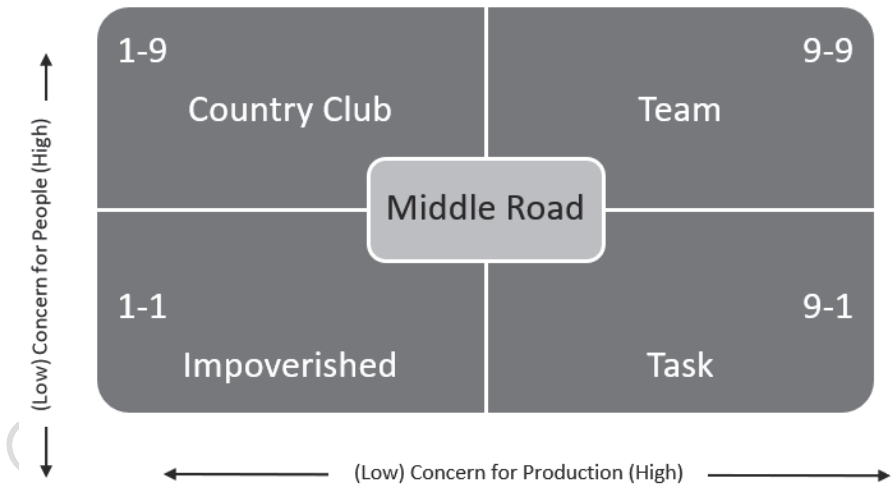

Figure 6.5: Leadership Grid

The five resulting leadership styles are as follows:

(*i*) **The impoverished style (1, 1):** The managers have low concern for; people and production. Managers use this style to avoid getting into trouble. The main concern for the manager is not to be held

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responsible for any mistakes, which results in less innovative decisions.

The leader uses a "delegate and disappears" management style. They are not committed to either task accomplishment or employee satisfaction, which leads to chaos, disharmony within the organisation and high employee turnover.

(*ii*) **The country club style (1, 9):** This style has a high concern for people and a low concern for production. Managers using this style pay much attention to the security and comfort of the employees in the hope that this will increase their performance. The resulting atmosphere is buoyant but not necessarily productive.

(*iii*) **The task management style (9, 1):** With a high concern for production and a low concern for people, this style finds employee needs unimportant. Managers using this style manage their employees through rules and punishments. This dictatorial style is based on Theory X and perceives employees as a mere means to an end.

(*iv*) **The middle-of-the-road style (5, 5):** The manager tries to balance the company's goals and workers' needs. This is a halfway between employees' needs and the company's needs, which are viewed as disparate by the manager. He believes it to be the best way possible as he assumes that employees' needs and company's goals can not be reconciled and hence, tries to achieve acceptable performance.

(*v*) **The team style (9, 9):** In this style a manager pays high concern to both people and production. The manager premises his leadership style on Theory Y, where s/he fosters teamwork. This method relies heavily on making employees feel like a quintessential part of the company.

The manager leads by positive example and endeavours to harness a team environment in which all team members reach their highest potential, both as a team and as individuals. He or She encourages the team to accomplish team goals effectively and work as a team to strengthen the bonds amongst members.

Conclusion

The Managerial Grid is used to help managers analyze their leadership styles through a technique known as grid training. Under this training, questionnaires get administered to the employees that help managers identify how they stand in their concern for production and people. The training aims to help leaders reach the ideal state (9, 9).

Nevertheless, the model ignores the importance of internal and external limits, matter, and scenarios.

IN-TEXT QUESTIONS

5. Hersey and Blanchard Model is part of _______theories.

(*a*) Trait theories (*b*) Behavioural theories

(*c*) Contingency theories (*d*) Contemporary theories

6. Leadership Grid is part of _______theories.

(*a*) Trait theories (*b*) Behavioural theories

(*c*) Contingency theories (*d*) Contemporary theories

7. Ohio state studies is part of _____theories.

(*a*) Trait theories (*b*) Behavioural theories

(*c*) Contingency theories (*d*) Contemporary theories

8. If a leader shows more concern for employees over the task, such a leader falls under quadrant which is popularly also known as _________ as per the Leadership grid.

(*a*) Impoverished (*b*) Teamwork

(*c*) Task oriented (*d*) Country club

9. If a leader shows more concern for task over the employees, such a leader falls under quadrant which is popularly also known as _____as per the Managerial grid.

(*a*) Impoverished (*b*) Teamwork

(*c*) Task oriented (*d*) Country club

10. If a leader shows more concern for both task and employees, such a leader falls under quadrant which is popularly also known as ____as per the Managerial grid.

(*a*) Impoverished (*b*) Teamwork

(*c*) Task oriented (*d*) Country club

Notes

11. ________ quadrant is best position for a leader as per behavioural theory of Managerial grid.

(*a*) Impoverished (*b*) Teamwork

(*c*) Task oriented (*d*) Mid Way

6.10 Contingency Theories

The contingency leadership theory, also called situational theory, focuses on the context of a leader. A leader's effectiveness is directly determined by the situational context in addition to his behaviour. This theory takes the specific leadership styles and suggests that good leaders can adjust their leadership style situationally. It also advocates that it will be best to find the right leader for a specific situation. Types of contingency theories include Fiedler's Contingency Theory, Evans and House's Path-Goal Theory, and Hershey and Blanchard's Situational Theory.

6.10.1 *Fiedler Contingency Model*

Till late 1960s, the building blocks of leadership theories were; the innate skill set to be a leader, and there were predominantly two leadership styles (task-oriented leadership and relationship-oriented leadership style). None of the theories factored in the clout of external factors on the effectiveness of a particular leadership style.

In 1967, an Austrian psychologist, Professor Fred Fiedler, concurred with the idea of natural leadership style dyed-in-the-wool, which is hard to change. Nevertheless, as per him, situational factors have an equal sway on the efficacy of a leadership style. Fiedler contended that there is no infallible leadership style for every situation. For this reason, there must be a match between the leadership style and the situation at hand. So, the two vital tenets of his theory were:

(*i*) Natural leadership style, and

(*ii*) Situation favourableness

***Assumptions*:**

The model contended that an individual premises his leadership style on his past experiences and psychology. It is impossible to change one's

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natural leadership style. There are only two ways to improve the outcome of an organisation:

(*i*) Change the situation, or

(*ii*) Change the leader

***Steps for application of the Model*:**

Step 1: Identify the leadership style

To riddle out one's leadership style, Fiedler curated the Least Preferred Coworker (LPC) questionnaire. The questionnaire asks respondents to describe the one co-worker they least enjoyed working with by rating that person on a scale of 1 to 8 for each of 16 sets of contrasting adjectives (such as pleasant–unpleasant, efficient–inefficient, open–guarded, supportive–hostile). If the respondent even held this co-worker in high regard and scored him high, Fiedler categorized him/her as a relationship-oriented leader. By contrast, if the respondent gave a low score to this co-worker, it is deduced that his natural leadership style is task oriented. About 16 per cent of respondents scored in the middle range and consequently weeded out of the study.

Step 2: Defining the situation

Every situation calling for leadership requires a specific leadership style geared towards it. For this reason, one must assess the favourableness of the situation. This hinges on three variables:

(*i*) ***Leader-member relationship*:** This is a measure of trust, confidence, and respect members have for their leader. The higher the confidence, the more favourable the situation is.

(*ii*) ***Task structure*:** It is highly streamlined structure leading to a favourable situation. The more precise the tasks are – the higher the task structure.

(*iii*) ***Power position*:** It gauges the authority of a leader over power variables like hiring, firing, promotions, and salary increase. Stronger the power position, the more favourable the situation.

Essentially,

Favourable situation = Good leader-member relationship + high task structure + strong power position.

An unfavourable situation is on the other end of the continuum.

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Step 3: Matching leaders and situations

Combining the three contingency dimensions yields eight possible situations in which leaders can find themselves. The Fiedler model proposes matching a respondent's LPC score and these eight situations to achieve maximum leadership effectiveness. Fiedler concluded that task-oriented leaders perform better in very favourable and very unfavourable situations. Relationship-oriented leaders, however, perform better in moderately favourable situations.

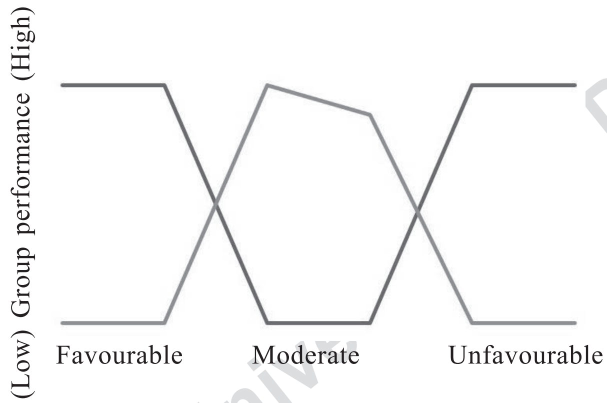

Figure 6.6: Fiedler Contingency Model

Leader-member Relations Task structure Position power	Good				Bad			
	Structured		Unstructured		Structured		Unstructured	
	Strong	Weak	Strong	Weak	Strong	Weak	Strong	Weak
Cells	1	2	3	4	5	6	7	8

***Conclusion*:**

Fiedler's theory is far too rigid. It states that you can not change your leadership style, so when a scenario arises where your leadership style and the situation at hand are at odds, you should bow out. Also, if your score falls in the middle range of the LPC test, the theory does not categorize you into any leadership style.

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6.10.2 *Hersey and Blanchard's Situational Theory:*

Until this time, leadership theories focused on the leaders and their traits. However, Paul Hersey and Ken Blanchard premised their leadership model on the subordinate's maturity. Under this model, leadership style is not static and should be geared based on employees' maturity levels. The maturity level has two components:

- **Psychological maturity:** Reflects their self-confidence, willingness, and readiness to accept responsibility.
- **Task maturity:** Reflects their relevant skills and technical knowledge. High job maturity means the employee has the ability to execute the task at hand with efficacy.

***Four leadership styles*:**

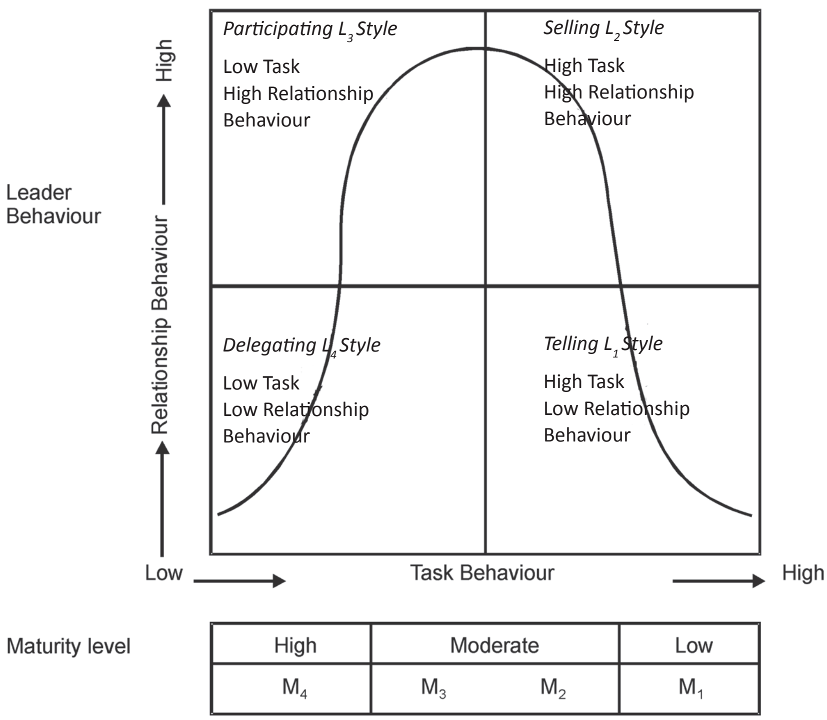

Figure 6.7: Hersey and Blanchard's Situational Theory

1. **Delegating style (L4 Style):** A low-task, low-relationship style wherein the leader gives carte blanche to the employees to accomplish the goal. This style is befitting for employees with high psychological and task maturity.

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2. **Participating style (L3 Style):** A low-task, high-relationship style wherein the leader kindles the employees to partake in decision-making. This style is suitable for employees with high task maturity but a flagging willingness to execute the task.
3. **Selling style (L2 Style):** A high-task, high-relationship style wherein the leader helps employees to gain confidence. He tries to sell his ideas and vision to the employees. This style is befitting for employees with high task maturity but, with time, have lost enthusiasm.
4. **Telling style (L1 Style):** A high-task, low-relationship style wherein the leader gives explicit directions and supervises work closely. This style is geared towards low-maturity employees.

***Conclusion*:**

The upside of the model is that it provides leeway for the leaders to gear their leadership style based on their employees' maturity, understanding and context of the organisation. It advocates that leadership is flexible and not static, like Fiedler's Contingency Model, which believes that an individual's leadership style is fixed.

The downside is it places too much responsibility on the leader's ability to decide and change his leadership style as per the situation. However, these decisions may be flawed.

6.10.3 *Path-Goal Theory*

The path-goal theory was the brainchild of Robert House. It has the expectancy theory of motivation at its core. The path-goal theory expounds on the impact of leader's behaviour on employee's perception of expectancies between his effort and performance. It is incumbent on the leader to define goals, clarify the path to achieve goals, and heave any obstacles from that path.

The path-goal theory endorses servant leadership. Servant leadership theory advocates that a leader is a facilitator. He should provide the information, support, and all other resources required by employees to complete the task. According to the path-goal theory, the choice of leadership style is contingent on several employee and environmental factors. Compendious details of each component are as follows:

***Leadership styles*:**

There are four leadership styles:

1. **Directive:** In this, the leader envisions the present and future goals of the organisation. Then, he breaks it down into smaller manageable goals with checkpoints at each step. Employees have explicit information about their work and how to do it. The leader uses the carrot-and-stick approach. He makes judicious use of rewards and punishments. This is the same as the task-oriented leadership style.
2. **Supportive:** The leader is cordial and empathetic. He demonstrates thoughtfulness and concern for his employees' welfare. This is the same as the people-oriented leadership style.
3. **Participative:** A leader doesn't consider his employee as a cog in the machine but as a stakeholder. He consults his employees on important decisions related to goal setting and the path to achieving those goals.
4. **Achievement-oriented:** The leader sets challenging goals and encourages employees to reach their peak performance. The leader believes that employees are responsible enough to accomplish challenging goals. This is the same as the goal-setting theory.

***Contingencies*:**

The relationship between a leader's style and effectiveness is dependent on the following variables:

(*i*) **Employee factors:** These include factors such as employees' needs, locus of control, experience, perceived ability, satisfaction, willingness to leave the organization, and anxiety. For instance, if there is an employee with low motivation, then participative leadership style will be preferable.

(*ii*) **Environment factors:** These include factors such as task structure and team dynamics that are outside the employees' control. For example, for employees performing simple and routine tasks, a supportive style is much more effective than a directive one.

***Conclusion*:**

The theory has been subjected to empirical testing in several studies and has received considerable research support. This theory consistently reminds

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leaders that their primary role as a leader is to assist their subordinates in defining their goals and assist them in accomplishing those goals most efficiently and effectively. This theory gives a guide map to the leaders about how to increase subordinates' satisfaction and performance levels.

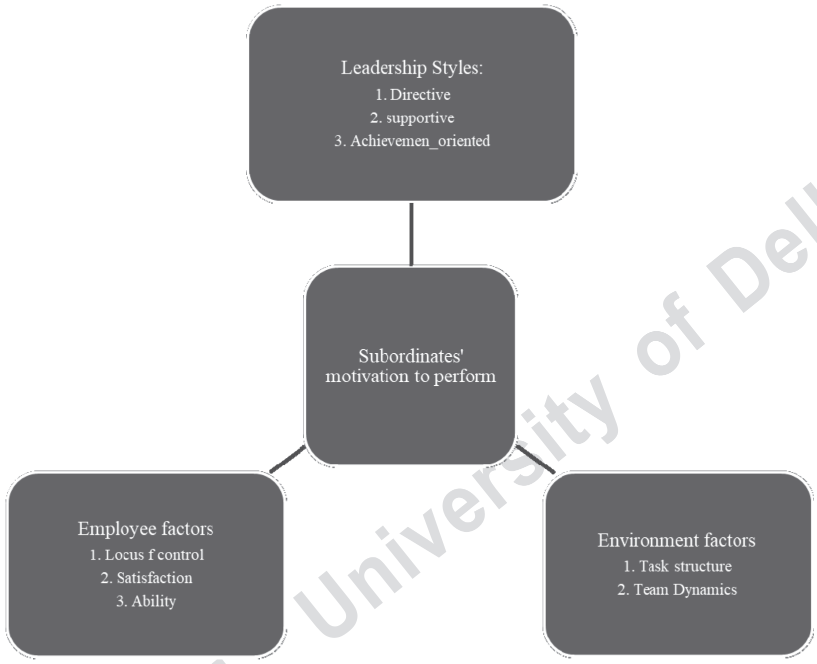

Figure 6.8: Path-Goal Theory

6.10.4 *Continuum of Leadership Behaviour by Tannenbaum and Schmidt*

The "contingency" approach argues that leadership style should be based on a particular situation and not on the leader's personal presences.

Contingency theorists Robert Tannenbaum and Warren Schmidt indentified seven leadership styles. They run in a continuum, from rigid authority at one end to full freedom for the team at the other. The below diagram display all the styles:

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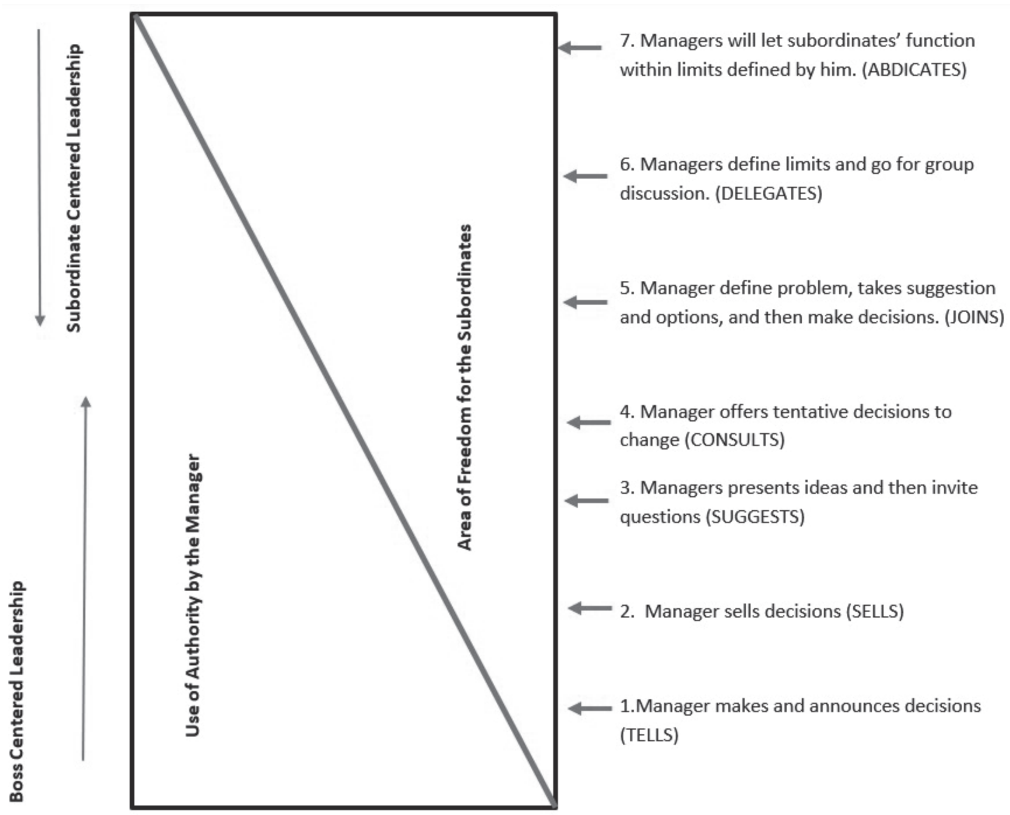

Figure 6.9: Range of Leadership Behaviour

The seven leadership styles broadly correspond to a team's level of development. As trust and competency grow, so does the amount of freedom that the team members want and that leaders feel comfortable providing.

6.11 Contemporary Theories

6.11.1 *Transactional and Transformational Leadership Style*

Burns suggested the initial idea of transactional and transformational Leadership, and Bass formally introduced the theory. Transactional leaders mainly focus on ongoing work. They work with employees to fulfil organizational goals and simultaneously plan for the next actions. Based on the results and performance, manager also rewards and punishes employees. Under transactional leadership, employees are appreciated for

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their contribution, but the manager usually neglects employees who lack required capabilities and skills. Transactional leaders are more concerned about completing goals as suggested in path-goal theory, Fiedlers' model, etc.

