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**ORGANIZATION
EFFECTIVENESS AND CHANGE**

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LESSON 1

ORGANIZATIONAL CHANGE AND DEVELOPMENT

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STRUCTURE

- 1.1 Learning Objectives
- 1.2 Introduction
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- 1.4 Forces that cause Change
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1.1 LEARNING OBJECTIVES

After this lesson, you will be able:

- 1) To understand the concept of organizational change and development.
- 2) To identify the forces that cause change.
- 3) To comprehend the concept of resistance to change.
- 4) To state the various approaches for managing change.
- 5) To explore the various models of change.



1.2 INTRODUCTION

"The only thing that is constant is change."

- Heraclitus

In modern organizations, change is essential. Except for change, nothing is permanent. Management must do a good job of managing change. An organization needs to become adaptable to change in order to avoid falling behind or being carried away by the forces of change. The organization is being impacted by several forces that make change not only necessary but also inevitable. Technology, market forces, and general socio-economic environments are some of these drivers. The internal organizational variables, such as equipment, machinery, processes, procedures, policies, structural linkages need to be modified or changed to adjust to the drivers etc.

This lesson begins with the concept of organizational change and development. Then, it identifies the various forces that cause a change in the organization. Later on, the concept of resistance to change is discussed. The next part of the lesson describes the various approaches for the management of change and the various models of change.

This lesson will help the students to understand the need for change in the modern organization and to adapt to these to maintain their competitiveness.

1.3 CONCEPT OF ORGANIZATIONAL CHANGE AND DEVELOPMENT

1.3.1 Concept of Organizational Change

The process by which an organization goes through any internal or external transformation is known as **organizational change**. The transformation could happen gradually as a result of careful internal planning or more abruptly as a result of unexpected external causes. It can result in significant changes to an organization's structure, goals, culture, technology policies, service offerings, and operating procedures.

Organizational changes require a fundamental reorientation of the organizational processes since they transform the organization. There are two types of changes: planned and unplanned. Planned changes are rather simple to handle. For instance, if an organization wants to modernize its operations in response to competition and information technology advancements, it can equip its personnel with the necessary skills through training so that



they can embrace the change. Resistance is reduced as a result, and change occurs in the organization. A change is considered planned when the organization has the desire and intent to implement it and can plan it out strategically. Unplanned changes occur when no one anticipated them and necessitate quick action to protect the organization from threats.

Organizational change has the following characteristics:

- a) Change is brought about by factors both inside and outside the organization. It upsets the organization's current equilibrium.
- b) Every change in any segment of the organization tends to affect the entire organization.
- c) Change occurs in all areas of the organization, although at varied rates and degrees of significance.
- d) Change can have an impact on people, structure, technology, and other aspects of the organization.
- e) Change can be both reactive and proactive. Change that occurs as a result of external influences is referred to as reactive change. Yet, proactive change is undertaken solely by management in order to improve organizational effectiveness.

1.3.2 Concept of Organizational Development

Effective organizational change is implemented through an ongoing, systematic process called **organization development**. Organization development is regarded as a discipline of scientific study and inquiry as well as a science focused on comprehending and controlling organizational change. It is interdisciplinary and incorporates sociology, psychology—particularly industrial and organizational psychology—as well as theories of learning, motivation, and personality.

Organizational development is a strategically planned, corporate-wide initiative to improve an organization's effectiveness, efficiency, and/or capacity to meet its strategic objectives. The main objective of organizational development is to develop an organization and not to develop or train the staff. With the alignment of people, strategy, rewards, structure, measurements, and management processes, organization development aims to increase a company's capability. It is a deliberate, systematic change in employee values or procedures that results in the overall growth of a firm or organization. It is different from routine business operations and workflow enhancements in that it adheres to a clear procedure that management explains to all employees.



Organizational development has the following characteristics:

- a) Organizational development is an educational technique for implementing planned change throughout an organization.
- b) Organizational development attempts to improve problem-solving processes and, as a result, organizational effectiveness.
- c) Change agents are employed to accomplish the desired change through the use of various organizational development interventions.
- d) Change agents use behavioural science expertise to effect a desired change.
- e) The change agent and the persons being changed have a strong working relationship.
- f) Top management is in charge of organizational development. In other words, senior management is involved from the inception of the changing concept to the implementation of numerous organizational development interventions.

1.4 FORCES THAT CAUSE CHANGE

In order to exist and develop, organizations must interact with and rely on their external environment. They acquire resources from their environment, alter them through diverse processes, and export the output back into the environment. They take from the environment and give to the environment. In order to adapt to their external environment, organizations constantly adjust their internal environment. Pressure for change might occasionally also come from internal forces. For instance, the marketing department seeks new items, which requires adjustments in the production, buying, and other departments. Therefore, both internal and external forces can lead to a demand for change. Figure 1.1 depicts both the external and internal forces that cause change.



Fig. 1.1: External and Internal Forces that cause change



External Forces

- 1. Technology:** Technology is a significant external factor that demands change. Rapid advances in information technology and communication have transformed the way businesses are conducted. A newer path-breaking technical breakthrough emerges just as an organization responds to technological advancement. In order to survive and expand, businesses must constantly adapt to such technological changes by putting a priority on innovation, and research and development.
- 2. Market Competition:** The business environment is changing, and competitors are adapting to it. Not only that, but as a result of globalization, there are more and more competitors, and the competition is getting more and tougher. Because of the increased rivalry, businesses are concentrating on short product cycles and production runs in addition to ongoing product development. Firms are also becoming more flexible with regard to business procedures and policies in an effort to become more agile.
- 3. Political Forces:** Large business houses, especially global firms, are heavily influenced by political factors both within and beyond the country. In the modern era, the relationship between business organizations and the government has grown extremely complicated. In the majority of nations, governmental interference in the industry has dramatically risen. Several laws have been passed to control corporate sector activities. The political and legal forces are outside the organizations' control, yet they must be accommodated if they are to function effectively.
- 4. Social Forces:** Social changes are occurring quickly as a result of the expansion of education, the explosion of knowledge, and government initiatives. The push for social equality has presented new difficulties for management, such as an equal opportunity for women, equal compensation for equal effort, etc. The management must adopt societal standards while creating its marketing, employment, and other policies.