The transactional leadership style compliments the transformational leadership style. The last decades of the 20th century recognized the need for leaders who could develop their followers' behaviour and transform them into new leaders. Various researchers extensively explored the theory. It is a leadership style where leaders like Richard Branson (Virgin), Andrea Jung (Avon) etc., tend to inspire their followers. Transformational Leaders change or transform followers' perceptions and help them solve old problems in new ways. They motivate employees to put extra effort into achieving the set goals. Bass suggested four factors that form transformational Leadership: idealized influence, inspirational motivation, intellectual stimulation, and individual consideration. Transformational leaders help employees improve and grow to do their jobs independently. They ensure that employees change and improve for the betterment of an organization.

Transformational Leadership goes beyond transaction or task completion and helps followers transform themselves to adopt new ways of doing the task. They pursue employees to be more creative and innovative. The transformational leader does have qualities of transactional Leadership. But the same is not true in the *vice versa* case. The transactional leader follows the Laissez-Faire style, he hands over the responsibility to followers, and mostly they tend to intervene when set standards are not met. In addition, transformational leaders also provide vision to the followers. They communicate challenging goals and motivate employees to perform above expectations using a problem-solving approach. Unfortunately, sometimes employees and Leaders get enthusiastic and become over-engaged with loyal employees and piling up too many tasks and responsibilities.

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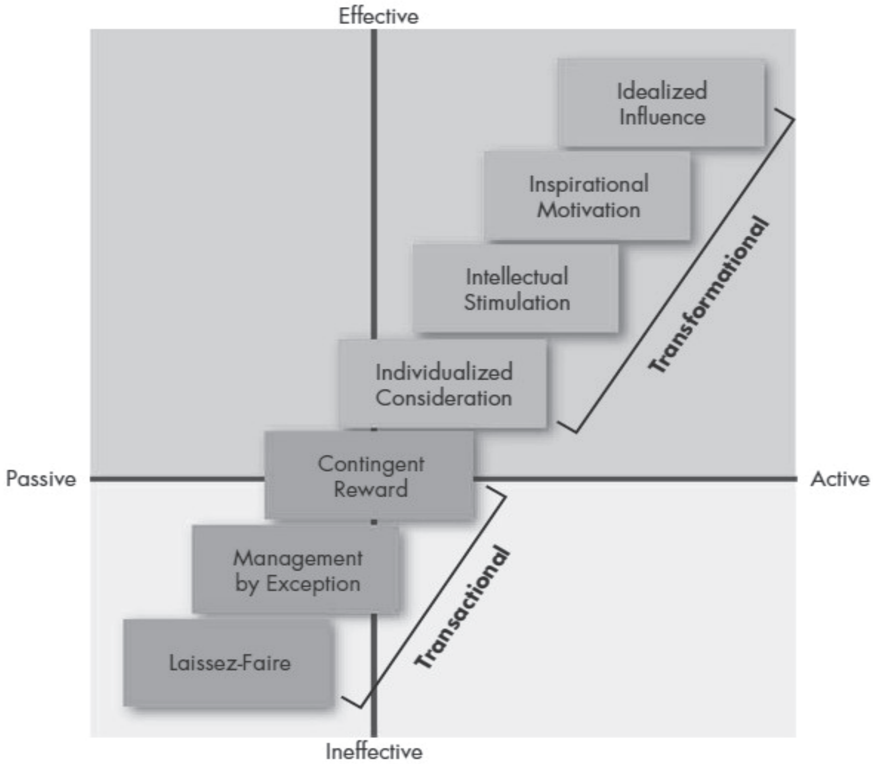

Figure 6.10: Transactional and transformational leadership

(Source: Robbins, S. P., Judge, T. A., & Vohra, N. (2019). Organizational behaviour by Pearson 18e. Pearson Education India.)

Transformational leaders are more creative and ready to take more risks. Such leaders are able to boost the confidence among followers to pursue ambitious goals. They make followers believe that goals are personally essential for them. They have a charisma that motivates employees to give extra effort. But vision dominates charisma, unlike charismatic Leadership. Leaders are found to be committed to the organization and can win the followers' trust.

CASE STUDY

Leadership styles played a critical role in the inability of Xerox to capitalize on its invention of the first user-friendly personal computer. The researchers in the Xerox Palo Alto Research Centre (PARC) developed the first graphical user interface, mouse and menu driven

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computer-technological advances that made computing accessible to the novice user (Bennis & Biederman, 1997). The lab's charismatic leader, Bob Taylor, recruited only the very brightest scientists, gave them the freedom to innovate and inspired them to work together to solve tremendously complex problems. Researchers at PARC invented new products, obtained multiple patents, and pioneered many of the computer technologies we now take for granted. However, because Xerox PARC was not well integrated into the rest of the company, Xerox's top management was skeptical of the inventions the lab developed and didn't see how they fit in with their current copying equipment (Poe, 2000). Xerox lacked a transactional leadership style in the top management team to provide the structure and systems that could capture the knowledge generated in the PARC labs. Where Xerox failed, Apple succeeded. Steve Jobs visited the PARC facility in 1979 and immediately saw the future of computing in the mouse-driven graphical user interface (Bennis & Biederman, 1997). Jobs left the PARC labs without any hardware or software but with a vision for how computers should operate. Jobs and his Apple employees were able to convert the innovative PARC ideas into the Macintosh computer, which debuted in 1984, changing the face of computing. Because of Jobs' Leadership, Apple created the systems and structures that were able to convert their knowledge into a valuable product. Jobs exhibited both transformational and transactional leadership styles. He used a transformational leadership style to create a vision for the Macintosh and challenge his employees to reach nearly impossible goals. He used a transactional leadership style to create the systems and structures in Apple that allowed the knowledge created at all levels of the organization to be converted into a valuable product-the Macintosh personal computer.

(*a*) Using the instances from the case study, differentiate between transformational, transactional, and charismatic Leadership.

(*b*) What led to the success of Apple under the Leadership of Steve Jobs.

6.11.2 *Charismatic Leadership*

The followers' positive perception of their leader (like Martin Luther King Jr., Steve Jobs, Indira Gandhi, and Narendra Modi etc.) makes such leaders powerful and influential. However, followers sometimes don't even have rational reasons behind such beliefs. This term was initially suggested by sociologist Max Weber. The word "Charisma" is derived from a Greek word which means gifts.

Charismatic Leadership refers to a "*Certain qualities of an individual personality, by which they are set apart from ordinary people and are treated as endowed with exceptional powers or qualities. Such qualities are not accessible to the normal person and are regarded as the divine origin or exemplary, and based on them, the individual is treated as a leader.*"

Later in 1977, Robert J. House studied it in organizational settings. According to Robert House, followers' positive perception of certain observed behaviours in an individual makes them leaders. Charismatic leaders usually have a vision and are ready to take risks at a personal level to achieve their vision. They are susceptible to the follower's needs and generally show behaviour that is perceived as a novel.

It has been observed that charismatic leaders influence followers with an appealing vision followed by a long-term strategy that could result in a better future. The followers can visualize a challenging yet achievable vision from a charismatic leader. The vision usually fits the ongoing circumstances and gives uniqueness to the organization. They can increase confidence in followers that the vision could be attained through a given strategy and high performance. Employees can identify with the leader personally. Such leaders also communicate a certain set of values to achieve the goal. Overall, employees are able to connect with such leaders at an emotional level. The combination of certain personality traits and situational factors mainly leads to the rise of charismatic leaders. Charismatic leaders possess high confidence and are generally achievement-oriented, for example, Barack Obama. Similarly, followers become more receptive to charismatic leaders when they face stress and crises. For instance, In the 1930s, Franklin D. Roosevelt's vision was to get people out of the Great Depression.

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6.11.3 *Authentic Leadership*

The dawn of the 20th century and the beginning of the 21st century saw some infamous large-scale scams (like the fall of top companies like Enron and WorldCom) and periods of recession due to the deteriorating rate of leaders' moral and ethical conduct among employees. This led to the emergence of new theories of Leadership that were more value-laden and ethical such as "Authentic Leadership." Practitioners like Bill George, academicians like Avolio, leadership consultants like Kevin Cashman, etc, initially recognized the concept of Authentic Leadership. Authentic leaders are more effective at optimizing their effectiveness to achieve superior long-term results.

Authentic leaders are the ones who maintain consistency in their words, actions, and internal value system. They foster a long-term relationship with an organization in a self-disciplined manner; such leaders are not only passionate about their work but are deeply grounded in the roots of their value system and moral conduct. Balanced processing internalized moral perspective, relational transparency, and self-awareness are the four significant constructs of authentic leadership that are widely accepted.

Authentic leadership is an approach to leadership that emphasizes building the leader's legitimacy through honest relationships with followers who value their input and are built on an ethical foundation. Generally, authentic leaders are positive people with truthful self-concepts who promote openness. Building on the simple but essential idea that leaders may construct their sense of self-based on who they are as distinct individuals and based on who they are.

IN-TEXT QUESTIONS

12. Leaders who create a Shared vision with their followers are:

(*a*) Transactional leaders

(*b*) Transformational leaders

13. The managerial approach to leadership style is given by:

(*a*) Blake and Mouton

(*b*) Robert House

(*c*) Hersey and Blanchard

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6.12 Summary

Leadership largely depends upon the followers' perception and their acceptance. There are various leadership styles and theories in literature that help us in understanding what makes an effective leader. The 19th century witnessed the rule of dictators, and Power - influence behaviour among the leaders. The leadership at that time was mostly all about the one-man show, the Great man theory, and the Trait theories are grounded in this and were an attempt to search common traits that make a common man a powerful leader. Even today a leader equipped with such traits adds to the leadership effectiveness. With time union conflicts, uneducated workers, adaptation of new technology, etc., emerged and it became difficult to generalize trait theory. The focus of leadership researchers turned towards the behaviour of leaders. The leader's behaviour plays a crucial role especially in controlling today's information era's highly qualified employees. Due to the accelerated rate of technological advancements and associated unpredictability in the work environment, the need for contingency and situational leadership arises. The last decades of the 20th century recognized the need for leaders who could develop their followers' behaviour and transform them into new leaders. This led to the development of transactional and transformational theories of leadership. Till today, many organizations are following the transformational style of leadership that was introduced in the 20th century. It involves five dimensions namely attributable and behavioural influence, inspirational motivation, the focus of intellectual growth, and individual consideration. The dawn of the 20th century and the beginning of the 21st century saw some infamous large-scale scams and periods of recession due to the deteriorating rate of leaders' moral and ethical conduct among the employees. The overall societal loss at the macro level and maintenance of investors' trust at the organizational level led to the emergence of new theories of leadership that were more value-laden and ethical such as Authentic Leadership. Looking at the various theories it can be stated that it is difficult to define leadership in few words. The current leader should follow a style/approach that fits the needs of all the stakeholders.

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6.13 Answers to In-Text Questions

1. Manager, Leader
2. (*b*) Delegating work
3. (*c*) Manipulative Leadership Style
4. (*c*) Great man theory of leadership
5. (*c*) Contingency theories
6. (*b*) Behavioural Theories
7. (*b*) Behavioural Theories
8. (*d*) Country club
9. (*c*) Task oriented
10. (*b*) Teamwork
11. (*b*) Teamwork
12. (*b*) Transformational leaders
13. (*a*) Blake and Mouton

6.14 Self-Assessment Questions

1. Define Authentic Leadership. Are Ethics and trust relevant concepts to becoming an effective leader?
2. State the limitations of behavioural theories of Leadership.
3. Differentiate between a manager and a leader. Why does a manager need to become a leader?
4. Write a short note on the following—
    1. Three Need Theory
    2. Adams theory
    3. Tannenbaum and Schmidt Continuum
    4. Managerial Grid
    5. Situational Leadership Theory
    6. Minzberg Managerial roles

ACTIVITY

Presently work environment has become very challenging in terms of competition. Additionally, Post Covid-19, many organizations are working in Hybrid mode (Physically and Work from home). Which leadership style or combination of leadership styles is more suitable for the present-day leader?

6.15 Suggested Readings

- Koontz, H, Essentials of Management, McGraw Hill Education, 2020.
- Stoner, J. et. Al. Management, New Delhi, Prentice Hall of India, 2018.
- Robbins, S. P. Fundamentals of Management: Essentials of Concepts and Applications, Pearson Education, 2014.

LESSON

7

Work Teams and Groups

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STRUCTURE

7.1 Learning Objectives

At the end of this lesson, the student should be able to:

- Analyse the growing popularity of using team in organizations.
- Differentiate between work team and group.
- Compare and contrast types of teams.

7.2 Introduction

In the previous lessons, you have well understood the concepts of individuals and their behaviours. It is worth mentioning that individual behavior changes when they join a group. Once an individual is a part of a group, group behaviour as a whole becomes crucial for performance. Let's understand the same with cricket match example. You must have watched cricket match; either a one day, 20-20 or test match format. The success and failure completely depends on the team spirit and team performance. Individual player may be good bowler or good batsman or good wicketkeeper etc. Even though all the players are physically and mentally fit but for winning a match, team performance is essential. If only few players are performing well but others are not, then even a best of the team will fail to win the match. It is important to understand that if one can play as a team member and build a good team with essential skill set, nothing can stop the team to achieve its objectives. The beauty of teamwork can be explained as problems get divided and strengths get multiplied when a team stands together. In other words, work team is a backbone of an organization. Big ventures are not possible without a good team.

Being a student of organizational behaviour, one wants to know how people working in an organization behave or interact with one another as an individual, as a team member and/or as a group member for the success of the business.

Employees may be efficient as individuals, but may not be effective when in an organization they work in a group/team.

7.3 Work Groups

Work groups share information, interact mainly to make decisions and help every group member in performing and fulfilling responsibility within their area of operation. They have the following properties:

(*a*) **Roles:** Every group member has to play a role in a well-coordinated expected manner, for which one has to identify their role as per given position. Identification of role depends upon how others believe us to act in a given situation. This calls for our own understanding of others' beliefs. If the compliance of role is as per divergent role expectation, it results in role conflict that can be minimized if monitored closely.

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(*b*) **Norms:** Norms are acceptable standards of behaviour (do's and don'ts) which are shared among the group members. It means groups create strong pressure on individual members for conformity in respect to changing their attitudes and behaviour to the group's standard.

(*c*) **Status:** Is a rank or a position assigned to members of a group. The determinants of status are (*i*) the power exercised by a person over others, (*ii*) ability of a person to contribute to the goals which are set by the group, and (*iii*) an individual's personal traits.

(*d*) **Size:** The size of the group, which depends on goal, also affects the group behaviour.

(*e*) **Cohesiveness:** It is the degree to which group members are willing or motivated to stay in the group together. The degree of cohesiveness depends upon the relationship between group cohesiveness and performance norms that affect group productivity.

(*f*) **Diversity:** It refers to the extent to which group members are different or similar to one another. It identifies both costs in terms of group conflict resulting in dropout rates and benefits in terms of increased productivity.

7.3.1 *Reasons for Joining Groups*

People cannot live and survive in isolation for a long period. For a variety of reasons, people join groups. Some of them are as below:

(*a*) **Security:** People join a particular group to get the sense of security from adverse environments and reduce insecurity from threats.

(*b*) **Self-Esteem:** Joining a group increases self-esteem through group membership.

(*c*) **Affiliation:** Groups show association or relationship with a group.

(*d*) **Power:** It gives a sense of power to members of the group who join the group. Group power lies in being united as a group. People like to control others and make an impact on others. Membership of group offers power to people and enables them to use it over others.

(*e*) **Status:** People join groups to gain status in the society. It provides recognition to the members of the group.

(*f*) **Goal achievement:** The group is able to achieve organizational goals which cannot be achieved when working individually.

Types of Groups:

It is generally seen that an organization has different types of groups which work for the achievement of common organizational goals. A group is a collection of individuals who have relation to one another that make them interdependent to some significant degree. Group can be classified as formal and informal.

(*a*) **Formal Group:** Formal group is designated work group defined by organization structure. Crew members in the ship are the example of a formal group.

A formal group can be divided into command group and task group.

(*i*) ***Command Group or Functional Group*****:** A command group is reflected through the organizational chart and determines who the reporting officer is. Various functions of the organization like finance, marketing, human resource, research and development have functional groups.

(*ii*) ***Task Group or Project Group*****:** This group is created to identify and provide solutions for a specific problem. For a particular project a deadline is fixed and efforts are made to meet the deadline. Budget for these projects are fixed in advance to facilitate the time bound resolving of the problem. The group is dissolved when the project gets completed.

(*iii*) ***Task Force or Ad hoc Committee*****:** It is very similar to a task group. As the name suggests, it is temporarily created to address a specific issue. Task force gets dissolved after making a recommendation on the specific issue. Issue can be redesigning of the reward system in the organization.

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(*iv*) ***Quality Circle***: Organizations are very much concerned for quality and want to ensure that each employee is committed to maintaining quality. A small employee group is created to deal with productivity, and quality related issues. This group ensures that issues related to quality are resolved so that organization's commitment to quality can be ensured at all times.

(*b*) **Informal Groups:** Informal groups are more social in nature. These groups are not defined by role relationships. The behaviour that team members should engage in are stipulated by and directed toward organizational goals. Employees from different departments playing chess together is an example of informal group.

Informal groups are also classified into two groups:

(*i*) ***Interest Group***: Interest group is a group where people come together to attain a specific objective with which each one is concerned. A common interest binds the group members. Members may not belong to the same organization or department. Joining and leaving the group is at the will of the members and nothing is formal. For example, the Indian Commerce Association.

(*ii*) ***Friendship Group***: People have social needs and want to be part of some social group. Social activities, religious beliefs, other common basis may create friendship group. Yoga group, potpourri group, and birthday groups are very commonly found in the organizations.

Difference between formal and informal groups:

Basis for difference	Formal Group	Informal Group
1. Meaning	Groups accomplish a specific task	Groups satisfy social needs
2. Formation	Deliberately	Voluntarily
3. Size	Large	Comparatively small
4. Life	It depends on the type of group	It depends on the members
5. Structure	Well defined	Not well defined
6. Importance	Given to position	Given to person

Basis for difference	Formal Group	Informal Group
7. Relationship	Professional	Personal
8. Communication	Moves in a defined direction	Stretches in all the directions

7.3.2 *Group Development Process*

All groups go through various stages which are as follows:

(*a*) **Forming:** The first stage of group development is forming, which brings together a group of individuals who look upto the leader for guidance and direction regarding the goals, tasks and skills required to achieve the goals.

(*b*) **Storming:** This stage is one of intergroup conflict which is concerned with who will control the group. Members accept the existence of the group but resist the constraints it imposes on individuals. Members may feel agreeable or frustrated with the task or with other members of the group.

(*c*) **Norming:** In the third stage, members begin to take greater responsibility for tasks and come forward to resolve issues, setting up of group processes, formulation of group policies, procedures and values resulting in developing confidence in the group. Members also express their satisfaction to be part of the group.

(*d*) **Performing:** The fourth stage is performing. Now the group is functional with active members who take initiatives and involve themselves to complete a task. Group members adhere to the group norms and collective efforts are made to ensure the group effectiveness.

(*e*) **Adjourning:** It is the final stage in group development which involves the termination of task and disagreement from relationships. The group may have mixed feelings. Some may be thrilled over their past achievements and performances, some may be unhappy to depart. This stage may happen for some groups quite early and some may experience it in a long run.

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IN-TEXT QUESTIONS

1. _______ groups are deliberately created by managers to carry out specific tasks.
2. Task groups, project groups or *ad hoc* committees are the forms of _______ formal groups.
3. Group formation follows the sequence of _________.
4. A functional or a product department are the forms of ________ groups.
5. _________ provides structure to the group.
6. The first stage of group development process is ________.
7. The last stage of group development process is ________.
8. Work group has________ accountability.
9. Work group goals are ________.
10. ________ has face to face interaction.
11. The formations of informal groups are ________.
12. Friendship group is an example of ________.
13. Quality Circle is an example of ________.
14. Arrange the following in right sequence:
    (*i*) Adjourning
    (*ii*) Performing
    (*iii*) Forming
    (*iv*) Storming
    (*v*) Norming

7.4 Work Teams

A work team generates positive synergy through coordinated efforts. Team performance increases due to coordinated individual efforts. Individuals contribute to goals and are accountable for the same. Individual inputs

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such as goal (collective performance), synergy (positive), accountability (individual and mutual), and skills (complementary) are crucial.

In business terms, teamwork means when a group of people use their skills to overcome each other's weakness by collaborating to achieve a mutual goal and creating a synergy effect. In other words, setting aside any personal conflict and coming to a mutual conclusion that benefits the group and the organization is teamwork in business. It involves constructive feedback and improving each other's ability without any personal grudges and feuds.

Teamwork has tremendous power. A team with good tuning can multiply the efficiency of a person by many times, and the total output can be unimaginable.

7.4.1 *Types of Teams*

Teams have the potential to out stand products, provide services, coordinate different projects and negotiate the deals and make decisions. This section describes the four most common types of teams in an organization. These teams are capable of delivering results and achieving the goals in a focused manner.

(*a*) **Problem Solving Teams:** A team of 5 to 12 employees of the same department meet on a weekly basis to discuss issues related to efficiency, work environment and quality concerns. They discuss the matter and make recommendation to the manager. They can only recommend the solutions and have no authority to implement the recommendations.

(*b*) **Self-Managed Work Teams:** Self-managed work teams are ahead of problem solving teams. They not only make recommendations but also have authority to implement the solutions and take ownership of the results. These teams have 10 to 15 employees who are engaged in interdependent or highly related jobs and are fully responsible for the jobs which they have been assigned with.

(*c*) **Cross-Functional Teams:** Cross functional teams are formed with the employees who come from different work areas but more or less from the same hierarchical level. This team is formed to accomplish

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a task. Cross functional teams have become very popular because of their capacity to handle complex projects.

(*d*) **Virtual Teams:** Teams which meet virtually are commonly termed as virtual teams. All above teams meet face to face and perform their tasks. Virtual teams use computers, internet, software and other aids to let team members meet at a virtual platform even though members are physically dispersed. During Covid 19 pandemic, many of us have used virtual platforms to conduct meetings and connect colleagues with specific goals. We have experienced how it feels to be virtually present. Video conferencing has become very common.

7.4.2 Difference between Group and Team

Terms 'groups' and 'teams' are used interchangeably. *Cane* suggests that organizations are sometimes unsure whether they have teams or simply groups of people working together. Difference between team and group is discussed below:

Basis	Team	Group
Definition	A team is a cooperative small group in regular contact that is engaged in coordinated action. Team is a specific type of group, that holds interdependent roles and goals.	When two or more persons interact and are interdependent on each other for achieving an objective, it is called a group. In other words, a group refers to a collection of individuals who may interact.
Common superior	Team may not have a common superior.	Group has a common superior.
Interaction	Team may not have face to face interaction.	Group has face to face interaction.
Commitment	Team members are highly committed to work.	Group members are not much committed to work.
Interdependence	Team has higher degree of interdependence	Group has small degree of interdependence.
Accountability	Team members themselves are mutually accountable.	Group members are not themselves so accountable.
Size	Limited	Medium or large
Leadership	Shared or rotating	Solo
Synergy	Positive	Neutral (sometime negative)
Skills	Complementary	Random and varied

7.4.3 *Creating Effective Teams*

Nothing becomes effective without putting in some effort. So to make a team effective, it calls for efforts from the management. Our discussion is based on Team effectiveness model that has four components- context, composition, work design and process. Let's discuss.

Team Effectiveness Model

Context	Composition	Work Design	Process
Adequate resources	Ability of members	Autonomy	Common purpose
Leadership and structures	Personality	Skill variety	Specific goals
Climate of trust	Allocating roles	Task identity	Team efficacy
Performance evaluation and reward systems	Diversity	Task significance	Conflict levels
	Size of teams		Social loafing
	Member flexibility		
	Member preferences		

I. Context: Factors which significantly contribute towards effectiveness are adequate resources, leadership and structures, climate of trust and performance evaluation and reward system.

***Adequate Resources*: **Scarcity of resources is the limitation which almost all teams face. This reduces the ability to give their best and perform effectively to achieve its goal. Teams are dependent on the organization to provide adequate resources to the teams. Organisational support is crucial. Resources are critical for teams. Timely information, optimum staff, adequate equipment and administrative assistance are critical for the teams.

***Leadership and Structures*: **All the members in the team have to perform certain tasks. This is decided by the team leader. Leader not only leads the team but play an important role in the team. Leader empowers the team members and plays the role of a facilitator.

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Teams that establish shared leadership by effectively delegating it are more effective than teams with a traditional single-leader structure.

***Climate of Trust*:** Trust is the base of every successful team. Trust among members and leaders facilitates cooperation, creates bond, increases capacity to bear risk and reduces vulnerabilities. A climate of trust makes a strong foundation for a team.

***Performance Evaluation and Reward system*:** Rather than having individual performance evaluation system, organisations should recognize team players and reward individuals for their team performance. Organisations must adopt group based appraisals, gain sharing, profit sharing, and small-group incentives to motivate teams for attainment of goals by team efforts.

II. Team Composition: Each member in the team is selected on the basis of their skills sets and abilities. Selection is very focused and limited. Under team composition the ability, member's personality, role allocation, team size, diversity, and members' flexibility and preference for teamwork are discussed below:

***Abilities of Members*:** Each member of the team is important. Selection depends on skills, knowledge and abilities. Members must complement each other. Selecting the best of the employees is not the key. Sometimes a mediocre employee turns out to be excellent and determined team builder and has precision for work. Managers need to understand the requirements of the team. For complex problems and high ability teams with intelligent members must be selected.

***Personality of Members*:** Individual behaviour is significantly influenced by personality. Different dimensions of personality are crucial for team effectiveness. Big five personality model provides a good base about the relationship between personality and effectiveness. Teams which reflect high conscientiousness and are open to experiences are better performers. Studies suggest that specific behavioural tendencies such as personal organization, cognitive structuring, achievement orientation, and endurance boost higher levels of team performance.

Allocation of Roles**:** Identification of potential roles and selecting the members keeping in mind the roles can be very effective. Team should have a proper blend of experienced and skilled members. Managers must understand individual strengths and weaknesses and allocate assignments that most suit them.

Diversity of Members**:** Diversity, like race and gender diversity, among the team can show different results. One, it may not at all impact the team performance. Two, it may impact team performance in a positive manner and third, may produce negative impact on team performance. Diversity in function, education, and expertise are positively related to group performance, but these effects are quite small and depend on the situation. Leaders play an important role in managing diversity effectively.

Size of Teams**:** Effectiveness lies in keeping the team small in size. Most effective teams have five to nine members. Managers must focus on roles/tasks and accordingly select most responsible and accountable members. Small is beautiful is the *mantra*.

Member Flexibility & Preferences**:** Every employee is not a team player. Many employees prefer to work alone than in teams. High-performing teams are composed of members who prefer working as part of a team. Managers must identify work preference and accordingly select the members.

III. Work Design: Work designs is motivating by nature because it increases the sense of ownership of work and makes employees responsible for the tasks done. Variables which are concerned with work design such as autonomy, skill variety, task identity, and task significance are discussed below:

Autonomy**:** Is the freedom to do the task as per my choice which doesn't violate the generally accepted rules. It answers the question 'how much does the task let employees exercise its freedom?'

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***Skill variety*:** Opportunity to use different skills and talents to complete the tasks.

***Task identity*:** Task identity is related to the ability to complete a task in given time. A task needs to be understood well and identified completely to execute it well.

***Task significance*:** Task significance means a task should create substantial impact on others. Team members should be more than willing to work on tasks or projects which create impact on others.

IV. Team Processes: Common purpose, specific team goals, team efficacy, level of conflict, are some of the variables which contribute to team effectiveness. The idea behind team process is to enhance process gains by reducing process losses to create positive synergy.

***Common Purpose*:** Organization's mission has to translate at all levels of the organization. Teams follow the mission and develop their goals. Strategies are developed to achieve the goals. Clarity over the purpose is vital for success of the teams. Directionless team will lead to nowhere. It is worth spending time to thoroughly draft the mission, vision of the organization and a specific team.

***Specific Goals*:** Goals must be measurable, specific and realistic. Best of the specific goals fail if they are not properly communicated. Goal should be challenging. Team performance increases with attainable but difficult goals.

***Team Efficacy*:** Teams work hard to achieve success and success motivates the teams to work harder. Managers can provide training to the employees and help the team achieve small targets to boost their confidence. High level of confidence will increase the capability to deliver and make a team effective.

***Conflict Levels*:** Conflict is not always bad. Conflict has a complex relationship with team performance. Functional conflicts are positive and dysfunctional conflicts create frustrations. Task related conflicts are functional in nature and relationship conflicts are dysfunctional in nature. Moderate level of task conflict like disagreements among members on certain issues

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may ignite creative thinking and team may lead to better decisions. Dysfunctional conflicts like incompatibilities and tensions among members may become complex and lead to negative outcomes.

IN-TEXT QUESTIONS

15. A work team generates positive synergy. (True/False)

16. Team performance increases due to coordinated efforts. (True/False)

17. A team with good tuning multiply the productivity of the person. (True/False)

18. Virtual teams connected through the use of internet. (True/False)

19. Video conferencing is an example of virtual team. (True/False)

20. Team members themselves are __________ accountable.

21. The goal of team is __________ performance.

22. The leadership of team is __________.

23. There are __________ components of effective team.

24. Strategies are developed to the goals.

25. Autonomy is the variables of __________.

Social Loafing: It is the tendency when individuals put less effort to complete a task when working collectively than working alone. There is a general belief that productivity of the group working together will be higher than the total performance of the individual members working independently in the group. Members can engage in social loafing so making members individually and jointly accountable is logical.

7.5 Group Cohesiveness

Group cohesiveness is important for smooth functioning of a group. Cohesiveness is the tendency of a group to remain together while working towards a goal for emotional need satisfaction of its members. It develops over time.

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Factors that influences group cohesiveness are:

(*a*) Time spent together

(*b*) Size of the group

(*c*) Structure of the group

(*d*) Agreed upon group goals

(*e*) Inter-group competition

(*f*) Task commitment

(*g*) Group pride

(*h*) Favourable evaluation

Advantages of group Cohesiveness:

(*a*) Worker satisfaction

(*b*) Low turnover

(*c*) Less absenteeism

(*d*) Higher productivity

Factors that increase cohesiveness: Members of a cohesive group share common goals, remain attached to one another, conform to the group standards and unitedly work to achieve the goals. The following factors increase group cohesiveness:

(*a*) Similarity in attitudes, values, beliefs and interests of members increases group cohesiveness, facilitates communication and develops understanding amongst group members.

(*b*) Inter-group competition, where two groups compete with each other to reach a common goal increases cohesiveness of each group. A basketball championship, for example, will increase cohesiveness of each team to win the match.

(*c*) Personal liking and attraction for each other contributes to increased group cohesiveness.

(*d*) Success in achieving group goals leads to group cohesiveness.

(*e*) Size of the group also determines cohesiveness of a group. Smaller groups are generally more cohesive than bigger groups.

(*f*) Increase in interpersonal interaction increases attraction of group members to one another and increases cohesiveness of the group.

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(*g*) Consensus amongst group members on group goals also leads to increase in group cohesiveness.

(*h*) Dependence of members on each other to achieve the group goals increases group cohesiveness.

7.5.1 *Group Think*

Group think refers to the group pressure which is created on any member of the group which influences his ability and thought process to make decision in particular way. It denotes a situation where members put aside their opinions and beliefs and try to conform to the group decision. In a highly cohesive group, any member's ideas or opinions or solutions are influenced by other group members.

Symptoms of Group think:

1. There is an illusion of unanimity that creates a belief that everyone is in full accord if they don't speak and abstention becomes in favour.
2. Group members present logical reasons and assumptions to rationalize resistance from a group member. When a decision is agreed upon, that course of action is followed. It stops the member from reconsidering his opinion.
3. Members apply direct pressure on those who do not agree to conform.
4. Members avoid deviating from group consensus by keeping silent about their doubts and difference of viewpoints.

What causes Groupthink

(*a*) Dictatorial leadership

(*b*) Group cohesion

(*c*) Dislike of confrontation

(*d*) Time constraints

(*e*) Decisional Stress

How to Minimise Groupthink

(*a*) Managers can monitor group size. As size increases, people grow more intimidated and hesitant. There is no magic number that eliminates

Notes

groupthink, though individuals feel less personal responsibility when group size is large.

(*b*) Group leaders should be encouraged to be impartial.

(*c*) Deliberations of all kinds should be open and all divergent of views should be welcomed from the members. Leaders should play active role to make this process free and devoid of pressure tactics.

(*d*) Stimulate an environment of healthy debate to avoid groupthink so that better ideas may arise.

(*e*) Have people from different backgrounds who have different experiences, beliefs, and views which prove to be beneficial in avoiding groupthink and can lead a productive debate.

(*f*) Include members of other departments to get different perspectives.

(*g*) Take time enough over decisions that enable you to properly analyze the situation and come to a rational response.

(*h*) Consult an outside expert to get knowledge and information that members don't have.

7.5.2 *GroupShift*

Group shift refers to the tendency of group members to exaggerate their positions that they hold in the beginning of group discussion. While taking decisions in groups, the discussion leads to a significant shift from the initial positions of members in which they were before the discussion.

It is seen that group decisions are more conservative and riskier than individual decisions. Group decisions set individual members free from accountability for the group's final choice. No single individual can be held fully responsible even if the decision fails. Group can undertake greater risk in this case.

The main reasons for groupshift are diffusion of responsibility throughout the group by members. It is said that smaller groups have higher groupshift than larger groups.

Difference between Groupthink and Group Shift:

1. Groupthink refers to the group pressure which is created on any member of the group which influences member's ability and thought

process to take decisions in a particular way, whereas, groupshift is the tendency of group members to exaggerate their initial positions that they hold in the beginning of group discussion.

2. In groupthink, the group creates pressure on the individual member, whereas, in groupshift, the individual member creates pressure on the group.
3. In groupthink, popular view is favoured and personal view is put aside whereas, in groupshift, due to group influence personal view becomes much stronger.

Techniques to Eliminate Groupthink & Groupshift

The following techniques are used to eliminate groupshift and groupthink from a group.

A. Brainstorming: It is a process of generating ideas in which group leaders state the problem in a clear manner so all participants understand and are encouraged to interact and think the unusual, while withholding any criticism of those alternatives. All ideas are recorded for later discussion and analysis with pros and cons. Brainstorming develops group cohesiveness. The following are the two brainstorming techniques that help groups arrive at a preferred solution:

(*a*) ***Nominal Group Thinking***

It is more structured than brainstorming but also very similar. Group coordinator describes the problem and members independently write solutions without discussing among themselves. This eliminates the tendency of groupthink. Then all the responses are collected, discussed and answered by the members who have written them. After discussion based on evaluations, a rank is assigned by members and the solution which gets the highest ranking is the final decision.

The nominal group technique is an inexpensive means for generating a large number of ideas. In this technique, the following steps are taken:

(*i*) Alternatives or solutions are independently written by each member.

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(*ii*) All ideas are recorded and no discussion is initiated till the time all ideas are presented by the members.

(*iii*) Ideas are discussed and the group evaluates them.

(*iv*) Ideas are ranked by each member independently.

(*v*) Final decision is based on the members rank assigned to the ideas.

(*vi*) Idea which gets the highest rank by most of the members is the final decision.

(*b*) *Electronic meeting:*

Meetings conducted electronically with the use of computers are termed as electronic meetings. This is similar to nominal group technique but is conducted through electronic mode. Computer programmes are used for secrecy which encourage group members to take independent decisions without the effects of groupthink. An interacting group is good for achieving commitment to a solution. It minimizes social pressures and conflicts.

B. Delphi Technique

It is a technique in which questionnaires are sent to members located at different places. The results of the questionnaires are compiled and a copy of results is sent to all members to review the results and respond to the second questionnaire which may generate new solutions. This process is repeated until a consensus is reached.

IN-TEXT QUESTIONS

26. Group cohesiveness develops over time. (True/False)

27. One of the advantages of group cohesiveness is less absenteeism. (True/False)

28. Brainstorming is a process of generating ideas. (True/False)

29. The nominal group technique is an inexpensive means for generating a large number of ideas. (True/False)

30. Delphi technique in used to develop consensus. (True/False)

31. Group cohesiveness is important for the ______ functioning of a group.

Notes

32. Groupthink refers to a phenomenon.

33. Groupthink denotes a situation where members ______ their opinions and beliefs.

34. Group shift refers to the tendency of group members to ______ their initial positions that they hold in the beginning of group discussion.

35. The main reasons from groupshift are of responsibility.

(*a*) diffussion

(*b*) fusion

(*c*) both (*a*) & (*b*)

(*d*) None of the above

36. Smaller groups have ________ groupshift than larger groups.

(*a*) higher

(*b*) lower

(*c*) both (*a*) & (*b*)

(*d*) None of the above

CASE STUDY

Mumbai's Dabba Walas

Mumbai's Dabba wala is not a new name for any Indian. They have gained lot of popularity not because of glossy business but because of their efficiency and commitment to work. Dabba Wala's case study is discussed in the most renowned business schools in the world. The high level of effectiveness has earned them a six sigma certification for which other businesses strive and dream of.

The flawless quality service since 1890 has ensured complete customer satisfaction with regards to the reliability of the system from twelve decades in India.

Dabba Walas run a tiffin service in Mumbai whose objective is supply of packed lunch in tiffin from the customer's homes to the work place every working day. They arrange the collection of packed lunch in

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traditional tiffin boxes, load them on local trains (a compartment is reserved for the bulk tiffins) and deliver to all the areas in Mumbai including suburbs of Mumbai. These meals are cooked and packed by wives or mothers (or sometimes local restaurants) for individual office workers in central Mumbai. The noticeable feature of this delivery is that every office workers gets home tiffin every working day on time without any fault or delay. Obviously, the contents (in terms of variety and taste) of each tiffin box are unique, which is the central appeal of the service. When the lunch time is over in the day, the dabba walas again collect the empty tiffins from the working place and return them to the workers' homes.

The supply system adopted by dabba walas is extremely unique and full of risks. At each of the central stations, where train stops for about 20 seconds, other members of dabba wala teams unload the tiffin boxes for destinations near the station and sort them for hand delivery to the offices and workshops where the individual recipient work. Sharp around 12:45 pm tiffins are delivered and then the process is reversed to return the empty boxes to the homes. The service cost per box is about Rs. 300 per month and each dabba wala earn about Rs. 4,500 a month. Customers pay one month's bonus to the organization for the Diwali festival.

This seems to be simple process but it's a highly complicated, precisely well-coordinated operation. Mumbai city is known for its traffic chaos and local train rush. Traffic delays and occasional chaos are very common. Some of the dabba walas negotiate the traffic on foot and bicycle at a cracking pace, irrespective of weather conditions; The tiffin must get through.

The error rate is said to be vanishingly very small; one box may go astray every two months; about one in six million deliveries.

One of the eye-catching point is that there is no government or IT support except special reserved train coach, no track and trace, no computers, no bar codes is levelled, just a handwritten code on each box that allows the dabba walas to identify or recognize which station the box has to be sent to and unloaded, its ultimate destination and its return address.

Many of the dabba walas have low level of literacy, but their ability to decode and correctly route the boxes that they carry through the crowded streets is the key to the whole system. This kind of supply chain system requires very low levels of capital intensiveness. It is the team work that makes the service happen. Dabba walas commitment has made them special and the guiding force behind this commitment is Shivaji. In the name of Shivaji the members find the motivation to do the hard work and serve people with their home cooked food. They have a team of 5000 dabba walas who serve almost 2,00,000 Mumbaikar daily.

The future of the service

Of late, the migration of workers in search of job in metro cities at large is very high. Due to covid-19 pandemic, people are hesitant to have meals from the nearby local road side restaurants or *dhabas*. People from all spheres of life, irrespective of regional styles and traditions, love to eat home cooked hygiene food. This diverse range of home- prepared meals reliably to the individual in the workplace is high in demand. The growth of fast food centre is a global phenomenon who also delivers fast food at destination as they claim as hygienic. They do have a website and are now able to accept orders *via* the site or by SMS. It requires frequent ordering every day which is quite monotonous for the office going workers. It is also seen that some meal delivery centres claim that they supply home cooked hygiene meal on order at destination but it is good only for few days or emergency time not for all days in terms of variety, quality and taste.

The reasons for using dabba walas services are the following appeals:

1. Homemade food is cheaper and hygienic.
2. Homemade food is best for health as against junk foods.
3. If you love to eat food made by your wife or mother, dabba walas is the solution.
4. They assure that they deliver your home cooked meal on time at right destination.

Notes

Your tasks are:

(*a*) If a team is defined as a group of dedicated people working towards a common goal, discuss the strengths and weaknesses of the dabbawalas practice of making team members as shareholders, rather than employees.

(*b*) Analyze the cohesiveness and performance of the dabbawalas team.

(*c*) To what extent does the dabbawalas service display the features of an effective work group?

(*d*) Why has technology played a very meager role in the development of dabbawalas service so far? Is this likely to change in future?

(*e*) Identify ways in which this might affect team spirit of the organization.

7.6 Summary

Most of the work in organizations is done in teams. People often join groups to satisfy their needs of security, status, self-esteem, affiliation, power and goal achievement. In any organization, different types of groups coexist. Whatever be the kind of group, every group goes through five stages of development, namely forming, storming, norming, performing and adjourning. Group cohesiveness is important for smooth functioning of a group.

Several factors influence group cohesiveness. Various decision-making techniques are used for consensus in decisions. Groupthink and groupshift are two very important concepts in group decision-making.

7.7 Answers to In-Text Questions

1. Formal
2. Temporary
3. Forming storming norming performing
4. Command
5. Forming
6. Forming
7. Adjourning

Notes

8. Individual
9. Share information
10. Group
11. Voluntarily
12. Informal groups
13. Formal groups
14. (*iii*); (*iv*); (*v*); (*ii*) and (*i*)
15. True
16. True
17. True
18. True
19. True
20. Mutually
21. Collectively
22. Rotating
23. Four
24. Achieve
25. Work design
26. True
27. True
28. True
29. True
30. True
31. Smooth
32. Psychological
33. Set aside
34. Exaggerate
35. Diffusion
36. Higher

Notes

7.8 Self-Assessment Questions

1. What do you mean by work team?
2. What do you mean by Work group?
3. What is the difference between a group and a team?
4. What are the different types of teams that exist in an organisation? Why do people join groups?
5. What are the main characteristics of a group?
6. What are the various types of formal groups? Discuss with examples.
7. Explain the features of an informal group. Describe the types of informal groups.
8. Describe the five stage model of group development.
9. Explain the term 'group cohesiveness'.
10. Discuss the group decision-making techniques.
11. What is the difference between groupthink and groupshift.