Internal Forces

- 1. Changes in Operative Personnel:** The workforce's demographics are rapidly evolving. The new generation of workers has stronger educational credentials, emphasizes human values more, and challenges managerial authority. Their behaviour is extremely complex, making it difficult to steer them toward organizational goals. The organization is put under a lot of stress by the constant churn of employees, therefore it must handle it correctly.



- 2. Changes in Managerial Personnel:** Former managers are succeeded by fresh managers as a result of retirement, promotion, transfer, and so on. Each manager contributes his or her unique thoughts and methods to the company. Changes in managerial personnel result in a change in relationships, especially informal ones. Also, even though they remain unchanged, people's attitudes change. As a result, an organization must adapt accordingly. When senior executives change, organizations undergo changes relatively quickly. Each executive has their own ideas and style. The new executive will operate in his own style and favour putting his personal beliefs into practice. This may result in significant modifications to the organization's design, installation of controls, assignment of tasks to individuals, a delegation of authority, and so on.
- 3. Deficiencies in Existing Structure:** It could be necessary to make changes to address shortcomings in the current organizational structure. These flaws could take the shape of an untenable managerial span, a greater number of managerial levels, a lack of coordination between multiple departments, communication barriers, a proliferation of committees, inconsistent policy decisions, a lack of cooperation between line and staff, etc. Unfortunately, until a serious crisis strikes, the necessity for reform in such circumstances stays unnoticed.

IN-TEXT QUESTIONS

1. The process by which an organization goes through any internal or external transformation is known as _____.
2. In order to survive and expand, businesses must constantly adapt to technological changes by putting a priority on innovation, and research and development. (True/False)
3. Which of the following is not an external forces that cause change?
a) Technology b) Social Forces
c) Changes in Managerial Personnel d) Political Forces
4. Organization development is regarded as a discipline of scientific study and inquiry as well as a science focused on comprehending and controlling organizational change. (True/False)
5. A change is considered _____ when the organization has the desire and intend to implement it and can plan it out strategically.



1.5 RESISTANCE TO CHANGE

1.5.1 Concept of Resistance to Change

Even though change is inevitable, people tend to resist it out of self-interest. Resistance to change is a healthy reaction to it. In reality, it is advantageous since it helps employees behave in a way that is somewhat stable and predictable. It is argued that people don't actually oppose change; rather, they oppose the components of it that directly affect them, such as status, communication, and fear of the unknown. To successfully embed change throughout the organization, resistance to change must be recognized and managed.

Resistance to change can be overt, tacit, immediate or deferred. For management, implicit and immediate resistance is rather simple to handle. For instance, if a business wants to computerize its operations, the employees may object by threatening strikes, slowing down production, complaining, etc. This is an implicit and immediate resistance to change. It can be controlled through effective two-way communication, inclusive decision-making, the provision of necessary skill training, etc. Implicit resistance usually manifests later and is difficult to identify, as evidenced by a decreased motivation to work, a loss of loyalty to the organization, and a decline in the quality of the work as shown by an increase in errors and faults. Deferred resistance to change can be challenging to manage as well. It builds up over time and eventually erupts in a way that is totally out of proportion to the degree of change that was initially established.

1.5.2 Sources of Resistance to Change

Resistance to change is believed to be caused by a variety of factors. They are broadly divided into two broad categories namely individual resistance and organizational resistance (Fig 1.2). Let us discuss them one by one.

Individual Resistance	Organizational Resistance
<ul style="list-style-type: none">• New Learning• Fear of the Unknown• Distrust of Management• Disruption of Stable Friendship	<ul style="list-style-type: none">• Threats to the Power Structure• Structural Inertia• Threat to System Relationships• Sunk Costs and Vested Interest

Fig 1.2: Sources of Resistance to Change



Individual Resistance

1. **New Learning:** One needs to learn a new language, develop new technology, or adapt to a completely different culture in order to do new tasks. Undoubtedly, learning new concepts can be exhilarating, but according to the majority of individuals, the enthusiasm only lasts after the learning has really taken place.
2. **Fear of the Unknown:** Change frequently brings ambiguity and uncertainty with it. If, for instance, the implementation of a new computer system necessitates the employees learn specific statistical procedures, some may be concerned that they will be unable to do so. As a result, they might have a hostile mind set regarding the introduction of new computer systems.
3. **Distrust of Management:** There are numerous, well-documented examples of managers taking advantage of workers in the history of labour relations. As a result, employees frequently distrust the reasons for change and attempt to resist it.
4. **Disruption of Stable Friendship:** Almost all organizational changes ruin the formerly strong or stable friendship. In turn, this leads to uneasy feelings of loneliness and social isolation. This might act as an indirect source of resistance to change.