I. Match list I with List II:

	List I		List II
1.	Group	(*a*)	Two or more interacting and interdependent individuals come together to achieve specific goals
2.	Work group	(*b*)	Interacts primarily to share information and to make decision
3.	Formal group	(*c*)	Designated work group defined by organization structure
4.	Informal group	(*d*)	It is social in nature

Answers:

1.	(*a*)	2.	(*b*)	3.	(*c*)	4.	(*d*)

II. Match list I with list II:

	List I		List II
1.	Brainstorming	(*a*)	Develops group cohesiveness
2.	Delphi technique	(*b*)	Develops consensus

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	List I		List II
3.	GroupShift	(*c*)	No single individual can be held fully responsible even if the decision fails
4.	Groupthink	(*d*)	An illusion of unanimity that creates a belief that everyone is in full accord

Answers:

1.	(*a*)	2.	(*b*)	3.	(*c*)	4.	(*d*)

7.9 References

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7.10 Suggested Reading

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LESSON

8

Decision Making

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STRUCTURE

8.1 Learning Objectives

At the end of this lesson, the student should be able to:

- Explain the process of decision-making.
- Describe the individual and group decision-making.
- Explain the concept of rational decision making and contrast it with bounded rationality.
- Understand the role of ethics in decision making.

8.2 Introduction

Decisions are an essential part of one's life, both personally or professionally. Decision-making is an integral part of a managerial job. Decisions are required at all the levels of management, An organisation's success is largely driven by its decisions and their execution. Decision making is the essence of management because functions of management cannot be performed without decision making.

8.3 Meaning of Decision Making

A decision is a choice. It is at the core of planning in which managers have to select the most suitable or appropriate course of action from several alternative courses achieve objectives. Decision making process takes place only when managers have two or more options or alternatives.

Decision-making is a tough and conscious process of making objective decisions which are acceptable by those who would execute them and are beneficial for the organisation.

A manager may make following decisions:

1. **Planning:** (*a*) what are the organisation's long-term objectives? (*b*) what strategies will best achieve those objectives? (*c*) what should be the organisation's short-term objectives; (*d*) how difficult should individual goals be?
2. **Organising:** (*a*) how many employees should report directly to the supervisor? (*b*) how much centralisation should be there be in the organisation (*c*) how should jobs be planned? (*d*) when should the organisation put into operation a different structure?
3. **Leading:** (*a*) how to handle employees who appear to be low in motivation? (*b*) what is the most effective leadership style in a given situation? (*c*) how will a specific change affect worker productivity? (*d*) when is the right time to intervene in a conflict?
4. **Controlling:** (*a*) what activities in the organisation need to be controlled? (*b*) how should those activities be controlled? (*c*) when is a performance deviation significant? (*d*) what type of management information system should the organisation have?

Notes

Definitions:

Decision making has been defined by several management scholars. Some of the definitions are given hereunder:

According to **Stoner, Freeman & Gilbert**, "Decision making is the process of identifying to deal with a specific problem or take advantage of an opportunity."

R. Terry defines decision making as the "Selection of one behaviour alternative from two or more possible alternatives.", "Decision making involves the selection of a course of action from among two or more possible alternatives in order to arrive at a solution for a given problem."

Weihrich & Koontz state that - All management work is accomplished by decision-making.

According to Allen – Management decision making is *the work a manager performs to arrive at conclusion and judgment*.

According to Shull, Delberg and Cummings - "A conscious and human process involving both individual and social phenomena based on factual and value premises which concludes with a choice of one behavioural activity from among one or more alternatives with the intention of moving towards a desired state of affairs."

Kreitner defines it as "Decision making is a process of identifying and choosing an alternative course of action in a manner appropriate to the demand of the situation."

In other words, at every stage of managing, the manager faces the challenge of making correct, qualitative and effective decision to get the best out of a situation. Managerial decisions are formally directed towards making the organisation a functional entity preserving its identity and maintaining continuity in its working life.

Managers at all levels make decisions such as top level executives take decisions on major issues and matters that are directly concerned with the survival, profitability and growth of the organisation. For handling the matters arising from day-to-day operations, lower level managers are granted authority to decide upon them. Managers at all areas of organisations make decisions regarding production, distribution, finance, purchase, personnel, research and development etc.

Characteristics:

Decision-making has the following features:

1. Decision-making is goal-oriented, sectional, departmental and organisational goals.
2. It is required for every managerial function though it is closely related to planning. How good are the decisions determines how effective are the plans.
3. It is a process of choice; choosing a course of action to solve specific problems.
4. Problem-solving is the basis for decision-making. If there are no problems, there is no decision-making.
5. Decisions are made to solve problems and exploit opportunities. Both problems and opportunities, need decision-making.
6. It is a pervasive process. Decisions are made in business and non-business organisations. In business organisations, they are made at all levels.
7. Nature of decisions varies at different levels. Organisational effectiveness is determined by quality of decisions at all levels.
8. It is required for every situation — certainty, risk or uncertainty.
9. It is situational in nature. Different situations (internal and external) require different decisions. Not to decide is also a decision in some situations.
10. It is a continuous process. Managers continuously solve problems through decision-making.
11. It is an intellectual process. Judgment, knowledge, and creativity develop solutions to problems.
12. A manager is oriented towards making decisions rather than performing the actions; actions are performed out by others.

Notes

IN-TEXT QUESTIONS

1. Long-term, major, strategic decisions are taken at the top and relatively short-term, minor, operational decisions are taken at lower levels. (True/False)
2. Objectives decisions are based on knowledge, value judgment, creativity and innovative abilities. (True/False)
3. Managers make same decisions in same situations. (True/False)
4. Both problems and opportunities need decision-making. (True/False)
5. Decisions are made only in risky situation. (True/False)
6. ____________decisions are taken at the top level.
7. Operational decisions are taken at levels.
8. Most decisions in the complex environment are ___________in nature.
9. A decision is a __________ choice to behave or to think in a particular way.
10. Decision making is a ________ process.

8.3.1 *Types of Decisions*

Decisions can broadly be grouped as Programmed decisions and Non-programmed decisions.

I. Programmed Decisions

These decisions relate to structured situations, where the problem is routine and repetitive.

The routine problems may not always be simple. There may be complex routine problems. For example, inventory is ordered when it reaches the re-order point. If there is sudden increase in demand, managers cannot wait for inventory to reach the re-order point. Orders are placed before this level. Ordering inventory is, thus, a routine but ordering before the re-order point is a routine but complex problem.

Policies, schedules and procedures guide these decisions. They are normally taken by middle and lower-level managers. They do not use innovative ways to solve the problems. Therefore, managers concentrate on important and crucial activities. Objective judgment and past experience form the basis for decision-making. These decisions also involve some certainty, *i.e.* outcomes of the decisions are, by and large, known. Various types of programmed decisions are : (1) organisational decisions (2) operational decisions (3) research decisions, and (4) opportunity decisions.

II. Non-Programmed Decisions

These decisions are taken in unstructured situations which reflect novel, ill-defined and complex problems. The problems are non-recurring or exceptional in nature. Since they have not occurred before, they require extensive brainstorming. Problems are solved through scientific analysis and logical reasoning. Subjective judgment is used to assess the situation. They are based on partial ignorance as the alternatives and their outcomes are not known. They are taken in the changing, dynamic environmental conditions by top-level managers. For example, increase in advertising expenditure, effective salesmanship, upgraded technology, quality controls and brand image are expected to increase sales and profits. If, despite all this, profits are declining, it requires immediate decision-making. Such decisions are non-programmed decisions. As we move up the hierarchy, the need for non-programmed decisions increases. Different types of non-programmed decisions are: (1) personal decisions (2) strategic decisions (3) crisis intuitive decisions, and (4) problem-solving decisions.

		Programmed Decisions	**Non-programmed Decisions**
1.	**Nature of Problem**	Structured/Routine/Well-defined	Unstructured/Novel/Ill defined
2.	**Recurrence of Problem**	Repetitive	Non-repetitive
3.	**Method of Solving**	Policies/Standards/Rules	Managerial Initiative
4.	**Judgment**	Objective	Subjective
5.	**Probability of Outcome**	Some degree of certainty is involved	Uncertain
6.	**Level of Management**	Middle/Lower-level	Top-level
7.	**Types**	Organisational/Operational/Research/Opportunity	Personal/Strategic/Crisis Intuitive/Problem-solving

Notes

A brief description of programmed and non-programmed decisions is given below:

1. **Organisational and Personal Decisions:** These decisions reflect use of *authority.* Decisions taken in the interest of organisation are organisational decisions and those taken for personal interests are personal decisions. Organisational decisions can be delegated but personal decisions cannot. Managers have authority to make organisational decisions but not personal decisions. They are based on personal biases.
2. **Operational and Strategic Decisions:** These decisions reflect *scope* of decision-making. Operational decisions are taken in routine. They relate to short-term objectives and are taken by middle and lower-level managers. Their impact is limited and short-range in nature. They are based on defined policies and procedures. Purchase of stationery and raw material are day-to-day decisions based on procedures defined for the purchase department.

   Strategic decisions relate to important and non-recurring problems. Skill and judgment are used to make these decisions. They relate to long-term goals, define organisation-environment interface and are risky in nature. They are taken by top-level managers. Decisions to update the technology, launch a new plant or change the policies are strategic decisions.

   These decisions affect the whole or major part of the organisation and contribute directly to objectives. They are not based on past and involve major departure from earlier business practices like expansion in international markets, diversification, change in marketing mix etc.

   Strategic decisions involve three important elements:

   (*i*) ***Result element*:** It specifies the result (objective) to be achieved through the decision.

   (*ii*) ***Action element*:** It specifies the action to be taken to achieve the result.

   (*iii*) ***Commitment element*:** It specifies the dedication, loyalty and commitment with which decisions are made.

Notes

3. **Research and Crisis-Intuitive Decisions:** These decisions reflect *urgency* of decision-making. Decisions which involve regular survey are research decisions and these made under situations of crisis or emergency are crisis-intuitive decisions.
4. **Opportunity and Problem-Solving Decisions:** These decisions reflect *foresightedness*. Managers forecast opportunities for organisational growth. The decision to grow through market penetration and market development is an opportunity decision. Problem-solving decision solves a specific problem. To drop a product because it is unprofitable is a problem-solving decision.

   (*Market penetration increases sale in the existing markets and market development increases sale by entering into new markets with same or new products*).

   (*a*) ***Programmed decisions*:** Programmed decisions are made with regard to routine and recurring problems and require the application of a pre-determined set of procedures, techniques and decision rules. As the problem arises, the prescribed procedure is applied and a decision is made. Decision rules permit busy managers to make routine decisions quickly without going through a comprehensive problem-solving procedure. It encourages lower-level managers to share responsibility, in terms of guiding and instructing workers for day-to-day activities; help to solve the grievances of the workers, for programmed decisions. It allows higher level managers to concentrate more on important non-programmed decisions. So, the structured problems have to be first defined. The programmed decision may be of the following three types:

   (*i*) ***Procedure*:** A procedure is a series of sequential steps used to respond to a structured problem. For example selection procedure of an employee.

   (*ii*) ***Rule*:** A rule is an explicit statement that tells what can or cannot be done. For example, the rules of the roads, rules observed at petrol pump, rules about lateness and absenteeism permit supervisors to make disciplinary decisions rapidly and fairly.

Notes

(*iii*) ***Policy*:** It is a guiding principle for making a decision. It establishes general parameters for the decision maker. It may be general policy and specific policy. Policies typically contain an ambiguous term that leaves interpretation on the decision maker. Some of the examples of policy statements may be:

- Nobody would accept any gift from the outsiders except token gift.
- The customer always comes first and should always be satisfied.
- Promotion from within, wherever possible.

(*b*) **Non-programmed decisions:** As managers move up the organisational hierarchy (upper level), the problems they confront become more unstructured that are new or unusual for which information is ambiguous or incomplete. Non-programmed decisions are unique and non-recurring that require a custom-made solution. That is why upper-level managers delegate routine decisions to subordinates so that they can deal with more difficult issues. Examples of non-programmed problems are:

- Top management lays down the objectives.
- Top management prepares strategic plans and policies for the enterprise.
- Issue necessary instructions for preparation of department budgets, procedures, schedules etc.
- Control and coordinates the activities of all the departments.

Characteristics	Programmed Decisions	Non-programmed Decisions
1. Type of problem	Structured	Unstructured
2. Management level	Lower levels	Upper levels
3. Frequency	Repetitive, routine	New, unusual
4. Information	Readily available	Ambiguous or incomplete
5. Goals	Clear, specific	Vague
6. Time frame for solution	Short	Relatively long

Characteristics	Programmed Decisions	Non-programmed Decisions
7. Solution relies on	Procedure, rules and policies	Judgment and creativity

(*c*) **Strategic Decisions:** Strategy is a deliberate search for a plan of action that will develop a business's competitive advantage and compound it. The search is an iterative process that begins with recognition of where you are and what you have to go. The difference between you and your competitors is the basis of your advantage.

Strategic decisions are usually made by top-level management which are important and critical for the survival, success and profitability of the organisation.

Every organization has to make decisions throughout the day that will impact the outcome of the organization. Decisions can be simple, like deciding on what to wear to work or whether to organize a meeting or not. However, strategic decisions that impact the direction of the organization are harder to make and are often the most important. The examples of strategic decisions are the selection of a product and processes, making capacity planning, selecting location of plant, switching to new technology, taking over other organization, and strategic alliance etc.

The main characteristics of strategic decisions are that once they are taken, it is neither desirable nor feasible to withdraw them as they involve risk.

(*d*) **Operational Decisions:** Mere formulation of strategic decisions are not the guarantee of success of any organisation unless until such decisions are implemented by making many other operational or tactical decisions such as production planning, quality control, cost control, inventory control etc. These decisions are concerned with routine and repetitive matters to implementation of strategic decisions. That's why the authority for making tactical or operational decisions is vested in lower level management.

Notes

The differences between Strategic and Operational decisions are as below:

Strategic Decisions	Operational Decisions
These are long-term decisions	These are not frequently taken
These are considered where the future planning is concerned.	These are medium period based decisions
They are taken in accordance with organisational mission and vision	These are taken in accordance with strategic and administrative processes.
These deal with organisational growth	These are related to production and factory growth

Individual Decision & Group Decision:

Individual Decision: In a practical situation, a person is different from others in respect of the way of thinking. Some people are logical and rational and they process information serially while other people are intuitive and creative and perceive things as a whole. That's why different people use different decision-making styles in the organisation such as:

(*i*) ***The analytical style*****:** This style has a much higher tolerance for ambiguity and best characterise careful decision-makers with the ability to adapt to or cope with novel and unexpected situations.

(*ii*) ***The conceptual style*****:** This style has a low tolerance for ambiguity and seeks rationality. They are efficient and logical and require minimal information.

(*iii*) ***The directive style*****:** It makes decisions fast and they focus on the short-run.

(*iv*) ***The behavioural style*****:** This style has a strong concern for well-being of the subordinates and usually in this style suggestions from others are sought.

Individuals have a tendency to think and question before performing, which is fruitful in analysis and forecasting of an individual's behaviour.

Advantages of individual decision-making:

(*i*) Individual generally makes prompt decisions.

(*ii*) Individual decision-making saves time, money and energy. In other words, it is cost effective.

(*iii*) Individuals are responsible and accountable for their own decision. They have no excuse for their bad acts and performance.

Disadvantages:

(*i*) An individual uses own intuition and may be biased.

(*ii*) Individual decision-making is proved more fruitful and productive in very small business organisation like sole-proprietorship or in family matter.

(*iii*) Lack of consensus decision-making.

***Group Decision Making*:**

It is generally believed that two heads are better than one. In group decision, the final authority to take decisions is vested in the group itself rather than in an individual.

A group decision is one in which more than two people are participating, deliberating and developing amicable solution to the problem. If group is diverse, better decisions may be made because different group members may have diverse ideas based on their background and experience.

To deal with the problems, the manager is delegated with enough authority and within the extent and scope of it decisions are made, both on important as well as less important matters. Whatever the power and authority they have, they can exercise it only through meetings in which they make decisions unanimously or by majority votes. Such decision is generally taken in executive body (Board of Directors) or in various committees formed for the purpose of deciding on various matters at the lower level of the organisation.

Sometimes, the superior involves subordinates to get their cooperation and involvement in decision making in which subordinates may be of more concern with the objective of their acceptance. Group decisions may also be in the following form:

(*i*) Group participation in decision-making: Where the superior shares authority of decision making by involving subordinates.

(*ii*) Group decision-making: where the members or subordinates may share the authority of decision making with the chief executive.

Notes

(*iii*) **Workers participation in management:** Where the superior and subordinates may share the authority of decision making with the workers.

Advantages of group decisions:

(*i*) **Creates Synergy:** It is found when output is more than the inputs, which means whole is greater than the sum of its parts. As group also creates synergy effects in the quality and productive decisions because two or more members are involved in deliberation and amicable solution of the problems that may increase or improve the results.

(*ii*) **Sharing of information:** In group decisions, the members of the group not only sit together around the table for making decisions but also contribute fruitful information and expertise which increases understanding, clarity and facilitates movement towards a collective decision.

(*iii*) **Team spirit:** Members involved in group decision-making represent cooperation, trust, respect and develop a team spirit to get maximum contribution from them.

IN-TEXT QUESTIONS

11. Programmed decisions relate to structured situations, where the problem is routine and repetitive. (True/False)

12. Programmed decisions are taken by middle and lower-level managers. (True/False)

13. Organisational and Personal Decisions reflect use of *authority.* (True/False)

14. Opportunity and Problem-Solving Decisions reflect *urgency*. (True/False)

. **15.** Subjective judgment is used to assess programmed decisions. (True/False)

16. Policies, schedules and procedures guide _____ decisions

Notes

17. _______ decisions are taken in unstructured situations.

18. _______ judgment and past experience form the basis for programmed decision-making.

19. Problems in non-programmed decisions are _______ in nature.

20. Operational and Strategic Decisions reflect _______of decision-making.

Disadvantages of group decisions: The flip side of the group decision making is as follows:

(*i*) **Diffusion of Responsibility:** Group members are not themselves so much responsible and accountable which affects the quality of decision making adversely. Everyone is responsible for a decision which might mean no one is responsible. They do not exhibit a sense of responsibility.

(*ii*) **Reduce efficiency:** Ordinate delay in decision-making is also marked in a group decisions because of long discussions, diverse opinions of members and procedural technicalities. It sometimes reduces the effectiveness of the decision making process.

(*iii*) **Encourage indecisiveness:** If the least competent member dominates the group decision, it impedes the efforts of the most competent ones.

(*iv*) Groups suffer from social loafing.

(*v*) Groups may also suffer from groupthink.

8.3.2 *Techniques of Individual and Group Decision Making*

The use of techniques improves the efficiency of decision-making as well as the quality of decisions made by the manager. These techniques are as under:

Individual Decision Making Techniques:

There are six decision making styles of an individual. Every individual is not only different in nature but also their approach of decision-making differs and depends on different situations.

Notes

1. **Deep Deliberation:** In this style, the person spends excessive time and attention on weighing all possibilities before deciding on any one possibility. This style is appropriate when an issue is of great importance such as family problem, career choice, or serious relationship issue.
2. **Impulsive Decision:** An impulsive behaviour is when one acts quickly with no thought to the consequences. An impulsive person is commonly described as hot-headed, rash, unpredictable and unstable. It is simply a person's reaction to situation in front of others. Such decision is often intuitive one. It is inappropriate in the cases related to academic choice, career choice, and relationship etc.
3. **Escape:** In this style, decision-making is avoided, by giving temporary solution and escaping from the situation. Escape would be an appropriate style if one has to face reality and is attempting to avoid it.
4. **Compliance:** Compliance refers to the act of obeying an order, rule, or request. It is an integral part of decision-making. In this style, the decision is made by someone else and the individual have to obey the decision because they are not comfortable to take decision due to lack of sufficient information.
5. **Safe playing:** Safe playing refers to taking least risky decision. In this style, the person chooses the option that has the least amount of risk. It is the best option particularly when high risk is involved in decision-making.
6. **Procrastination:** It means voluntarily delaying or postponing actions. Despite understanding the negative consequences of unnecessary delay, people defer the actions. In this style, the decision is simply delayed which means refusing to make a decision so that the options that were once available to them no more remain available. It is not an effective decision-making style particularly when there is urgency or a timeline. Often, delaying decision makes the ultimate decision more difficult. It can be seen as irrational behaviour.

Notes

Individual Decision-Style Model

<table>
<tr><td rowspan="3">High
↑
Low
Tolerance for ambiguity</td><td>Analytical</td><td>Conceptual</td></tr>
<tr><td>Directive</td><td>Behavioural</td></tr>
<tr><td colspan="2">Rational → Intuitive
Way of thinking</td></tr>
</table>

The above matrix shows that individual decision behaviour depends upon a combination of tolerance for ambiguity and way of thinking. On the X axis we have way of thinking and on the Y axis we have tolerance for ambiguity. If the tolerance level is high and way of thinking is rational then individual decision style will be analytical. Likewise, if the tolerance level is low and way of thinking is rational, individual decision style will be directive. If the tolerance level is high and way of thinking is intuitive, the decision style will be conceptual and if the tolerance level is low and way of thinking is intuitive, the decision style will be behavioural.

Group Decision Making Techniques:

(*a*) **Brainstorming:** Brainstorming is a process in which creative thinking is encouraged for developing creative solution to problems by small groups of managers. Generally one of them is given the role of leader of the group who throws light on various aspects of the problems and explains its nature to other members. This technique does not offer a readymade solution to the problem. Rather, it aims to generate possible alternative solutions and leads to evaluation for selecting the best one.

Rules of Brainstorming:

(*i*) All the members sit together and start discussing the problems with generation of creative ideas with tentative solution as a member of free association one by one without any interruption by others.

(*ii*) Each point of view on the problems is recorded in black and white to make every member familiar with the ideas generated.

(*iii*) Again, they are given an opportunity to make improvements upon them.

Notes

(*iv*) Later on each member, one by one is allowed to give suggestion on the various ideas so generated with the purpose to improve upon these ideas.

(*v*) In the subsequent session, ideas so generated are reviewed and alternatives evaluated for selecting a suitable one.

(*b*) **Delphi Technique:** This is the technique in which a small group of specialised experts are formed to express their opinion on the problem and its solution. The opinion expressed by each expert independently is not made known to others because anonymity is desired. The expert does not know on whose response what new question has been framed.

In this technique, the opinions of experts are consolidated and summarised by the group leader and sent back to the experts for further analysis unless until a unanimous decision comes out to solve the problems.

The Delphi technique involves the following steps:

(*i*) Under this technique, the organisation prepares questionnaires in two or more sets on various aspects of the problems after analysing the sets of responded questionnaire.

(*ii*) The first questionnaire is sent to experts to seek their responses independently and after getting the responses of the experts, the group leader compiles and analyses the responses.

(*iii*) Again the second new set of questionnaire is sent to the experts and they are asked to respond. After receiving the response, it is analysed.

(*iv*) If any area remains untouched or untouched adequately, a third questionnaire may be designed and sent, and the responses are again compiled and analysed.

(*v*) The said process is repeated until a unanimity develops on each aspect of the problem.

(*c*) **Nominal Group Technique:** Under this technique, a group of individuals is formed to address a particular problem. It resembles the brainstorming technique but is considered to improve the effective of group decision-making because all the members of group are physically present in the meeting but discussion among the group member is not allowed.

In this technique, a problem is presented before the group members to experience the problem and following steps take place:

(*i*) Each one is asked to write independently all the possible ideas to solve the presented problem.

(*ii*) Thereafter, each member has to present their idea to the group.

(*iii*) Further, the members are asked to add new ideas to the list on the basis of the ideas presented by others.

(*iv*) Once all possible ideas have surfaced and been recorded, the members may be allowed to suggest a possible solution and comment on the ideas with their relative merits and demerits.

(*v*) After this, the members privately vote on an idea and assign a particular rank to it on the basis of priority of the alternative solution.

(*vi*) The ideas getting the highest aggregate ranking are selected as a solution to the problem.

(*d*) Fish Bowl Technique: It is a technique of role rotation in which a group of experts is formed who sit around the table and the members of the group have opportunities to express their viewpoints as a member as well as leaders in each round of discussion which is more structured and direct in nature.

(*i*) The central place is occupied by a leader who expresses his opinion on the problem with some solution for it. The members are allowed to ask questions and clarification of the problem. Member present in the meeting put their point of view one by one on leader's opinion. Once his viewpoint is discussed fully and understood, the leader gives up his chair to another member who now becomes the leader.

(*ii*) Again the new leader gives his viewpoint in the light of the views expressed by the first leader. The members can ask questions based on the new leader's ideas which must stem from the first round of discussion.

Notes

(*iii*) This cycle of discussion continues till all the members have done their turn as a group leader.

(*iv*) At the end, all the viewpoints and ideas are taken stock of and further discussed collectively to arrive at a suitable solution.

Individual Decision Making		**Group Decision Making**	
Pros	**Cons**	**Pros**	**Cons**
Typically faster than group decision making	Fewer ideas	Diversity of ideas and can piggyback on others' ideas	Takes longer
Best individual in a group usually outperforms the group	Identifying the best individual can be challenging	Greater commitment to ideas	Group dynamics such as groupthink can occur
Accountability is easier to determine	Possible to put off making decisions if left alone to do it.	Interaction can be fun and serves as a team building task	Social loafing-harder to identify responsibility for decisions.

IN-TEXT QUESTIONS

21. Group decisions are based on extensive information. (True/False)

22. A list of ideas is prepared which represents different viewpoints in nominal group technique to decision-making. (True/False)

23. Delphi technique is used when members are geographically dispersed. (True/False)

24. _______ decisions are based on limited information.

25. _______ means generating ideas for decision-making.

26. _______ decisions promote creativity to make quality decisions.

8.4 Process of Decision Making

Decision making process is concerned with developing a consensus that suits solving a problem.

The rational choice paradigm assumes that decision makers follow the systematic process which is discussed below:

Step 1: Identify the problem: The first step of decision-making begins with identification of the problem which is a challenging task. A problem may define as the discrepancy between the current and the desired situation *i.e.,* the gap between "what is" and "what ought to be." The efficiency of decision-making depends upon definition of the problem. Suppose, the management identified the problem that sales data is not readily available for evaluating whether sales target is achieved or not. It is found that sales representative who works in the field do not have digital mode of recording data. Further, it is noticed that sales representatives send a requisition for laptops which was not entertained by the department.

Step 2: Identify Decision Criteria: Criteria define what's relevant to resolving an identified problem. The relevant decision criteria, in regards to the purchase of a laptop may be price, display quality, and memory that will help guide the final decision that can be depicted as:

- Memory and Storage
- Battery life
- Warranty
- Display quality
- Price
- Carrying weight

Step 3: Allocating weight to the criteria: A simple way to assign weight is to give the most important criteria a weight of 10 and then assign weights to the rest using that standard, Such as:

Features	Desktop Weight
Memory and storage	10
CPU	8
Battery life	6

Notes

Features	Desktop Weight
Warranty	2
Display quality	3
Carrying weight	0
Price	1

Step 4: Develop Alternatives: At this stage, the decision maker requires to list viable alternatives using creative thinking and innovativeness that could resolve the problem. Developing alternatives needs to exercise cognitive flexibility.

Step 5: Analyse the alternatives: Once alternatives have been identified, a decision maker must evaluate each alternative with pros and cons in the light of the solution of the problems by giving due consideration to risk involved, time consumed, efficiency of the alternatives and resource position along with ethical and moral value. For this the management can take the help of experts in regards to viable, scalable and worthy of investment.

Step 6: Selecting the best alternative: This step is concerned with choosing the best alternative or the one that generates the highest scores in solving the problem which is cost effectiveness and produces synergy effect. Selecting the best alternative does not mean that rest of the alternatives are worthless. Other alternatives are ranked as plan B, C and so on.

Step 7: Implementation of Decision: Decisions are implemented to achieve the desired outcome. It involves a series of actions and utilisation of resources. It must be noted that the lower level managers who have to implement a decision must participate in the process because they will help to re-evaluate. Before implementing a decision, necessary structural, administrative and logical arrangements are made.

Step 8: Reviewing Decisions: The last step in the decision making process involves reviewing the outcomes with regards to the resolved problems. We should access to what extent objectives are achieved. If the review shows that the problem still exists, then the manager needs to assess what went wrong.

8.5 Decision Making Models

There are following popular models of decision-making:

1. Rational Decision-Making Models:

This model is also known as Normative Model. This model assumes that a man is a rational human being who will apply quantitative techniques for decision-making to make precise and accurate decisions. While making decision, manager tries to become as much rational as possible. This is idealistic, rational and prescriptive in nature.

This approach implies the use of scientific and logical methods. The features of this model are as follows:

(*a*) Being a rational man model, this approach is scientific, logical and full of reasoning.

(*b*) It calls for a scientific attitude on the part of managers backed by empirical verification.

(*c*) Under this model, managers should not allow his emotions, biases to interfere with decision-making.

(*d*) The managers must have clarity of action by which defined goals can be achieved.

(*e*) This model assumes that managers have the ability to apply the criteria to analyse the collected information, develop alternatives and evaluate alternatives in the context of the defined goal.

(*f*) Every information is fully known and has no time or cost constraints.

(*g*) The manager must have a desire to optimise/maximise benefits by selecting the best course of action.

2. Bounded Rationality Model:

This model is also known as Behavioural model or Administrative Man model.

In real-life situation, man cannot be always fully rational in his approach to make decision to solve all types of problems. This is the basis of developing behavioural approach of decision- making. This model is more pragmatic as it considers several factors that affect real-life decision-making in practice.

Notes

Herbert A. Simon propounded the theory 'bounded rationality' which states that the norm of rationality is bounded by information limitations or inadequacy of information which deviates from the rationality to solve the problems.

The major limitations that bound the managers are as follows:

(*a*) ***Uncertainties of environment:*** The future environment is full of complexities and uncertainties that cannot be predicted with a high degree of accuracy. Therefore, managers have to accommodate their choice accordingly.

(*b*) ***Conflicting Objectives:*** Generally organisations set multiple objectives such as primary objective and secondary objectives to serve the interest of organisation as well as to meet out social responsibility that may be conflicting to each other.

(*c*) ***Time Constraints:*** The concept of rationality is also bounded by time constraints because it is time consuming to process the whole steps involved in decision-making and the nature of complexity of problems.

(*d*) ***Organisational Constraints:*** The philosophy of the organisation, power structure, multiplicity of goals, existence of informal groups and set of organisational plans may be bounded to make decisions which are more practicable and feasible even by defying the norms of rationality.

3. Intuitive Decision Model:

When managers reach a decision without conscious reasoning, it is called intuitive decision. This is one of the most commonly used models for decision making. As per Burke & Miller, 1999 survey, 89% of the managers sometimes used intuitive decisions and 59% used often. Intuitive decisions are not based on gut feelings. These are backed by experience.

8.6 Decision Making and Ethics

Ethics generally refer to set of moral ideology, shaped by social norms, cultural practices and religious influences that guide a human's behaviour about do's and don'ts. In decision-making, only economic implication is not involved but their value and ethical dimensions are found to be equally important. The ethical behaviour of a decision maker plays an important role in those managerial decisions that directly involve the interests and objectives of society such as policies regarding recruitment, selection, dismissal, wages and salary etc.

For example, a decision to switch over to a new technology should be made by taking into account not only economic implication but also ethical ones which require a high degree of honesty and integrity and depends on individual personality and organisational environment.

An individual or group can use the following three criteria to make such decisions:

1. **Utilitarian criterion:** Under this criterion, managers evaluate the decisions and actions on the basis of their consequences. While taking a decision, they ensure that it will produce the greatest good for the large number of people.
2. **Criterion of right:** This criterion holds that all people have fundamental rights provided in the Constitution of India particularly the right to property, freedom of expression, knowledge, privacy etc. It protects individuals from injury but hinders productivity and efficiency. So decision maker should respect and protect these rights.
3. **Criterion of justice:** It is said that justice delayed is justice denied. It urges upon decision maker to be fair, impartial and equitable with all class of people especially less powerful and unrepresented group of people while making decisions which ensure equitable distribution of cost and benefits among parties involved in it.

James Weber suggested the following guidelines to add ethical dimension to decision making:

1. Formulating and implementing appropriate policy and code of ethics.
2. Using a formal committee to ensure that code of ethics is observed by the employees.
3. Including techniques of ethical and moral value in training and development programmes.

Saul Gelleman suggested the following guidelines to encourage ethical values in decision-making:

1. Provide clear guidelines for ethical behaviour.
2. Teach ethical guidelines and their importance.

Notes

3. Refrain from grey areas, where there are questions about the ethics of an action.
4. Set up auditing agency that checks illegal and unethical deeds.
5. Conduct frequent and unpredictable audits.
6. Punish trespassers in a meaningful way and make it public so that it deters others.
7. Emphasise regularly that loyalty to the organisation does not exercise improper behaviour or actions.

IN-TEXT QUESTIONS

27. Rational model assumes that decision-makers are perfect information assimilators and handlers. (True/False)

28. In non-rational model, decision makers can collect complete and reliable information to achieve the objectives. (True/False)

29. Non-rational models are descriptive in nature. (True/False)

30. Bounded rationality refers to limitations of thought, time and information in making decisions. (True/False)

31. __________ model defines decision-maker as economic man.

32. Decision makers can make __________ decisions.

33. Rational models are __________.

34. Principle of bounded rationality is introduced by __________.

35. The principle of 'bounded rationality' states that decisions are:

(*a*) Rational

(*b*) Non-rational

(*c*) Both

Notes

36. Personal decisions are:

(*a*) Programmed decisions

(*b*) Non-programmed decisions

(*c*) None of these

37. Decisions based on pre-defined policies and rules are:

(*a*) Programmed decisions

(*b*) Non-programmed decisions

(*c*) Both

38. Bounded rationality in decision-making is introduced by:

(*a*) Herbert Simon

(*b*) Peter Drucker

(*c*) Elton Mayo

39. Programmed decisions relate to:

(*a*) Structured situations

(*b*) Unstructured situations

40. The concept of bounded rationality is associated with:

(*a*) Economic man

(*b*) Administrative man

(*c*) Social man

8.7 Summary

Decision-making is an important managerial activity. Every manager has to make decision to solve problems and handle situations so that tasks could be performed effectively Decision-making is not only a part of planning but is an integral part of management process. Decisions are made either by manager at individual level or by using the authority delegated to him. Such decisions are known as individual decisions. As against this, some decisions are made by two or more managers or group of individuals who may be working in similar positions or may be in the relationship of superior and subordinate. These decisions are known as group decisions that are considered to be more qualitative and effective.

Notes

The process of decision making involves many stages related to non-programmed decisions but for programmed decisions, certain prescribed procedure, rules are to be used backed by managerial experience and creativity. Strategic decisions are made by upper level managers whereas operational decisions are made by lower level managers. In order to understand the decision-making behaviour of manager, two important models such as rational model and behaviour mode can be used. Of late, in most modern organisation, the techniques of group decision making model such brainstorming, Delphi technique, nominal group technique, and fish bowl techniques are used. Modern organisation gives due consideration to ethical values in decision making for which a code of conduct is framed and followed by managers.

CASE STUDY 1

Mr. Vikas is a customer in an India public sector bank. Mr. Vikas enjoys internet banking facility with the bank. One day he visited the bank branch and requested the concerned clerk to make a fixed deposit by debiting his saving bank account. Instead of honouring the request made by the Mr. Vikas, the clerk refused to do so and said to Mr. Vikas; since you have internet banking, I could not help you. Please make online fixed deposit. Again, Mr. Vikas requested by saying that internet is not properly working due to weak signal, but the clerk did not consider the problem and again repeated the same. Mr. Vikas made a complaint with the branch manager but in spite of helping him, the branch manager said do whatever the concerned clerk has said.

Q1. What should Mr. Vikas do? Who is at fault? Suggest a solution.

CASE STUDY 2

The Managing Director's driver had been with the company for 25 years. He was very good at his job. One day he took the car home after dropping the Managing Director late at night. While driving back to his home, he met with an accident and kills a girl crossing the road. Although it was not his mistake, the court punishes him. The personnel officer in the company recommends dismissal of his appointment.

Q1. What should the company do? Retain him or fire him?

Notes

8.8 Answers to In-Text Questions

1. True
2. False
3. False
4. True
5. False
6. Strategic
7. Lower
8. Subjective
9. Conscious
10. Continuous
11. True
12. True
13. True
14. False
15. True
16. Programmed
17. Non-Programmed
18. Objective
19. Non-recurring
20. Scope
21. True
22. True
23. True
24. Individual
25. Brainstroming
26. Group
27. True
28. False

Notes

29. True
30. True
31. Rational
32. Optimum
33. Normative
34. Herbert simon
35. (*b*) Non-rational
36. (*b*) Non-programmed decisions
37. (*a*) Programmed decisions
38. (*a*) Herbert simon
39. (*a*) Structured situations
40. (*b*) Administrative man

8.9 Self-Assessment Questions

1. What is a decision? What is meant by decision-making?
2. Decision-making involves choosing from among alternative solutions. Comment.
3. Discuss the various steps involves in decision-making process.
4. What are the main features of rationality models of decision making? What are their limitations?
5. What are the various individual decision-making styles?
6. Managers cannot be rational decision-maker in real life situations. Discuss
7. What are programmed decisions?
8. Define the term 'bounded rationality'.
9. Do you prefer to make decisions in a group or alone? What are the main reasons for your preference?
10. Differential between individual decision and group decision.
11. Differential between strategic decision and operational decision.

Notes

Classroom Exercise:

- How did you take the decision of joining your present education institution/organisation? Which model of decision-making suits your case?
- Discuss, in groups of four, two decisions recently taken in your institution. Critique the process.

8.10 References

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- Pareek, U., & Khanna, S. (2016). Understanding Organizational Behaviour. 4th Ed. Oxford. Mullins, L. J. (2010). Management & Organisational Behaviour. 9th Ed. Prentice Hall.

8.11 Suggested Reading

- Singh., K. (2015). Organisational Behaviour Text and Cases. 3rd Ed. Vikas Publication.

LESSON

9

Stress and Well Being at Work

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STRUCTURE

9.1 Learning Objectives

At the end of this lesson, the student should be able to:

- Understand the concept of stress.
- Explain Different sources of stress.

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- Describe the need for devising strategies to deal with stress at organisation and individual level.
- Explain the concept and importance of well-being.
- Understand PERMA model.

9.2 Introduction

This lesson is designed to provide an understanding of the terms- stress and well-being which assume importance due to challenges and opportunities being faced by employees due to multiple role playing, work life imbalance, demanding nature of jobs, high competition, workforce diversity and flexible work schedules.

Humans in the organisation can stay committed, loyal and engaged if they experience optimum level of stress and are able to maintain a good standard of well-being. Often management of stress and maintenance of well-being are ignored by employees and the organisations. But the need for handling stress is increasing because of complexity of work, role conflict, task demand, life trauma and so on. Most of the time, employees are unable to identify stress and get addicted to smoking or even drugs to provide the much needed relief from stress. Thus, timely identification and management of stress is the need of the hour.

Well-being is increasingly deliberated on various platforms to promote the idea of not only physical well-being but also emotional and mental well-being. The concern for holistic human health has gained importance as employees are burdened with tasks and forget to prioritise their well-being over other unimportant tasks. The understanding and importance of the concept of well-being is relevant to the organisations also as it helps increase productivity, reduce absenteeism and turnover. Organisations need to promote the idea of well-being amongst the employees.

9.3 Understanding Stress

9.3.1 *Understanding Stress and its Features*

Stress is the pressure or tension people experience in life. Pressure can be the result of constant demand exerted on the individual. For example,

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an employee may have to face work deadlines, a working mother may be required to maintain work life balance and a sales representative may be under constant pressure to get new clients to retain in their job. Stress is thus the natural and unavoidable feature of human life. But stress beyond a particular limit may cause psychological and physiological concerns which may affect the performance of employees at work. Thus, stress is an experience of physiological and psychological imbalance within a person. It is the body's reaction to any change or demands made by internal or external environment. Today, in the fast paced and highly competitive environment, stress is a natural consequence.

According to Selye, "Stress is the non-specific response of the body to any demand made upon it."

RS Schuler described "Stress as a dynamic condition in which an individual is confronted with an opportunity, constraint and demand related to what he desires and for which the output is perceived to be both uncertain and important."

Stress is associated with opportunity, constraints and demand. Constraints prevent us from achieving what we desire whereas demand is something that we desire. For example, while confronting the annual performance evaluation at work, we encounter opportunities, constraints and demand. Good performance will entail an opportunity for promotion and higher salary, while poor performance may result in loss of job. Clearly a rational human will demand and even aspire for a promotion. But performance at work is constrained by resources, time, politics and other conditions.

Stress is not necessarily bad in itself. It no doubt has a negative connotation attached but stress may also have a positive value. For example, the front line workers during covid were exposed to risk of virus transmission, uneven and long working hours and uncertainty due to non-availability of medical treatment. They were undergoing huge stress. But an optimum amount of stress is necessary to motivate them to undertake breakthrough research in medical treatment. Thus, stress is not always negative but has positive value as well.

Stress is additive. New stressors may be added to previous stressors to create a high level of stress. A single incident of stress does not have the potential to create a feeling of stress or tension in an individual. In

Notes

order to appreciate the stress level in a person, one needs to sum up his opportunity stress, constraint stress and demand stress.

From the discussion and understanding of stress, the following characteristics of stress are evident.