Organizational Resistance

1. **Threats to the Power Structure:** Most changes have the potential to upset the power structure of the organization. Decentralized decision-making is an example of a change that is frequently welcomed by lower-level employees but perceived as a challenge to the power of supervisors and middle-level managers.
2. **Structural Inertia:** Organizational structures have a number of stabilizing processes. As a result, work assignments, new employee selection and training, and performance reward schemes are all structured to maintain stability and hence resist change. This structural inertia serves as a counterbalance to maintain stability whenever an organization is forced to undergo change.
3. **Threat to System Relationships:** Any change has a domino effect- as one subsystem changes, other subsystems are likewise affected. For instance, a change in the accounting department may affect how the other departments report and retain records. As a result, the other departments might oppose this change.



- 4. Sunk Costs and Vested Interest:** Investments in fixed assets, such as land, buildings, and machinery, are referred to as sunk costs. The personal commitments of individuals to certain policies, programmes, or other persons are known as vested interests. People find it challenging to abort, and organizations struggle to recover the sunk cost. The same thing becomes a source of change resistance within organizations.

We have covered a variety of reasons for resistance to change. It is well acknowledged that there is no motivation for change unless the current circumstances are sufficiently uncomfortable. In order to handle resistance to change, change agents must therefore determine how emotionally invested people feel about the change concerns.

IN-TEXT QUESTIONS

6. If a business wants to computerise its operations, the employees may object by threatening strikes, slowing down production, complaining, etc. This is an example of implicit and immediate resistance to change. (True/False)
7. Which of the following is a part of individual resistance?
 - a) New Learning
 - b) Fear of the Unknown
 - c) Distrust of Management
 - d) All of the above
8. The serves as a counterbalance to maintain stability whenever an organization is forced to undergo change.
9. As one subsystem changes, other subsystems are likewise affected. This is known as threat to system relationships. (True/False)
10. The personal commitments of individuals to certain policies, programmes, or other persons are known as _____.

1.6 APPROACHES FOR MANAGING CHANGE

Organizational change is unavoidable. As a result, managers must be aware of any impediments or resistance to change in order to overcome them. Resistance to change is, in a way, just a type of feedback that may be very effectively used to regulate the change process. Of course, it is simpler said than done. Yet, various effective techniques for managing organizational change have been established and proposed.

Below is a brief assessment of the six most important (Fig 1.3):



- 1. Education and Effective Communication:** If the source of resistance to change is misunderstanding about the change, it can be minimized by explaining why the change is necessary. One-on-one conversations, memos, group presentations, or reports can all be used to inform employees about the change. In ambiguous situations, new information is a major force for change. New employee orientations, for example, are very helpful in modifying the behaviour of new employees since they would not have known how to behave otherwise. Research on the implementation of computers in the workplace shows that allowing for opportunities for hands-on training helps employees overcome their fear of new technology. Computer-savvy workers exhibit more optimistic attitudes and higher levels of productivity.
- 2. Participation:** Prior researchers supports the idea that people find it difficult to resist a change decision in which they participated. So, before a change is implemented, individuals who are opposed to it can be included in the decision-making process. Every firm needs to recognize and respect the fact that its employees can make good decisions. Their engagement in a change decision will aid in gaining the employee's support for the change management programme. Employees are typically seen to have an inherent distrust of management. Employee commitment to the task can be established if employee representatives collaborate with management on organizational issues surrounding the change programme.
- 3. Facilitation and Support:** Offering assistance and compassion to employees who are struggling with the change is another tactic for coping with resistance to change. Every change causes an adjustment challenge for the employees who are affected. To overcome resistance to change, the change process must be made easier, and employees must receive support. Support provided to the employees could take the form of skill training, counselling and therapy, or even a short paid leave.
- 4. Negotiation:** Another strategy to cope with potential resistance to change is negotiation, particularly with a group of influential people. To do this, a special reward package might be negotiated with powerful individuals to fulfil their specific needs. Indeed, one must consider the possibility of its high costs. It is also possible that the change agents use blackmail to most important issues in their favour.
- 5. Manipulation and Co-optation:** In a nutshell, manipulation denotes covert attempts to persuade. Examples of manipulation include fabricating data to make it more appealing, suppressing information that would be unpleasant for the recipients, and spreading



rumours to get staff members to accept a change. Co-optation, on the other hand, is the combination of manipulation and participative decision-making. The leaders of a resistance group are invited to participate in decision making, not to make a better decision, but to seek their approval. Even though both co-optation and manipulation are straightforward, less expensive ways to seek the assistance of enemies.

- 6. Coercion:** As a final resort, the organization can use direct threats to force the resisters to accept the planned change. Coercion can take the shape of loss of promotion, threats of transfer, a poor performance review, a substandard performance report, and an unsatisfactory recommendation.

Approach	Commonly used in situations	Advantages	Drawbacks
Education + communication	Where there is a lack of information or inaccurate information and analysis.	Once persuaded, people will often help with the implementation of the change.	Can be very time consuming if lots of people are involved.
Participation + involvement	Where the initiators do not have all the information they need to design the change, and where others have considerable power to resist.	People who participate will be committed to implementing change, and any relevant information they have will be integrated into the change plan.	Can be very time consuming if participators design an inappropriate change.
Facilitation + support	Where people are resisting because of adjustment problems.	No other approach works as well with adjustment problems.	Can be time consuming, expensive, and still fail.
Negotiation + agreement	Where someone or some group will clearly lose out in a change, and where that group has considerable power to resist.	Sometimes it is a relatively easy way to avoid major resistance.	Can be too expensive in many cases if it alerts others to negotiate for compliance.
Manipulation + co-optation	Where other tactics will not work or are too expensive.	It can be a relatively quick and inexpensive solution to resistance problems.	Can lead to future problems if people feel manipulated.
Explicit + implicit coercion	Where speed is essential, and the change initiators possess considerable power.	It is speedy and can overcome any kind of resistance.	Can be risky if it leaves people mad at the initiators.