1. Stress is an experience of physiological and psychological imbalance within a person. Stress can have both positive and negative connotations. Stress is positive if experienced within limits, for example the pressure of deadline for completion of an assignment is important for employees to motivate them to meet the finish line. Stress experienced by a deserving employee who has lost an opportunity of promotion due to biased performance appraisal is negative. Potential Stress can become actual stress if there is uncertainty associated with an important outcome.
2. Stress is additive and accumulates in the mind of a person.
3. It is a dynamic condition associated with opportunity, constraints and demand.
4. It is natural and unavoidable. Everybody experiences stress irrespective of the hierarchy in the organisation, status or even personal conditions.

IN-TEXT QUESTIONS

1. Stress can cause both physiological and Psychological imbalance in a person.

(*a*) True (*b*) False

2. Stress is the specific response of the body to any demand.

(*a*) True (*b*) False

3. Stress is the summation of:

(*a*) Constraints, demand and opportunity

(*b*) Anthropologic and physiological imbalance

(*c*) Ill-feelings

4. In case of over-stress, a person may experience:

(*a*) Anxiety (*b*) Dull health

(*c*) High performance

Notes

9.4 Nature of Stress

Stress affects us all. Physiologically, stress is the body's reaction to a perceived threat which requires either 'fight or flight' in a stressful situation. The body is placed on a war footing because of the harmones secreted in a stressful situation. This stage is referred to as alarm stage with increased heart beat, high blood pressure, increased respiration etc. This can prove helpful as well as sometimes unhelpful depending upon the circumstances and situation but prolonged stress can prove fatal for individuals and it can also lead to emotional and physical breakdown. Research studies in relation to stress and its relationship with different factors like job etc. are not conclusive, comprehensive and complete. **Stress is of two types : Positive and Negative.**

Stress

Eustress (Positive Stress) | Distress (Negative Stress)

Stress changes our body language and physical, emotional and mental state while encountering different stimuli in our environment:

1. **Eustress** is positive stress accompanies achievement and joy in physical activity and managerial job.
2. **Distress** is negative stress and is accompanied by negative state like tension, helplessness, tension, headache, increased heart beat, blood pressure etc.

Stress is caused by job related factors, it can be eustress (*i.e.* positive stress) which is reflected in job performance but if an individual cannot take the tension and work pressure then it becomes distress. Stress does not necessarily follow from a stressor, whether it is caused by a stressor depends upon the personality of an individual, stress condition and the reaction to it, some are affected necessarily and severely by the stressors where as others are not affected this way.

9.5 Sources of Stress

The sources of stress can be categorised into two factors - organisational stressors and individual stressors.

9.5.1 *Organisational Stressors*

The organisational stressors are discussed below:

1. **Task Demands:** They are the stressors associated with the job a person performs. Some jobs by nature are more stressful than others. For example, jobs of professionals like lawyers may need long hours of research to prepare case arguments. In some unusual cases, they may be required to refer to judgments of foreign courts or writings of renowned jurists. Doctors and surgeons may be required to be available 24×7 for emergency cases and thus might need to make extra effort to maintain work life balance as their jobs are demanding. Similar holds true for defence personnel, airline staff, football/cricket coaches. Even factory workers or non-managerial employees working in hazardous industries such as coal mines are exposed to health hazards causing stress. The contractual nature of skilled jobs may make the workers vulnerable for want of job security.
2. **Role Demands:** The source of stress in organisational role includes role ambiguity, role conflict, responsibility towards people and things and other stressors. Role ambiguity includes lack of clarity about work expectations, objectives, colleagues related to responsibilities of the job. For example, a new recruit at work might not fully understand the responsibilities due to a poor orientation program or due to lack of training. Role conflict arises when workers are exposed to conflicting job demands or required to do things which they do not want to do. For example, an employee performs multiple roles at the same time. A lady lawyer arguing cases in court, may need to fulfil responsibilities as mother, wife, daughter and so on. Responsibility towards things may also cause stress, for example, a cashier in the bank might be entrusted with safe keeping and dealing in cash. The mismatch of cash balance may be a cause of stress for him. Similarly, a factory supervisor entrusted with keeping boilers

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at correct temperature, to avoid hazardous substances escaping the factory premises may feel stressed. Ensuring safety standards is stressful during natural calamities.

3. **Interpersonal Relations at Work:** Maintaining interpersonal relations with superiors, colleagues and subordinates is the prerequisite to avoiding stress. But sometimes superiors, colleagues or even subordinates are not cooperative, thereby increasing the chances of stress. Bad interpersonal relations may be due to different orientations, philosophy, personality, interest and so on. Stressful interpersonal relations among superior-subordinate may be due to task-oriented approach, autocratic leadership style or misunderstanding of motivational needs of subordinates. Whatever may be the reason, it has the effect of lowering the morale of the subordinates, increasing absenteeism from work and even job hopping. Colleagues may be unable to maintain cordial relations because of difference of interest, opinion, unhealthy competition, desire for achieving higher goals in less time.
4. **Organisation Structure and Climate:** Stress can be generated because of employee organisation mismatch. For example, if the employee does not relate to the philosophy or objectives of the organisation, he may find it difficult to adjust with the organisation. Lack of belongingness, poor communication, scarce opportunity in decision making, practice of politics by organisation members are other reasons for stress in employees.
5. **Organisation Leadership:** The leadership style can also be a cause of stress in some cases. For example, an employee needing support and guidance may not receive it as his leader shows no concern or compassion for him. The employee would naturally feel demotivated and experience stress. Another employee, for instance, may want active participation in decision-making but if disallowed an opportunity to do so may experience stress. The mismatch of leadership style with the requirements of the employee may be cause of concern for the management.
6. **Group Pressures:** Employees may feel stressed when there is group pressure to conform to the decided output or norms. For example, an employee may be willing to produce more than the output decided

by the group for getting promotion or a raise in pay but may be restricted by the group. This may cause stress as his personal goals conflict with the group pressure. Acceptance and observance of group norms may also cause stress as an employee may not personally agree to the same. For example, during a strike, labourers may be expected to abandon work but a labourer may feel the need to work for his daily wage. Thus, group norms can be a source of tension and stress among workers.

9.5.2 *Individual Stressors*

Some individual factors in relation to personal or professional life may be a cause of stress amongst individuals. They are discussed as follows:

1. **Career Development:** There are numerous stressors in relation to career development including job security and status incongruity. Individuals are keen on career development and prefer job security. Situations like contractual nature of job or loss of job due to fear of obsolescence of skills, redundancy or even early retirement may cause potential tension for employees. Situations of status incongruity which include under or over promotion or even frustration from attainment of career ceiling may also cause stress.
2. **Personality Profiles:** Individuals possess different personalities - Type A and Type B. While Type A experience a chronic sense of urgency and a competitive drive to achieve more in life in less time, Type B personality is totally opposite. Both personalities require a different environment to flourish and grow. Non-availability of such opportunity may be a cause of stress and tension in the individual.
3. **Life Change:** Changes in life of an employee both professional and personal may be a source of stress. Different situations may have varying impacts. For example, divorce may be considered more traumatic for one whereas loss of livelihood may be more traumatic for others. Different situations represent different intensity of Life Change Units (LCU) in a person's life. Negative events like trouble with the boss, turnover or biased evaluation of performance and positive events like marriage or change of house have a unique value or LCU. Major negative changes may cause stress, depression

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and even health issues. Thus it is essential that individuals handle only that threshold of LCU which doesn't set in and cause tension.

4. **Life Trauma:** It is an upheaval in an individual's life that alters his or her attitude, emotions or even behaviour. For example, if an individual is experiencing a life change because of divorce, there is certainly stress and potential ground for health issues to surface. The individual also experiences emotional turmoil during the actual divorce process and the court proceedings. This turmoil may be in the form of life trauma and cause stress which may creep in the work space.

Life trauma is similar to life change but a narrow term which has short term focus. Major life traumas which may cause stress include marital problems (like domestic violence, divorce, custody of children), family difficulties and health problems. For example, an individual having knee injury may have to restrict his physical activities, require giving up his hobbies of playing sports and may feel stressed. Similarly, an individual being a victim of domestic violence or dowry demand may be going through tough times which may affect concentration and affect performance at work.

9.5.3 *Environmental Stressors*

Environmental factors also influence the level of stress amongst the employees in an organisation. Some environmental factors causing stress are discussed below:

1. **Economic Uncertainty:** Changes in business cycle create economic uncertainty. When economy experiences a contracting trend, people experience anxiety in relation to job security. Slowdown of business may reduce profitability and have a spillover effect on job of employees, salary and other benefits.
2. **Political Uncertainty:** A stable political environment would relatively be less stressful in comparison to an unstable political environment.
3. **Technological Uncertainty:** Obsolescence of technology is another reason for tension and stress as it requires the employee to upgrade himself with the latest skills. New innovations in technology may render the present skill and experience redundant. The evolution of

technology, robotics and automation are a threat to employees and can be a cause for stress.

4. **Terrorism:** Terrorism witnessed at the global level is another major source of stress. For example, employees in Israel have faced this threat for long and have learnt to deal with it. The instances such as 9/11, cyber threats and cyber-crime pose a challenge and risk to health and well-being of employees.

IN-TEXT QUESTIONS

5. Role ambiguity and role conflict are examples of:
   (*a*) Organizational stressors
   (*b*) Individual stressors.
6. Life change and life trauma are same thing:
   (*a*) True (*b*) False
7. Employees demanding guidance and support from leaders should get leaders having:
   (a) Concern for them (*b*) Concern for results
8. Which one of the following is not an individual stressor:
   (*a*) Breakdown of marriage
   (*b*) Domestic violence
   (*c*) Role demands
   (*d*) Cultural difference because of inter-caste marriage?

9.6 Consequences of Stress

Consequences of Stress

Stress can manifest in number of ways, It can be broadly categorized into the following three main groups:

1. Physiological Symptoms such as backache, headache, fatigue, loss of appetite, eye strain, gastrointestinal problems and others.
2. Psychological symptoms such as boredom, anxiety, tension, procrastination, and others.

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3. **Behavioral Symptoms:** Following are the several behavioral changes that may indicate the presence of stress:
   (*a*) ***Reduced Productivity:*** Psychological Stress symptoms could impair cognitive function, decision-making abilities, and creativity, all of which are vital for optimal work performance.
   (*b*) ***Absenteeism:*** Work stress could increase absenteeism, as employees may need time off to cope with physical or mental health issues exacerbated by stress.
   (*c*) ***Employee Turnover:*** Chronic stress in the workplace can contribute to higher rates of employee turnover. Employee turnover could further lead to increased recruitment and training costs for the organization.
   (*d*) ***Poor Morale and Engagement:*** When employees feel undervalued, their commitment to their work and the organization may diminish, leading to a disengaged workforce.
   (*e*) Negative Organizational Culture Employees may feel unsupported or undervalued, leading to a toxic work environment characterized by low morale, high turnover, and decreased performance.
   (*f*) ***Impact on Customer Satisfaction:*** Unsatisfied employees could not work properly, this may indirectly impact customer satisfaction.

Though work stress can have far-reaching implications for organizational performance, but optimum stress is important in the workplace. Optimum stress may be achieved at work and is reflected in performance when job provides adequate challenge, but not too little or much pressure. It is important to understand that optimum stress is different for different individuals and they can identify or even sense it and determine how much stress is functional to operate in a productive manner. In case of optimum stress, there is high motivation and high energy.

9.6.1 *Consequences for an Individual*

1. **Physical Consequences:** Stress has the ability to cause unnecessary toxin in the body and harm the health and well-being of an individual. Minor ailments like headache, backache, stomach or intestinal

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issues, skin disorders like acne or hives are common. Major health issues like heart disease or stroke can be harmful impacts of stress. Depending on the perception of stress, an individual may experience either minor or major health disorders.

2. **Behaviour Consequences:** An individual may experience behavioural change because of stress. Stressed people may become aggressive easily or may even be violent at times. In stressful situations, they seek support of drugs or alcohol. They might even be addicted to smoking. Studies show that people smoke in stressful circumstances and get so addicted to smoking that they smoke even in the absence of the stressful environment. Stress has the potential of making a stressor prone to accidents and can even cause appetite disorder.
3. **Psychological Consequences:** Extreme stress may impact the mental health and well- being of individuals. Stressed people may experience depression, lack of sleep, over eating, loss of appetite, etc. They may become restless in many situations and may even experience panic attacks.

IN-TEXT QUESTIONS

9. Which of the following is the change in behaviour due to stress:

(*a*) Addiction to drugs (*b*) Aggressive nature

(*c*) Smoking (*d*) All of the above

10. The adverse effects of stress on the organization include:

(*a*) Reduced productivity (*b*) Heart disease

(*c*) Loss of popularity

11. Which of the following is organizational consequence of stress:

(*a*) Loss of commitment (*b*) Depressive sleeping or eating

12. Stress of an individual effects mind, body and behaviour:

(*a*) True (*b*) False

9.6.2 *Consequences for the Organisation*

The degree of stress experienced by an employee has both direct and indirect effect on the organisation. Stress for whatever reason caused,

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organisational, individual or environmental, has a spillover effect on the organisation. Following are the consequences an organisation will encounter due to stress:

1. The performance of the employee will be affected due to stress. The employee might not be able to maintain the standard level of output and quality. This has the potential to affect the profitability of the organisation.
2. There may be withdrawal symptoms in an individual who is witnessing stress. In such cases, there is high level of absenteeism and labour turnover. Employee may also withdraw psychologically, thereby ceasing to care about the organisation.
3. The employee may be unwilling to put his best at work and might look for options for job change. His motivation, morale, commitment, attitude and job satisfaction might suffer. Stressed people may be prone to complain about unimportant matters.
4. Decision making may suffer as stressed individuals lack the calm and patience to take the correct decision. They may be inclined to make poor decisions.
5. Stress adversely affects communication and human relations at work.

9.7 Management of Stress

Since each one of us experiences stress in different aspects of life, it becomes increasingly important to devise strategies to deal with stress both at organisational and individual level. Some strategies to deal with stress are discussed below:

9.7.1 *Strategies to Deal with Stress at Organisation Level*

1. **Organisation Role Clarity:** Employees experience stress when they are unaware of their role in the organisation. This could be due to role conflict or role ambiguity. For example, if a project manager is required to report to two bosses and if the instructions of the bosses contradict each other, the manager will feel the need for clarity. Thus, the organisation needs to focus on clarifying the roles expected from employees. Role analysis is a technique that can be

used to analyse what the job entails and what are the expectations. Breaking the job into various components will help clarify the job of the job holder for the entire system. This can help reduce stress because of unrealistic expectations.

2. **Job Redesign:** Job can be a source of tension among the employees. Designing the job properly by inserting appropriate tasks and preparing work schedules can help ease stress and streamline the work.
3. **Stress Reduction and Stress Management Programmes:** Stress reduction programmes identify organisational stressors and reduce their effects by redesigning jobs, reallocating, workloads adding, job variety and improving supervisory skills. Stress management programmes train employees and their work groups to manage the stress symptoms effectively.
4. **Collateral Programmes (Personal Wellness):** These programmes are created for well-being of the employees. Organisations adopt stress management programmes, health promotion programmes, career development programmes to manage stress.
5. **Supportive Organisational Climate:** Much of the organisational stress is due to faulty policies and practices. Stress can be controlled by creating a supportive organisational climate. Building a supportive organisational climate is dependent on organisational leadership rather than power and resources. Supportive organisational climate requires participation of employees in decision making to provide a sense of belongingness and attachment, which helps to reduce stress.
6. **Counselling:** Counselling involves discussion of the problem or issue with a counsellor. It helps to release emotional burden and stress. Talking to an expert about the pressures and tension helps in dealing with stressful situation by obtaining expert advice. Counselling assists in identifying stress, handling stress and recovering.

9.7.2 *Strategies to Deal with Stress for Individuals*

1. **Relaxation:** Dealing with stress requires adaptation and relaxation is an effective way to adapt. People can relax in a variety of ways.

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They can take regular breaks from work and go on vacation. Vacation may bring a change in attitude and behaviour towards different aspects of life. Employees can also relax and take breaks while on the job. For example, lunch break, tea breaks can enhance their energy and reduce stress.

2. **Time Management:** One way to reduce stress is to manage time well. Individuals can prepare a list of tasks/activities to be done on a particular day and concentrate on important tasks. Some not so important tasks can be delegated to others. Prioritising helps in concentrating on important and relevant tasks and avoids the unnecessary pressure and burden to complete all tasks.
3. **Role Management:** Individuals perform multiple roles on a daily basis. They should work towards avoiding situations of role overload, role ambiguity and role conflict. For example, an individual should not accept extra work when they are overburdened as it will adversely affect their health and well-being. Individuals should also seek clarification in situations where there is confusion or ignorance with respect to work expectations. Also, individuals perform different roles at one time. For example, for a doctor who is a father, son, dean of his department, colleague for other doctors, there is a possibility of role conflict. Managing different roles will help reduce the risk of stress and tension.
4. **Meditation:** Meditation can help reduce stress and restore inner balance. It requires quiet, concentrated inner thought to rest the body physically and emotionally. It helps to calm in stressful situations temporarily.
5. **Support Group:** Any individual has primary and secondary groups. Primary groups are those with whom a person relates very closely, like family and close friends. Primary groups provide support during stress. Individuals can share their worries, stress and feelings with them. Support groups have the potential to boost the morale of the person and keep them going.

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IN-TEXT QUESTIONS

13. Which of the following is a collateral programme to deal with stress:

(*a*) Career development programme

(*b*) Health promotion programme

(*c*) Stress management

(*d*) All of the above

14. Which of the following needs to be managed to reduce stressful situations:

(*a*) Role ambiguity (*b*) Role conflict

(*c*) Role overload (*d*) All of the above

15. Taking power naps or breaks in between work can help reduce stress:

(*a*) True (*b*) False

16. __________helps in reducing stress by talking to an expert.

(*a*) Counselling (*b*) Job redesign

9.8 Well-Being

9.8.1 *Understanding Well-Being*

According to Martin Seligman, Well-Being is more than just feeling good and happy, it reflects the amount of flourishing and optimal psychosocial functioning. He suggested the PERMA model of well-being which consists of five pillars - positive emotion, engagement, relationship, meaning and accomplishment.

PERMA Model

Positive emotion	It implies the ability to connect to happiness, stay optimistic and view past, present and future from a constructive perspective.
Engaged	An individual is engaged when he is fully absorbed and participates actively in activities which result in experiencing mastery, focus and joy.

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Relationships	Relationships and connections are crucial to life. Relationships and bonds based on love, intimacy, emotional, physical bonds are important elements for well-being.
Meaning	It is the sense of purpose and direction in one's life.
Accomplishment	It is the sense of satisfaction and fulfilment as a result of achieving one's goal.

An employee possessing a good standard of well-being at work is likely to be more creative, loyal and provide better customer satisfaction as compared to an employee having a low standard of well-being. Also, a good standard of well-being would ensure high productivity, long term organisational success and employee engagement. Employee well-being is directly linked to organisational performance. Organisations should make constructive effort so that employees achieve a good standard of well-being.

Well-being is not restricted to individual level factors but extends to organisational and societal factors. In addition to occupational hazards, the absence of work (whether unemployment or under-employment) is a major stressor and cause of ill-health. In some cases, such as the current economic slowdown post pandemic, unemployment stress is involuntary.

Waddell and Burton define well-being as "the subjective state of being happy, healthy, contented, comfortable and satisfied in one's life."

It includes physical, material, social, emotional (happiness) and development dimensions. Well-being at work is also influenced by mental and physical health, job security, work organisation, engagement at work, work life benefits and wages. Different authors have recognised different determinants of well-being. Some determinants are work related factors, life style and personality.

IN-TEXT QUESTIONS

17. Which of the following is not one of the five pillars in the PERMA model:

(*a*) Positive feeling (*b*) Engagement

(*c*) Relationship (*d*) Meaning

(*e*) Accomplishment

18. Relationships include:

(*a*) Connections

(*b*) Quality relations based on love, intimacy, emotional bonds

(*c*) Both (*a*) and (*b*)

(*d*) None of the above

19. The study of well-being requires study of:

(*a*) Individual factors

(*b*) Organizational factors

(*c*) Societal factors

(*d*) All of them

9.9 Summary

This chapter focuses on employee health, well-being and managing stress. Understanding the importance of well-being, health and stress can help in organisational success, increasing productivity and performance of employees. At the same time, it reduces chances of absenteeism, turnover and accidents at workplace. It also helps employees enhance their loyalty, commitment and satisfaction. Healthy and stress-free employees can be an asset for organisations. Thus, maintaining optimum level of stress and good standard of well-being should be one of the goals of an organisation.

9.10 Answers to In-Text Questions

1. (*a*) True
2. (*b*) False
3. (*a*) Constraint, demand and opportunity
4. (*a*) Anxiety
5. (*a*) Organizational stressors
6. (*b*) False
7. (*a*) Concern for them
8. (*c*) Role demands
9. (*d*) All of the above
10. (*a*) Reduced Productivity
11. (*a*) Loss of commitment

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12. (*a*) True
13. (*d*) All of the above
14. (*d*) All of the above
15. (*a*) True
16. (*a*) Counselling
17. (*a*) Positive feeling
18. (*c*) Both (*a*) and (*b*)
19. (*d*) All of them

9.11 Self-Assessment Questions

1. Sam has been facing the issue of role ambiguity and is reporting to two bosses. Sometimes he gets contradictory instructions and orders to execute. In this situation he is unable to decide what to do, he feels pressured and is even thinking of quitting the job. Help him identify the source of stress and suggest ways in which he can deal with stress and workplace pressure.
2. Some stress is indispensable and necessary to make the job challenging and keep the motivation high. Comment on the statement.
3. Discuss the organisational sources of stress. Can the organisation reduce the possibility of stress among the employees? Discuss.
4. The study of Well-Being is gaining significance today. Discuss the concept of well-being and its scope.

Match the following:

1.	Eustress	(*a*)	Lack of concentration
2.	Distress	(*b*)	Negative stress
3.	Mental stress	(*c*)	Positive stress
4.	Emotional stress	(*d*)	Demands of the job
5.	Organizational stress	(*e*)	Sad/depressed

Answers:

1.	(*c*)	2.	(*b*)	3.	(*a*)	4.	(*e*)	5.	(*d*)

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9.12 References

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- Singh and Chhabra, Organisation Theory and Behaviour, Dhanpat Rai & Co.

9.13 Suggested Readings

- Robbins, S.P, Organisation Behaviour, Pearson Education.
- Singh and Chhabra, Organisation Theory and Behaviour, Dhanpat Rai & Co.

LESSON

10

Organization Structure and Design

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STRUCTURE

10.1 Learning Objectives

At the end of this lesson, the student should be able to:

- Define organisational structure and its aims.
- Understand key elements of organisational designs.
- Demonstrate understanding of types of organisational structure.
- Evaluate different organisational structure.

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10.2 Organisation

Organising is a network of relationships (authority-responsibility structure) amongst people working at all levels in all departments. It defines relationships between jobs and people. The focus is more on position than people.

The task is divided into units, people in each unit (departments) are assigned specific tasks and their relationship is defined to maximise organisational welfare and individual goals. The relationship is both vertical and horizontal. As vertical relationships, authority-responsibility structure at different levels is defined and as horizontal relationships, authority-responsibility structure in different departments at same levels is defined.

Organisation structure shows division of work and how different functions or activities are linked; to some extent it also shows specialisation of work. It also indicates the organisation's hierarchy and authority structure and shows its reporting relationships.— ***Robert H. Miles***

"Organisation structure is the formal pattern of interactions and coordination designed by management to link the tasks of individuals and groups in achieving organisational goals."— ***Kathryn M. Bartol and David C. Martin***

10.3 Elements of Organisation Structure

Organisation structure has the following elements:

1. **Objectives and Plans:** Organisation structure is designed to meet its plans and objectives. It shapes the activities to its objectives.
2. **Specialisation:** All activities are grouped on the basis of similarity of features. This forms departments which is the foundation of organisation structure.
3. **Standardisation:** Standardisation means uniformity and consistency. It provides stability to organisation structure. Management frames policies, procedures and programmes for departments to work in unions.
4. **Co-ordination:** Units should contribute towards the common goal. Coordination ensures that individual goals contribute to organisational goals.

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5. **Centralisation and decentralisation:** If decision-making power rests with top managers, it is a centralised structure and if decisions are made by middle and lower-level managers, it is a decentralised structure.
6. **Environment:** Organisation structure is situational in nature. It changes with changes in environmental factors—economic, social, technological, political etc.
7. **Staffing:** The jobs and departments are staffed with people and authority-responsibility relationships are established.

10.4 Mechanistic and Organic Structures

Organisation structures are designed based on activities, and relationships amongst people working in those departments.

There are two kinds of organisation structures:

1. **Mechanistic or Classical Organisation Structure:** This is a formal structure with defined jobs, policies, schedules, chain of command, authority-responsibility relationships and vertical communication. The focus is on organisational and individual goals with little or no interaction with the environment.
2. **Organic or Behavioural Organisation Structure:** These structures are adaptive to environment with participative style of decision-making. Communication is both vertical and horizontal and control comes from within.

Sl. No.	Mechanistic Structure	Organic Structure
1.	It is pyramid shaped with authority centralised at the top.	It is flat shaped with authority decentralised at lower levels of management.
2.	It follows hierarchy of command.	It does not follow hierarchy of command.
3.	There is narrow span of control.	There is wide span of control.
4.	There is intense division of labour and work is divided into specialised tasks.	Work is divided into general tasks with little or no specialisation.

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Sl. No.	Mechanistic Structure	Organic Structure
5.	People consider individual goals different from organisational goals.	There is synchronisation of individual goals with organisational goals.
6.	Tasks are performed according to position. People at lower levels perform comparatively simpler tasks.	Tasks are assigned according to capabilities/skills and not positions.
7.	Work is performed as per directions.	Tasks are flexible; they change according to situations.
8.	Communication is hierarchical; orders, instructions and commands flow from top to bottom.	Communication is a network. It flows as suggestions, advises and information rather than orders.
9.	Subordinates obey rules and are loyal to superiors and the organisation.	There is commitment to goals and no just obedience.
10.	Control is exercised from the top.	There is self-control.
11.	Appropriate for organisations operating in stable environment.	More suitable for organisations operating in dynamic environment.

10.5 Factors Affecting Organisation Structure

Organisation structure is affected by the following factors:

1. **Strategy:** Strategy determines a course of action. It co-ordinates resources towards a common objective.

   When a strategy is framed, organisation structure is designed to suit the strategy. The structure is, thus, a means to the end (the objective to be achieved through strategy.)

   The structure is, thus, designed according to need of the strategy and, therefore, follows it. Strategy is pre-requisite to organisation structure.

2. **Technology:** Technology also affects organisation structure. Joan Woodward in research of 100 firms in London analysed three types of technology:

   For mass production technology, mechanistic structure is appropriate, while in case of continuous production or small scale production

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technology, organic structure is more appropriate. This is because mass production technologies involve higher degree of standardisation and specialisation than continuous or unit production technologies.

3. **People:** People are important organisational asset and greatly affect the design of organisation. Both superiors and subordinates, their behaviour patterns, thinking, needs and motivators affect the organisation structure. Different people have different needs and organisation structure is designed to meet the needs of maximum number of people.
4. **Tasks:** Tasks are the activities that transform plans into reality. Various task characteristics are:
   - **(*i*) Skill Variety:** It is the extent to which creativity, skills and talent are used to do a task.
   - **(*ii*) Task Identity:** It determines whether to produce a product in whole or parts. Where a product is produced as a whole, it has greater task identity.
   - **(*iii*) Task Significance:** The importance of task that affects the well-being of people determines significance of the task.
   - **(*iv*) Autonomy:** Whether or not an individual plans the task on his own determines autonomy of the task.
   - **(*v*) Feedback:** It enables a person to know effectiveness of his performance from superiors, peers or subordinates. People who have quick feedback perform better.

   Organisation structure should be designed in a way that people perform jobs with high task characteristics. This provides satisfaction and reduces turnover and absenteeism.
5. **Decisions:** Who makes decisions how information flows in the organisation also affect the organisation structure. Centralised decision-making supports mechanistic structures, while decentralised decision-making supports organic or behavioural structures.
6. **Informal Organisation:** Social and cultural values, religious beliefs, personal likes and dislikes form informal groups. They cannot be overlooked by management. "Where the organisation design specifically attempts to frustrate part of the informal organisation, harmful conflict may result."— ***P.J. Stonich***

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Where informal relationships are strong organic structure is appropriate. Mechanistic structure is preferred where formal relationships are strong.

7. **Size:** Job specialisation, standardisation and decentralisation increase with increase in size of the firms.

   With increase in size of the organisation, it moves from organic to formal or mechanistic structure.

8. **Environment:** Organisation structure must respond to environmental opportunities and satisfy the external parties such as customers, suppliers, labour unions etc. In a stable environment, closed or mechanistic structure is appropriate. In changing and dynamic environment organic structure is more appropriate.

9. **Managerial Perceptions:** If managers perceive subordinates as active, dynamic and talented individual, they prefer organic structure. If they perceive them as non-enterprising, mechanistic structure is appropriate.

Sl. No.	Factors	Mechanistic Structure	Organic Structure
1.	**Strategy**	Organisations do not diversify in new areas. They are stable.	Organisations diversify the operations. They are dynamic.
2.	**Technology**	Mass-production technology.	Continuous or unit production technology.
3.	**People**	People are unskilled and inexperienced.	People are skilled and experienced.
4.	**Tasks**	Low task characteristics.	High task characteristics.
5.	**Decisions**	Centralised decision-making.	Decentralised decision-making.
6.	**Informal Groups**	Informal relationships are ignored.	Informal relationships are recognised.
7.	**Size**	Large.	Small.
8.	**Environment**	Stable environment.	Changing and dynamic environment.
9.	**Managerial Perception**	Managers have low opinion about subordinates.	Managers have high opinion about subordinates.

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IN-TEXT QUESTIONS

1. Organisation structure is the informal pattern of interactions. (True/False)

2. Informal relationships are ignored in Mechanistic Structure. (True/False)

3. Skill variety determines whether to produce a product in whole or parts. (True/False)

4. In mechanistic structure, Tasks are performed according to _________.

5. Organic structures have __________ task characteristics.

6. Decision making is centralized in ___________ structures.

10.6 Organizational Designs

Organizational design provides the structure to business processes and the framework for an organization to deliver its core qualities. Choice of the structure is dependent on the following elements:

(*a*) **Departmentalization:** It defines the basis of grouping the jobs.

(*b*) **Work Specialization:** It describes the degree of sub-division of activities into jobs.

(*c*) **Span of Control:** It defines the number of subordinates which a manager can effectively and efficiently supervise.

(*d*) **Chain of Command:** It describes to whom the subordinates will report either individually or in group.

(*e*) **Formalisation:** It defines the degree of rules and regulations at different levels of management which guide the employees.

(*f*) **Centralization and Decentralization:** It describes the degree of the authority to take a decision.

Notes

10.7 Organisation Formats/Theories

The theories of organisation can be classified into two broad categories;

The classical theory of organisation defines relationship between jobs activities, and

Modern theory of organisation defines human relationships with job structure.

I. *Classical Theory of Organisation*

1. **Line Organisation**
2. **Line and Staff Organisation**
3. **Functional Organisation**

II. *Modern Theory of Organisation*

1. **Project Organisation**
2. **Matrix Organisation**
3. **Networking Organisation**

10.7.1 *Line Organisation*

In line organisation, decisions are taken by superiors and communicated to subordinates. Information flows from top to bottom in a line. Managers in line authority are known as line managers. They respect the scalar chain. The authority, orders, commands, and instructions flow from top to bottom and responsibility flows from bottom to top.

Notes

Flow of authority in line appears as follows :

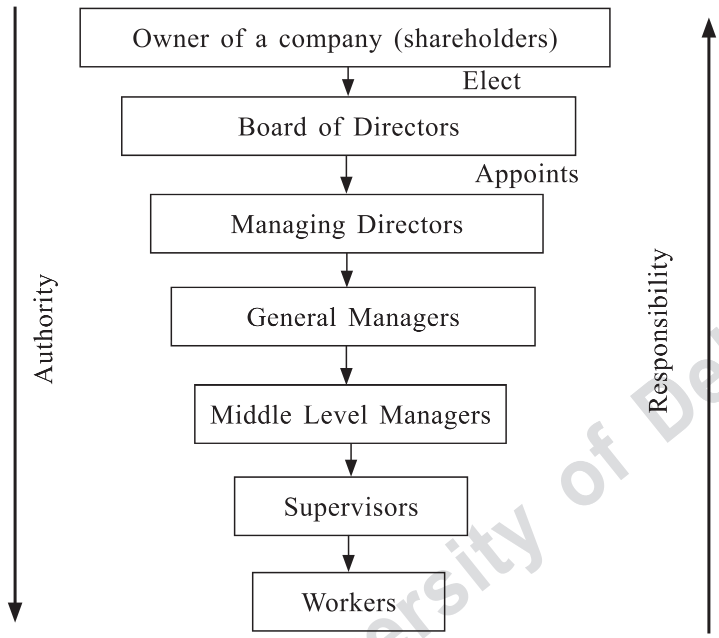

Figure 10.1: Line Authority

Merits of Line Organisation:

1. **Simple:** This is a simple form of organisation. Every person knows his superiors and subordinates.
2. **Goal-oriented:** Orders, instructions, work groups, responsibilities, accountability – all relate to objectives.
3. **Economical:** It is an economical form of structure as people focus on how best they can contribute to objectives.
4. **Order:** Clearly defined authority and responsibility bring order in tasks.
5. **Control:** Control is maintained by single superior.
6. **Speed:** Most of the decisions are taken by superiors. Decision-making is less time-consuming.
7. **Clarity:** There is clear division of authority, responsibility and accountability.
8. **Develops Managers:** It increases potential to take independent decisions. Managers arrive at practical/optimum decisions.

9. **Effective Communication:** Communication links are not by-passed in the scalar chain. This reduces filtration, avoids rumours and information remains authentic.

Limitations of Line Organisation:

1. **Inflexible:** Focus is on hierarchical relationships. This makes it an inflexible structure.
2. **Ignores social values:** Social values are important complement to formal relationships.
3. **Concentration of Authority:** Since authority vests at the top, it results in one-way downward communication.
4. **Lack of Expert Advice:** Specialised services of experts are not available.
5. **Overburden:** Top executives are burdened with work and do not spend as much time on strategic matters as they should.
6. **Coordination:** Absence of horizontal relationships, open communication and participative decision-making makes coordination difficult.

Suitability:

This structure is suitable for small organisations where nature of work is simple, number of levels and subordinates is less, communication is vertical, control is direct and centralised at the top.

10.7.2 *Line and Staff Organisation*

Organisation which has both line and staff positions is called line and staff organisation. While line authority exercises direct authority, staff authority assists the line positions. Line authority is directly related to work and staff is indirectly related to it.

In the organisation chart, line authority is shown by simple lines and staff authority by broken lines.

Notes

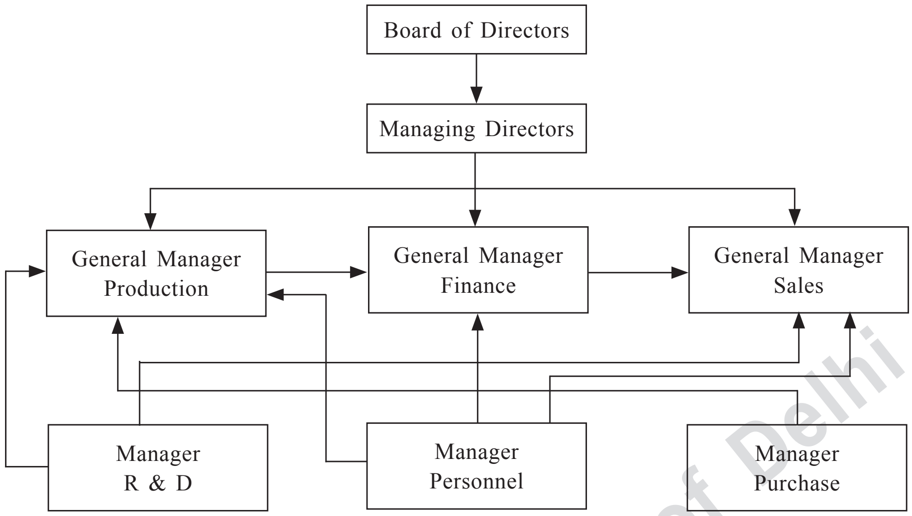

Figure 10.2: Line and Staff Organisation

Merits of Line and Staff Organisation:

1. **Reduces Workload:** Line executives have access to staff assistance. They can concentrate on strategic issues.
2. **Overall View of the Problem:** Staff managers take a multi-dimensional view and relate it to the organisation as a whole.
3. **Quick and Better Decisions:** Since all decisions cannot be taken by line managers, staff specialists help in taking quick and better decisions.
4. **Reservation of Authority:** While staff managers assists line managers, the decisions are implemented by line subordinates.
5. **Competent Staff:** New and complex problems develop the skills of staff specialists.
6. **Specialisation:** Both line and staff promote creative thinking. While line executives contribute directly to goals, staff specialists provide support to these goals.

Limitations of Line and Staff Organisation:

1. **Complex:** Line and staff relationships are complex. There is no clarity between line and staff authority.

Notes

2. **Line and Staff Conflict:** Though staff is an advisory body that assists line managers, conflicts arise due to their approach towards the problems.
3. **Coordination:** Unclear roles create problems of coordination between line and staff activities.
4. **Frustration:** The 'staff experts' is a recommendatory body whose advise may or may not be accepted by line executives.
5. **Centralisation:** Since ultimate decision-making authority vests with line managers, the organisation tends to be centralised.

Suitability:

This form of organisation is suitable for large organisations where complex activities require expert advice. It provides professional advice to line managers without violating their line authority.

10.7.3 *Functional Organisation*

As organizations grow in size, new departments are added and activities become specialised. Specialised managers focus on departmental activities. This given rise to functional organization.

The figure shows functional authority of finance department.

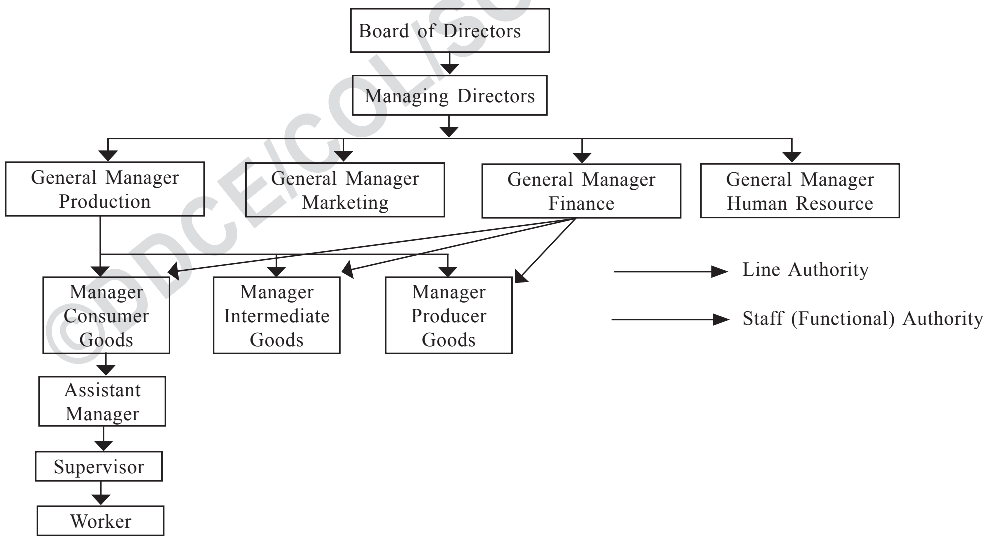

Figure 10.3: Functional Organisation
(Functional Authority in Line Organisation)

Notes

Manager of consumer goods receives orders not only from General Manager, Production (line manager) but also from General Managers of finance department.

Merits of Functional Organisation:

1. **Specialisation:** Every functional head has authority over all departments with respect to his functional area. He specialises in his area of work.
2. **Economical:** It avoids duplication of resources as they are centralised at the decision-making point.
3. **Reduces Burden of Functional Heads:** Every functional head looks after activities of his department only. This structure promotes clarity.
4. **Co-ordination:** Work related to one set of activities is under control of one head. The focus is on total view of the organisation.
5. **Uniformity of Operations:** There is uniformity in work and complete clarity regarding line of command and communication process.
6. **Control:** Functional heads control their areas of expertise.

Limitations of Functional Organisation:

1. **Violation of Unity of Command:** Unity of command is violated as one subordinate is accountable to more than one boss.
2. **Co-ordination:** When functional heads focus on departmental objectives, co-ordination becomes a problem.
3. **Complex Relationships:** There is wide gap between persons who make the decisions and those who implement them. This complicates relationships between superiors and subordinates.
4. **Centralisation:** With widening gap between superiors and subordinates, functional organisation becomes centralised. People at lower levels go to top positions every time there is a problem.
5. **Delayed Decisions:** Since every decision flows from the top, decision-making is delayed.

6. **Inflexible:** Changes cannot be made at the levels where decisions are implemented. It hampers creativity of people at the operative level.

Suitability:

The functional structure is appropriate for small organisations which have limited levels or limited products.

IN-TEXT QUESTIONS

7. In line organisation, decisions are taken by superiors and communicated to subordinates. (True/False)
8. Organisation which has both line and staff positions is called functional organisation. (True/False)
9. Specialised managers focus on departmental activities. In functional organisations. (True/False)
10. Line structure is suitable for _________ organisations.
11. Line and staff structure is suitable for __________ organisations.
12. Functional structure is appropriate for small organisations.

10.7.4 *Project Organisation*

Project organisation is structured to accomplish specific projects within specified constraints of time, money and quality. A bridge, dam or fly-over are constructed as project organisations. Once the objective is formed, work force is gathered, and authority-responsibility relationships are defined.