Fig 1.3: Methods for dealing with resistance to change

[Source: Adopted from J.P. Kotter and L.A. Schlesinger (1979). Choosing Strategies for Change. Harvard Business Review, 57, 106-114].

1.7 VARIOUS MODELS OF CHANGE

The four models of change are quite popular in organizational behaviour namely Kurt Lewin’s Model, Greiner’s Sequential Model, Leavitt’s Diamond Model, and Action Research Model of Change proposed by Kurt Lewin, H.A. Shepard, and W. French. Let us discuss them one by one.



1. **Kurt Lewin's Model:** Lewin's model relies on the premise that an organization must be ready for change, motivated to change, stabilized, and incorporate the change into organizational behaviours before actually implementing a change. In light of this, Lewin's change model has three steps: unfreezing, changing, and refreezing (Fig 1.4).
 - a) **Unfreezing:** In this phase, inertia must be overcome, and the old way of thinking must be destroyed. Individuals in the organization are aware that outdated practices are being challenged, but they do not fully understand what is taking their place or why. At this point, management has taken steps to break the equilibrium or status quo in order to move forward.
 - b) **Changing:** Change occurs in the organization at this stage. Confusion and transition are involved in this. In this phase, all significant changes, including those to organizational structure, policies, and practices, etc., take place.
 - c) **Refreezing:** People's comfort returns when the new mindset solidifies. If the change is not sustained, people will eventually return to the pre-change stage. This can be accomplished by giving rewards to employees to accept change and then continue with them to freeze the change. For example, an initial salary increase offered to employees to accept transfers (as a result of change) can be made permanent. This will help to maintain and stabilize the change.

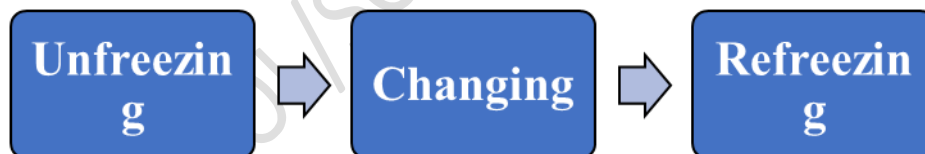


Fig 1.4: Kurt Lewin's Model Steps

2. **Greiner's Sequential Model:** This model by Larry Greiner states that change happens through specific sequential stages. The management of the organization is under pressure from the external stimulus to start the change process. In reaction to a stimulus, management is driven to behave in a way that brings about organizational change. After the activities, different stages of change occur sequentially such as problem identification, an invention of a new solution, testing the new solution, and reinforcement based on successful outcomes. Fig. 1.5 depicts the stages of Greiner's Sequential Model.

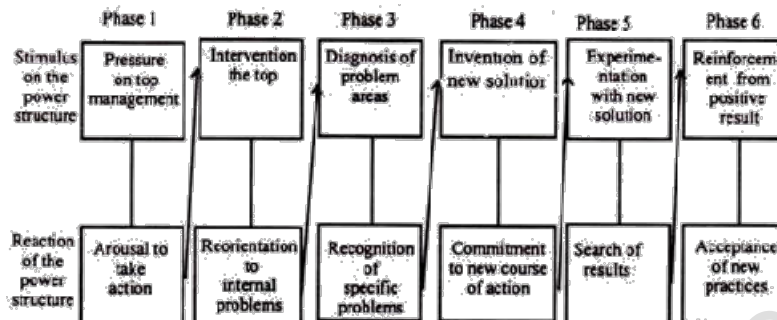


Fig. 1.5: Stages of Greiner's Sequential Model

[Source: Adopted from Khanka, S. S. (2011). *Organizational Behaviour: Text and Cases* (4th Ed.). New Delhi: Sultan Chand Publication, page no. 474, Figure 28.2]

- Leavitt's Diamond Model:** Harold Leavitt developed an integrative approach to change in 1965. The interactive nature of the many sub-systems during a change process is the foundation of Leavitt's system model. Four interconnected subsystems make up an organizational system namely task, structure, people, and technology. Owing to the interconnectedness of the subsystems, changes in one subsystem often have an impact on the others as well. Depending on the circumstances, it may be possible to implement change in any of the subsystems. The following Fig. 1.6 illustrates the relationships between the various sub-systems during a change process.

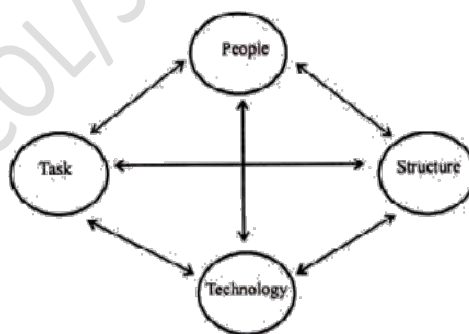


Fig. 1.6: Leavitt's Diamond Model

- Action Research Model:** Kurt Lewin, H.A. Shepard, and W. French proposed action research as an OD model for implementing change in organizations. It is based on the premise that identifying the issue that is causing systemic tension is the first step in the problem-solving process, or, to put it another way, the change process. Moreover,



action research provides direction for solving problems with the aim of enhancing organizational performance. The following is how action research is characterized by W.L. French and C.M. Bell:

"Action research is the process of systematically collecting research data about an ongoing system relative to some objective, goal, or need of that system; feeding these data back into the system; taking actions by altering selected variables within the system based both on the data and on hypothesis; and evaluating the results of actions by collecting more data".

As a result, action research is a continuous process that involves recognizing systemic issues, collecting data, acting to address them, monitoring progress, making ongoing decisions, and learning from experience. A third-party consultant, often known as a change agent, typically conducts action research. The action research process entails a number of steps (Fig. 1.7).The model effectively conveys that action research is research that is intrinsically related to action; it is research with a purpose, which is to direct present and future action in order to achieve ongoing organizational development.

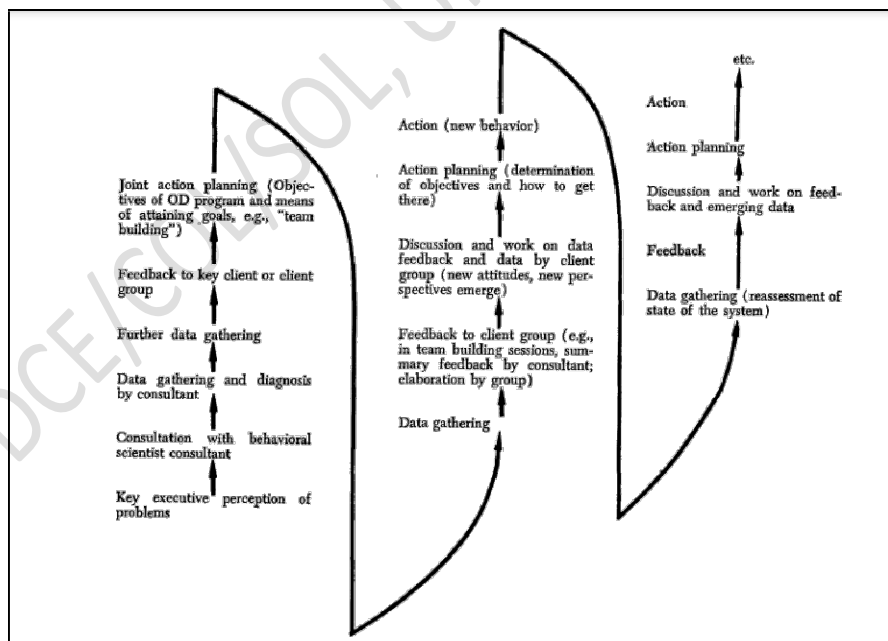


Fig 1.7: An Action Research Model

[Source: French, W. (1969). *Organization Development Objectives, Assumptions and Strategies*. *California Management Review*, 12(2), page no. 26. Figure 1]



IN-TEXT QUESTIONS

11. _____ is the combination of manipulation and participative decision making.
12. Which of the following is not a part of four interconnected subsystems that make up an organizational system?
 - a) Task
 - b) People
 - c) Structure
 - d) Environment
13. _____ model relies on the premise that before implementing a change an organization must be ready for change, motivated to change, stabilised, and should have incorporated the change into its organizational behaviours
14. Offering assistance and compassion to employees who are struggling with the change is another tactic for coping with resistance to change. (True/False)
15. _____ provides direction for solving problems with the aim of enhancing organizational performance.

1.8 SUMMARY

- The process by which an organization goes through any internal or external transformation is known as organizational change.
- Organizational changes require a fundamental reorientation of the organizational processes since they transform the organization.
- A change is considered planned when the organization has the desire and intend to implement it and can plan it out strategically. Unplanned changes occur when no one anticipated them and necessitate quick action to protect the organization from threats.
- Organization development is regarded as a discipline of scientific study and inquiry as well as a science focused on comprehending and controlling organizational change. It is interdisciplinary and incorporates sociology, psychology—particularly industrial and organizational psychology—as well as theories of learning, motivation, and personality.
- Both internal and external forces can lead to demand for change. External forces include technology, market competition, political forces and social forces whereas



internal forces include changes in operative personnel, changes in managerial personnel and deficiencies in an existing structure.

- Even though change is inevitable, people tend to resist it out of self-interest. Resistance to change is a healthy reaction to it.
- Resistance to change can be overt, tacit, immediate, or deferred.
- Resistance to change is believed to be caused by a variety of factors. They are broadly divided into two broad categories namely individual resistance and organizational resistance.
- Resistance to change can be overcome through education and effective communication, participation, facilitation and support, negotiation, manipulation, and co-optation and coercion.
- The four models of change are quite popular in organizational behaviour namely Kurt Lewin's Model, Greiner's Sequential Model, Leavitt's Diamond Model, and Action Research Model.

1.9 GLOSSARY

- **Action research:** A continuous process that involves recognizing systemic issues, collecting data, acting to address them, monitoring progress, making ongoing decisions, and learning from experience.
- **Coercion:** A use of force to compel someone to do something they are reluctant to do.
- **Co-optation:** The procedure of adding people to an exclusive group at the discretion of its members, usually to manage opposition and so ensure the group's stability.
- **Domino effect:** A change that triggers a series of related changes.
- **Manipulation:** A covert attempts to persuade.
- **Organizational change:** The process by which an organization goes through any internal or external transformation.
- **Organization development:** Discipline of scientific study and inquiry as well as a science focused on comprehending and controlling organizational change.
- **Planned Change:** A change resulting from a deliberate decision to alter the organization.



- **Resistance to Change:** A tendency for employees to be unwilling to go along with organizational changes either because of individual resistance or organizational resistance.
- **Unplanned Change:** A change that is imposed on the organization and is often unforeseen.