(*a*) Project organisation is "the gathering of the best available talent to accomplish a specific and complex undertaking within time, cost and/or quality parameters, followed by the disbanding of the team upon completion of the undertaking."— ***Richard M. Hodgetts***

Notes

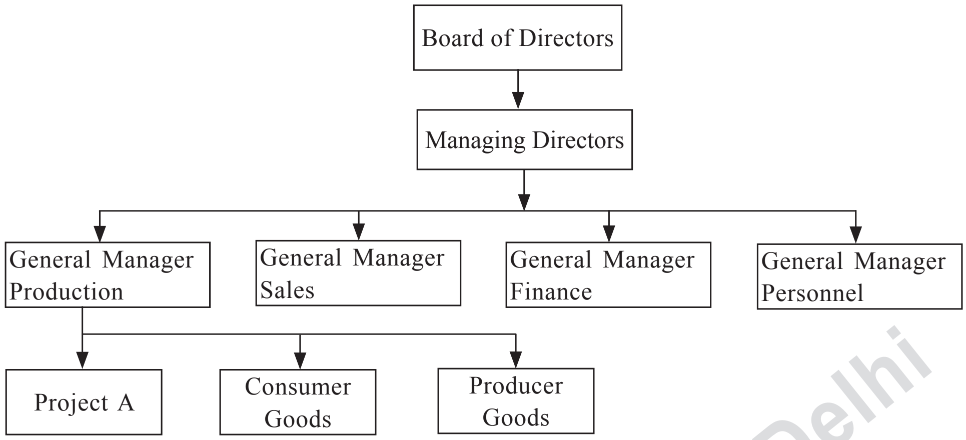

Figure 10.4: Project Organisation Structure

Project manager of project A is also General manager of production department. So long as the project continues, project manager discharges dual functions of project manager and functional manager. Once the project is over, he concentrates on the functional department.

Merits of Project Organisation:

1. **Focus:** Project manager focuses on one project only, thus ensuring its successful completion.
2. **Control:** Project manager defines responsibilities of the group members and facilitates feedback and control.
3. **Unity of Command:** There is unity of command as group members get instructions from project manager only.
4. **Fast Decisions:** There are no superiors and subordinates connected by the chain of command. This speeds up the decision-making process.
5. **Flexible Structure:** It is a flexible structure that forms and dissolves as the work requires.
6. **Adaptive to Environment:** Organisation structure changes to environmental demands as it does not have a permanent structure.

Limitations of Project Organisation:

1. **Job Security:** People who join from outside lose their jobs once the project is completed. There is job insecurity for project members.

Notes

2. **Complex Relationships:** Project manager and group members do not have defined relationships with respect to their interdependence.
3. **Small-sized Organisations:** Project managers of small organisations do not have formal authority over group members. They use personal skills to get the work done. People with low informal leadership qualities cannot be successful project managers.

10.7.5 *Matrix Organisation*

Matrix organisation is a hybrid structure; a combination of functional and project structure. Members of the project are also accountable to the functional heads. They have dual accountability in this structure:

1. They are accountable to functional heads in the vertical chain of command. Functional head is their line superior.
2. They are accountable to project manager through horizontal lines in the matrix organisation chart. Project manager has project authority over them.

"A matrix structure is a type of departmentalisation that superimposes a horizontal set of divisional reporting relationships onto a hierarchical functional structure".

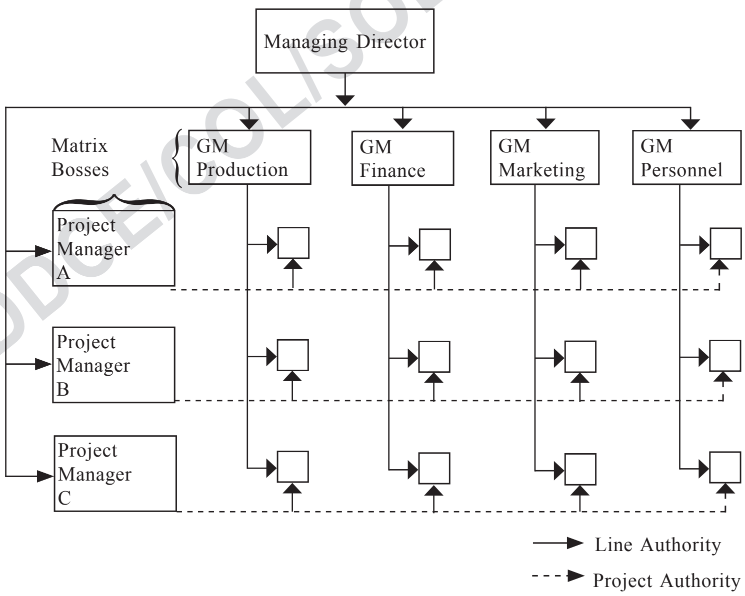

Figure 10.5: Matrix Organisation

Notes

Merits of Matrix Organisation:

1. **Decentralisation:** All decisions are taken by functional managers or project managers. Decisions are taken at the point of reference.
2. **Multi-disciplinary Co-operation:** People from different departments work together and create healthy work environment.
3. **Co-ordination:** People from different departments work as a team under project manager.
4. **Motivation:** Employees are not placed in hierarchy but placed according to skills. This boosts their morale.
5. **Control:** Since project manager concentrates on single project, there is control over project activities.
6. **Efficient Utilisation of Resources:** There is optimum utilisation of resources as they are shared by functional and project managers.

Limitations of Matrix Organisation:

1. **Dual Accountability:** Since employees are accountable to functional manager and project manager, unity of command is violated.
2. **Inter-personal Relationships:** Working together on a project promotes personal relationships at the cost of project objective.
3. **Co-ordination:** Both vertical (line manager) and horizontal (project manager) co-ordination is generally not achieved simultaneously.
4. **Inter-project Conflict:** If there are multiple projects, project managers complete for resources with functional departments which may develop conflict amongst project managers.

Suitability:

Matrix organisation is suitable for undertakings which carry:

- *Manufacturing activities* like aerospace, chemicals, electronics etc.;
- *Service activities* like banking, insurance, retailing etc., and
- *Professional activities* like designing advertisement campaign, accounting etc.

10.7.6 *Networking Organisation*

This structure is a combination of geographic, functional and product elements. It provides economies of scale at the global level and satisfies local customer demands. The structure links subsidiaries of a company spread worldwide. Some subsidiaries specialise in manufacturing while others in sales. All of them are, however, linked with headquarters. Some are closely controlled by headquarters while others are more autonomous.

It is "a temporary network of independent companies — suppliers, customers, even erstwhile rivals — linked by information technology to share skills, costs and access to one another's markets. It will have neither central office nor organisation chart. It will have no hierarchy, no vertical integration."

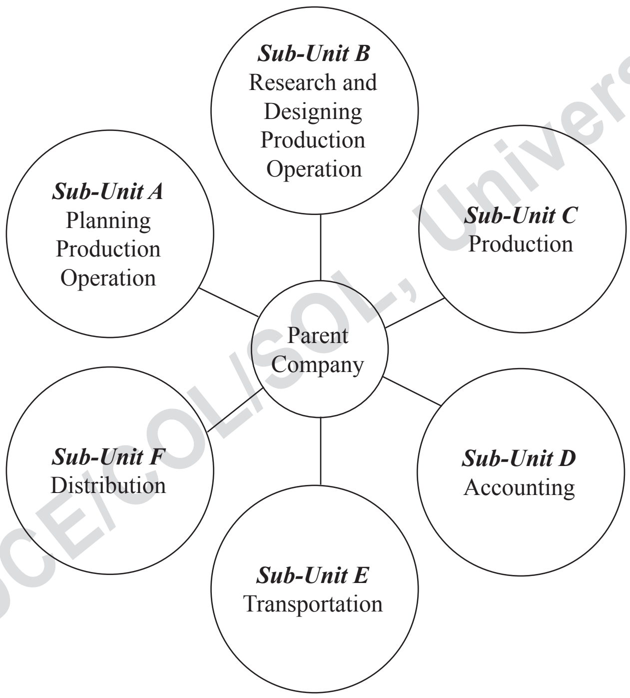

Figure 10.6

The units coordinate product, functional and geographic information spread across different areas. They are represented as nodes. At the same time, each product unit or geographical unit has independent structure that best suits its operations.

The term 'virtual organisation' describes the network of companies.

Virtual organisation is "organisation using networks linking people, assets and ideas to create and distribute products and services without being limited by traditional organisational boundaries or physical location"—***Laudon & Laudon***

Vertical boundaries separate employees into levels and hierarchies. They are removed through cross-hierarchical teams and participative decision-making. This flattens the organisation structure.

Horizontal boundaries are created by work specialisation and departmentation. They are removed through cross-functional teams around work processes.

External boundaries separate the organisation from customers, suppliers and other stakeholders. They are removed through strategic alliances with suppliers or value-chain management.

Merits of Network Organisation:

1. **Wide Scope:** It is wide in scope and links subsidiaries across the world with the head office.
2. **Flexible Structure:** Organisation culture cuts across traditional boundaries and shares information and resources amongst subsidiaries.
3. **Low Cost of Governance:** In traditional forms of organisations, governance involves high price as goods and services are bought in the open market. Electronic networks reduce the cost of governance.
4. **Synergy:** It provides synergy by entering into temporary alliances. Some companies specialise in production while others in marketing. Their combined strength results in higher output than sum of their individual output (synergy).
5. **Utilisation of Best Capabilities:** It reduces overhead expenses of the principal organisation as every unit and sub-unit perform specialised operations.
6. **Free from Human Sentiments:** It requires comparatively less employees as work is done through e-networks. It is free from human sentiments, emotions, needs and perceptions.
7. **Temporary Structure:** It is a temporary structure as principal organisation is free to select sub-units. It adds or deletes sub-units in its network depending upon need.

Notes

8. **Boon for Small Firms:** It is an inter-organisational network where small firms perform subsidiary operations for the large company like supply of inputs, research, design, distribution etc. Small firms get business for survival.
9. **Motivation:** As there are no vertical and horizontal boundaries, there are minimum status and rank differentials. People work with enthusiasm, motivated by the structural environment.

Limitations of Network Organisation:

1. **Degree of Virtualisation:** Findings suggest that increased use of electronic networks is associated with less virtualisation, not more. Employees get demotivated due to poor performance of some of the sub-units.
2. **Problem of Co-ordination:** Head office does not have control over most of the sub-units. Co-ordination is perhaps, the biggest problem for the central organisation.
3. **Unstable Structure:** The structure changes with changing subsidiaries and new relationships develop every time there is change in subsidiary.
4. **Lack of Personal Relationships:** There is absence of social interaction as people do not exchange ideas and experiences.
5. **Mutually Related Operations:** Since the operations are mutually related, delay by one sub-unit delays the entire project.
6. **Problem of Reliability:** A networking structure is successful only if business partners are reliable.
7. **Lack of Close Control:** Close control over manufacturing and marketing operations by the central organisation is missing.

IN-TEXT QUESTIONS

13. Project organisation is structured to accomplish specific projects within specified constraints of time, money, and quality. (True/False)
14. Matrix organisation is a hybrid structure; a combination of Functional and Line structure. (True/False)
15. Networking structure is a combination of geographic, functional and product elements. (True/False)

Notes

16. ___________ structure results in disbanding of the team upon completion of the undertaking.

17. A matrix structure superimposes a horizontal set of divisional reporting relationships onto a hierarchical functional structure.

18. Networking organization is also called ___________ organisation.

CASE STUDY

Nucor pioneered the mini-mill concept, built new plants from scratch, promoted from within, and remained a domestic company. Management practices of Nucor have been successful and effective for more than five decades despite. Nucors lack of knowledge about how to structure the company:

The organizational structure at Nucor is flat to an extreme. There are three layers of decentralized management separating the CEO from factory workers. With Nucor's structure, headquarters receives weekly performance reports from each operating division which is then circulated to other divisions. As Nucor continued to grow through, CEO is found of difficult to maintain this simple structure.

The operating principles of Nucor allow pushing decision-making authority down into the organization, thereby reducing the need for staff organizations and middle management levels, with only four management layers, with key decisions for the daily operations made by the line managers. The management hierarchy is composed of four layers.

In 2006, Nucor added another layer of management creating a new layer of five executive vice-presidents; Nucor is surprisingly lean and simple.

Nucor employs 22 employees at its corporate headquarters. The main channel is its direct sales team. The company promotes its offering through its website, social media pages. Nucor's customer relationship is primarily of a self-service nature. These indicate that management still answers their phone calls and e-mails and the company has no corporate jet.

Notes

Toyota Company, even comparatively, looks lean but appear fat as compared to Nucor. "You are going to get at least 10 layers at Toyota before you get to the president," says a former Toyota engineer.

Questions:

1. How does the Nucor case illustrate limitations of the simple organizational structure?
2. Do you think other organizations should attempt to replicate Nucor's structure?
3. Why do you think other organizations have developed much more complex structure than Nucor?
4. Generally organization structures tend to reflect the view of the CEO. As more "new blood" comes into Nucor, do you think the structure will begin to look like that of other organizations?
5. What are the pros and cons of Nucor's structure?
6. What are the most important elements of Nucor's organizational structure?

10.8 Summary

Organizational Structure is necessary for running a successful business because it improves workflow and efficiency, promotes communication, identifies company needs, and aligns employees with company goals. Organizational structure provides leverage and can help enhance operating performance. The organization structure is the system which describes the organizational hierarchy in terms of different functions, roles, responsibilities, supervision etc. It demonstrates different concerns including different roles of the employees, job descriptions, job functions, decision-making authorities, reporting structure, allocation of tasks in the department, individuals, project team, branch etc.

Organizational Design encompasses restructuring and restructuring roles, hierarchy level, terms and conditions as per business or organizational needs. Organizational structure positively affects employees' behaviour as to job satisfaction and productivity. In fact, organizational designs have global affect in terms of culture.

Notes

10.9 Answers to In-Text Questions

1. False
2. True
3. False
4. Position
5. High
6. Mechanistic
7. True
8. False
9. True
10. Small
11. Big
12. Small
13. True
14. False
15. True
16. Project
17. Matrix
18. Virtual

10.10 Self-Assessment Questions

1. What do you mean by organizational structure and design?
2. What is purpose of designing organizational structure?
3. What is the importance of organizational structure in business?
4. What are the key elements that define organizational structure?
5. What is matrix organization? What are the main characteristics of a matrix organization?
6. How does globalization affect organizational structure?

7. XYZ Limited is manufacturing chemicals and textiles. What type of organisational structure would suit the requirements of such an organization?
8. What is meant by functional structure of organization?
9. Draw the organizational structure of your educational institution and list the internal and external factors that could affect the structure.
10. Assume that your educational institution is in a location that has experienced a significant growth in families with children who are eligible to attend your institution. Note the factors that the director may need to consider to ensure that they have the most appropriate structure in place.

10.11 References

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- Pareek, U. & Khanna, S. (2016). Understanding Organizational Behaviour. 4th Ed. Oxford.
- Mullins, L. J. (2010). Management & Organisational Behaviour. 9th Ed. Printice Hall.

10.12 Suggested Reading

- Singh., K. (2015). Organisational Behaviour Text and Cases. 3rd Ed. Vikas Publication.

Glossary

Adjourning: The final stage of group development that involves termination of the group.

Agreeableness: A person's capacity to collaborate with others.

Attitudes: Mental states of readiness for need arousal.

Authoritarianism: People who have negative perceptions toward their jobs and workers.

Boundaryless Organization: Is a newly found concept of creating an organization free from structural and cultural barriers.

Bounded Rationality: The view that people are bounded in their decision-making capabilities, including access to limited information, limited information processing, and tendency toward satisfying rather than maximising when making choices.

Brainstorming: A freewheel, face-to-face meeting where group members are not allowed to criticised but are encouraged to express freely, generate as many as possible, and build on the ideas of others.

Classical Conditioning: It is a behavioural procedure in which a biologically potent stimulus is paired with a previously neutral stimulus.

Collateral Programmes are those programmes which are created for the well-being of the employees.

Conflict: A process in which one party perceives that his or her interests are being opposed or negatively affected by another party.

Conscientiousness: A measure of an individual's reliability.

Decision-Making: The consensus process of making choices among alternatives with the intention of moving towards some desired state of affairs.

Delphi Technique: A decision-making method which does not require the physical presence of group members.

Divisional Structure: An organisational structure made up of separate, semiautonomous units or divisions.

Egalitarianism is a belief in human equality especially with respect to social, political, and economic affairs.

Emotional Intelligence: The ability to accurately perceive, evaluate, express and regulate emotions and feelings.

Notes

Emotional Stability: A person's capacity to cope with stress.

Ethics: The study of moral principles or values that determine whether actions are right or wrong and outcomes are good or bad.

Extinction: In a learning situation, the decline in the response rate because of non-reinforcement.

Extraversion: An individual's level of ease in interpersonal connections.

Extrovert: Individuals who are reality-oriented, sociable individuals and performers.

Formal Group: The organization's structure, with designed work assignments establishing tasks.

Forming Stage: The first stage of group development in which people join the group and then define the group's purpose, structure and leadership.

Functional Structure: An organisational design that groups together similar or related occupational specialists.

Group-shift: Changing the decision as per the group.

Group: A collection of individuals working in face-to-face relationships to share information and resources for a task to be achieved.

Group Cohesiveness: The tendency of a group to remain together.

Group Decision-Making: Where the members or subordinates may share the authority of decision making with the chief executive.

Groupthink: When a group exerts extensive pressure on an individual to align his or her opinion with others opinions.

Heredity: Characteristics of a person's personality that are passed down from parents to their children.

Ideal-Self: "Way an individual would like to be".

Informal Group: Group that appear in response to the need for social contact.

Introvert: Individuals who are self-assured and driven by their own distinct thoughts.

Job redesign involves designing the job by inserting appropriate tasks and preparing work schedules.

Notes

Learning: The process by which a relatively enduring change in behaviour occurs as a result of practice.

Life change is changes in the life of an employee both professional and personal.

Life trauma is an upheaval in an individual's life that alters his or her attitude, emotions or even behaviour.

Locus of Control: Belief about the results of an action.

Looking-Glass-Self: "An individual's impression of how others see his attributes or feel about him".

Machiavellianism: An individual's tendency to manipulate others to gain and achieve power.

Matrix Structure: A structure in which specialists from different functional departments are assigned to work on projects led by a project manager.

Mechanistic Structure: It is based on the arrangement of activities and rigid and tightly controlled.

Negative Reinforcement: Reinforcement that strengthens a response because the response removes some painful or unpleasant stimulus or enables the organism to avoid it.

Network Structure: Linking of numerous, separate organisations to optimise their interaction in order to accomplish a common, overall goals.

Nominal Group Techniques: A variation of brainstorming consisting of three stages in which Participants (1) silently and independently documents their ideas, (2) collectively describe these ideas to the other group members without critique, and then (3) silently and independently evaluate the ideas presented.

Norming Stage: The third stage of group development where resolving of differences takes place.

Norms: The informal rules and shared expectations that groups establish to regulate the behaviour of their members.

Openness to Experience: A person's creativity and interests.

Operant Conditioning: Learning that occurs as a consequence of behaviour.

Notes

Organic Structure: Is a highly adaptive form that is as loose and flexible structure as it allows changing rapidly operating in volatile and technology driven environments.

Organisational Structure: The way in which the inter-related groups of an organisation are constructed.

Perception filter is the process of letting some information in while keeping out the rest.

Performing Stage: The fourth stage of the group development when the group is fully functional and works on group tasks.

Positive Reinforcement: Action that increases the likelihood of a particular behaviour.

Power Distance: Describes how different countries handle the fact that people are unequal.

Punishment: An uncomfortable consequence for a particular behaviour response or the removal of a desirable reinforcer because of a particular behaviour response.

Real-Self: "What others show you in terms of your self-image".

Risk Taking: Willingness to accept risks.

Salient cues are those cues that are somehow so striking that they stand out.

Selective Attention is the "process of paying attention to some, but not all, physical and social cues".

Self-Esteem: A sense of liking or disliking oneself.

Self-Image: "What an individual perceives about himself".

Self-Monitoring: Capacity to adjust to the demands of the situation.

Socialization: Process by which a newborn acquires a wide variety of behaviour from the extremely vast range of behavioural potentialities that are available to him at birth.

Spaghetti Structure: Lack of structure of organisation in which no employee had a desk or office of their own.

Stereotypes vs. Prejudice: Stereotypes are unfounded assumptions about a social group that lack any basis in fact. Stereotypes are assumptions made about a social group that can be either good or negative, conscious or unconscious. Prejudice is a strong unreasonable feeling of not liking or trusting somebody/something, especially when it is based on his/her/its race, religion, or sex.

Storming Stage: The second stage of group development in which conflicts start arising.

Strategy: Strategy is a deliberate search for a plan of action that will develop a business's competitive advantage and compound it.

Stress is a dynamic condition in which an individual is confronted with an opportunity, constraint and demand related to what they desire and for which the output is perceived to be both uncertain and important.

Team: A group of individuals working in face-to-face relationship for a common goal, having collective accountability for the outcome of its efforts.

Team Structure: In which the entire organisation is made up of work teams.

Values: The conscious, affective desires of wants of people that guide their behaviour. Basic guidelines and beliefs that a decision maker uses when confronted with a situation requiring choice.

Well Being is more than just feeling good and happy, it reflects the amount of flourishing and optimal psychosocial functioning.

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