1.10 ANSWERS TO INTEXT QUESTIONS

1. Organizational change	9. True
2. True	10. Vested interests
3. c) Changes in Managerial Personnel	11. Co-optation
4. True	12. d) Environment
5. Planned	13. Kurt Lewin's
6. True	14. True
7. d) All of the above	15. Action research
8. Structural inertia	

1.11 SELF-ASSESSMENT QUESTIONS

1. What do you mean by Organizational change? What are its characteristics?
2. Briefly explain various forces that cause change.
3. "People sometimes resist change for the sake of resistance". Comment.
4. Define organizational development. Briefly enumerate the characteristics of organizational development.
5. Why is change resisted in organizations? What can the management do to overcome it?
6. Explain why managing change is an important part of maintaining organizational effectiveness.
7. Discuss Lewin's model of change.
8. Distinguish between individual resistance and organizational resistance.



9. Briefly discuss the various models of change.

10. Discuss action research model.

CASE STUDY

Mr. X joined ABC Ltd., New Delhi, as Office Manager after returning from the United States, where he earned his M.B.A. with a specialty in human resource management. He was fresh and enthusiastic and had several years of experience in various roles in India before moving to the United States. When Mr. X started working at ABC Ltd., the office hours were 10.30 a.m. to 5.30 p.m. He believed that the hours should be modified from 10 a.m. to 5.00 p.m. since he understood that office staff in the United States of America did not work after 5.00 p.m. He thought this was true for India as well, therefore he modified it from 10 a.m. to 5.00 p.m. to assure increased availability of efficient office time. No one responded at first, but after two days, Mr. X got a formal memorandum from all the office staff requesting that the old business hours be restored. Mr. X refused to comply with this demand. He was certain, however, that the first step to get cooperation of his staff was to build trust and get to know them better. Thus he devised a plan to hold a monthly get together for employees. Everyone at the party was expected to bring homemade food. Their wives and children were expected to be invited to the monthly dinner gathering. The initiative was announced by posting it on the company's information bulletin. The notification also urged members for suggestions to make the project a success. Two weeks passed and no suggestion was received. When the first dinner meeting was approaching, he overheard that his staff members were laughing at this dinner idea. Mr. X was disappointed that his initiative was not positively received.

Based upon the above case study, answer the following questions:

1. What were the grounds, in your opinion, for not supporting the actions of Mr. X by his staff members?
2. Advise Mr. X on how to proceed in the above case.

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LESSON- 2

ORGANIZATIONAL CLIMATE AND CULTURE

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STRUCTURE

- 2.1 Learning Objectives
- 2.2 Introduction
- 2.3 Organizational Culture
 - 2.3.1 Concept of Organizational Culture
 - 2.3.2 Dimensions of Culture
 - 2.3.3 Levels of Organizational Culture
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 - 2.3.6 Types of Organizational Culture
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 - 2.4.1 Types of Organizational Climate
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 - 2.4.3 Developing Favourable Organizational Climate
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- 2.5 Organizational Culture and Organizational Climate: Differences
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- 2.8 Summary
- 2.9 Glossary



- 2.10 Answers to In-text Questions
- 2.11 Self-Assessment Questions
- 2.12 References
- 2.13 Suggested Readings

2.1 LEARNING OBJECTIVES

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

- Understand the concept of organizational culture and organizational climate
- Identify the relevance of strong culture in an organization
- Comprehend the concept of creativity and innovation
- Understand how creativity and innovation occur in an organization
- Know the reasons behind why intrapreneurship gives an edge to the organization
- Understand similarities and differences between organizational climate and organizational Culture

2.2 INTRODUCTION

Like humans, organizations have a personality of their own as well. Just like an individual has a personality – for instance, *friendly, amiable, funny, competitive or anything else*, so do an organization and that ‘organizational personality’ is known as **culture**. Imagine you enter your office and suddenly you start feeling uneasy, you require a quick doctor’s visits. Doctor’s office is just down the hall. Imagine you are working incessantly, and you need a break, there is a playground, indoor-sleeping room, café in your organization, it’s up to you how you want to spend that break, your office has all possible amenities.

The **culture** of an organization influences the way in which people act and develop human resource (HR) policies & practices. Therefore, it is important to deeply understand the idea of organizational culture and how it impacts organization and how it can be positively steered in an organization. Before we begin, let’s take a quick look at Google’s case study, as discussed in next page.



OPENING CASE STUDY

Google: The Epitome of Organizational Culture

The culture of *Google* is a good example to reflect on organizational culture. Google has a strong organizational culture which exerts a very impactful influence on all its employees. Google was founded in 1998 in California with an objective of providing cloud computing solutions. The founders' intentions behind establishing a firm like Google was to “*foster innovation in an orderly manner and to plan and prepare for the future*”. In addition to this, several other underpinnings such as emphasis on research, emphasis on individual identity, emphasis on informal communication, also constitute Google's culture.

The organizational culture at Google supports the company's position as a top player in the internet technology and digital advertising sectors. The set of traditions, practices, and behavioural values that affect workers' actions at work at a technological business is known as the organizational culture or corporate culture. The business culture at Google encourages workers to share knowledge internally to foster innovation. The ability of the corporation to remain competitive with other technological enterprises is a result of innovation. The characteristics of Google's corporate culture are designed to improve worker performance. This company's organizational culture serves to successfully inspire its workforce. For instance, Google's corporate culture encourages employees to think creatively and pursue unique ideas while creating solutions to the challenges that target consumers face daily.

In this approach, the organizational culture supports numerous tactics with human resource support, such as Google's general competitive advantage strategy and intense growth plans.

2.3 ORGANIZATIONAL CULTURE

Organization culture, also known as the corporate culture, may be defined as the “*philosophies, ideologies, values, assumptions, beliefs, expectations, attitudes, and norms that knit an organization together and are shared by its employees*”(Ashwathapa, p. 616, 2012).”

In nutshell, organizational culture is about the stated and unstated assumptions that members of an organization share. It not only speaks about the **personality** of an organization, but it is also about the **style** that an organization holds in dealing with its daily chores.



2.3.1 Concept of Organizational Culture

Let's understand the concept of organizational culture as defined above. Important elements of the definition are stated below with an example.

1. Shared values and practices

The values and practices are generally embedded in an organization by founders which are nurtured over time and conserved through repeated practices. The more clearly the values & practices are defined, the better the people associate with their organization's mission and vision.

EXAMPLE–Blue Dart

We all have heard of Blue Dart, a company that ensures overnight delivery of packages. One of the stories of Blue Dart is about the deliveryman who was allotted the wrong key to a Blue Dart drop box. The delivery executive, instead of leaving the package at the drop box, waited for the next day to get the correct keys, delivered the package to the respective customer's doorstep on time.

2. Perceived Meaning

As mentioned above, organizational culture is the combination of important assumptions, values, beliefs, and norms that members of an organization share. These things are often taken for granted as explaining the 'right behaviour in an organization' is a grey area which can't be black and white. Organizational culture encapsulates the precise, elusive, and unconscious drivers that shape human resources.

EXAMPLE –The St. Regis, Goa, India

The St. Regis offers tropical and serene getaways in Goa, India. This example is the story of an employee of The St. Regis who went beyond his job description. One day, a family of three arrived at the resort, *Mother, Father, and Son*. The son was allergic, so his parents used to keep certain type of foods during their travel. Due to some circumstances, the food got perished and no replacement was found in the nearest market. An executive chef called his mother-in-law, who stayed in Mumbai, and requested her to buy non-allergic food for the son and fly to Goa. Within 3.5s hours, she reached the resort.



2.3.2 Dimensions of Culture

Over the years, academicians and practitioners have recognized a few dimensions of organizational culture.

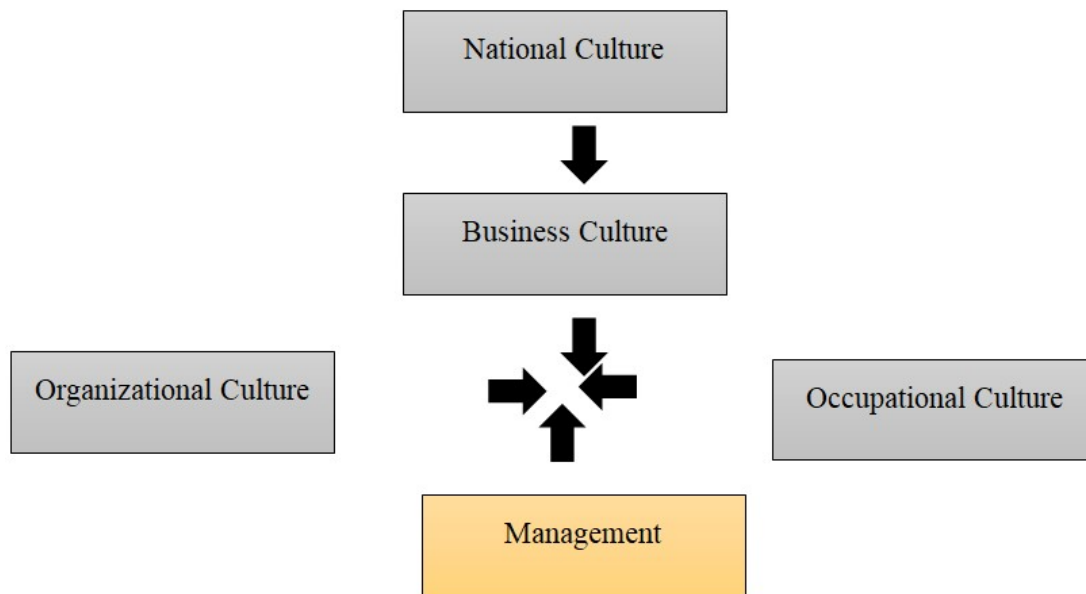


Fig 2.1. Dimensions of Culture

National culture is the culture that is existing within the political boundaries of the country. This dimension of culture represents the characteristics of the population at large. This dimension of culture has considerable impact on managers whose objective is to manage cultural diversities. **Business culture** is a clear manifestation of norms, values, and beliefs that are related to the facets of doing business. This type of culture guides people on the correct ways to run a business. National culture impacts business culture to a greater extent. For instance, the role of women in the society, experience, and exposure, are a few examples of business culture that directly interweaves with the national culture.

Business culture **influences** all aspects of organizational life. How managers are selected and promoted, how managers motivate their subordinates, how managers negotiate with other managers, are a few examples of business culture impacting organizational culture, occupational culture, and management.

Occupational culture is referred to having different occupational groups. For instance, a company has MBAs, CAs, lawyers, engineers, etc. The culture that is formed within each occupation is known as occupational culture. This culture is of crucial importance and can't



be ignored by the managers. **Organizational culture**, as mentioned before, is a set of assumptions, values, practices, norms that coalesce an organization together.

IN-TEXT QUESTIONS

1. Organizational culture is shared _____ and _____.
2. The _____ of an organization influences the way in which people act and develop human resource (HR) policies & practices.
3. _____ is referred to having different occupational groups.
4. _____ influences all aspects of organizational life.

2.3.3 Levels of Organizational Culture

The three levels of organizational culture are presented in Figure 2.2.

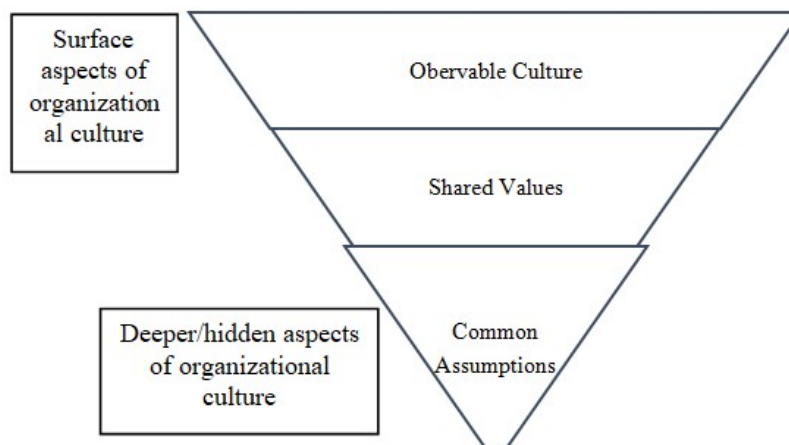


Fig. 2.2. Levels of Organizational Culture

Source: (Wood, p. 438, 2016)

At the surface, it is the **observable culture**, which is represented through dress code, logos, gadgets, props, and murals. It also envisages the unique stories, ceremonies, and corporate rituals that create the chronicles of an organization.

The second level is associated with the **shared values**, which are applied on all organizational members. Deviation from this level, will not be tolerated in the organization.



The last level is the **common assumptions** which is the deepest level of an organizational culture. “*These are taken for granted truths that organizational members share as a result of their joint experiences*”(Goffee & Jones, 1996).

2.3.4 Determinants of Organizational Culture

Having understood the concept of organizational culture, it is important to identify the determinants that influence organizational culture. The basic determinants of organizational culture are critical incidents, leaders, property rights, organizational ethics, organizational structure, and employees’ characteristics.

1. Critical Incidents

The way members respond to critical incidents give rise to norms and beliefs. Critical incidents are experienced by almost everyone in an organization which tends to create a norm.

2. Leaders

The second aspect of organizational culture is the identification with the leaders. Members of an organization identify themselves with the leaders and embrace their values and beliefs in themselves. The leaders are usually dominant figures like the top managers or founders. An organization culture is a result of interaction between these leaders and members in the organization.

EXAMPLE – The TATAs

The late JRD Tata is the best example of the second determinant. His honesty, professionalism, truthfulness together has paved the way for TATA’s empire.

3. Property Rights

Organizational culture also stems from the ways than an organization distributes its rights to the members. Stock options, decision making are a few examples of property rights.

4. Organizational Ethics

The moral values defined by the organization for its stakeholders also influence organizational culture. This defines the right and wrong ways of behaviour for employees.



Organizational Structure

Organizational structure “is the formal system of tasks and authority relationships that an organization establishes to control its activities (.Aumann & Ostroff, 2004)”. This has a direct impact on organizational culture.

5. Employees’ Characteristics

The ultimate factor that influences organizational culture is the people who work in the organization. People vary in attitudes, personality, and moral values. Generally, an organization endeavours to hire those whose personality is in line with the organizational personality. People who do not find themselves as the right fit, quit eventually.

ACTIVITY

1. Imagine that you are a human resource manager at XYZ corporation, and your supervisor has assigned you to categorize your company’s existing culture into levels. Which level would you get more preference? Why?
2. *Microsoft has a strong organizational culture!* Is it true or not?
Take a moment and discuss your thoughts with yourself only as you might be reading this chapter(*Unit 2: Organizational Climate and Culture*)on your own. If you have a bunch of friends around you, that’s even better, share your thoughts on above statement.

2.3.5 Evolution of Organizational Culture in an Organization

The evolution of culture in an organization is based on learning. What is applicable to the learning process is true for culture as well. Basically, the evolution of organizational culture is dependent on two aspects- external adaptations and survival and internal integration.

External Adaption and Survival:

This facet involves and addresses the following issues:

1. **Mission and Strategy:** *Identifying the core purpose of an organization.*
2. **Goals:** *Setting up targets.*
3. **Means:** *Determining how to accomplish the goals.*
4. **Measurements:** *Determining criteria to evaluate the performance of employees.*



Internal Integration:

This facet involves and addresses the following issues:

1. **Language and concepts:** *Selecting methods of communication.*
2. **Group and team boundaries:** *Determining criteria for membership in groups and teams.*
3. **Power and status:** *Penning down rules for acquiring and losing power and status.*
4. **Reward and punishment:** *Developing criteria for encouraging desirable behaviours and punishing undesirable behaviours.*

An organizational culture evolves when members (or founder and employees) share knowledge as they discover and develop methods to tackle with issues of external adaptation and internal integration.

Cultural Symbols of McDonald's (India)

- Usually located in rectangular buildings
- Logo that towers over the building
- Symbol of modernization
- Indianized burgers
- Having a burger is symbolism of enjoying 'American culture'
- Dress code for employees at all levels

2.3.6 Types of Organizational Culture

The following are the types of organizational culture based on different parameters.

1. Based on **discipline and powers**

Authoritarian and participative cultures

Authoritarian culture is concentrated on the leader and obedience to his/her orders. In this type of culture, power and discipline are stressed. An underlying assumption of this culture is that the leader knows what is good for their organization as s/he always acts in organization's interests.

Participative culture is based on the premise that people are committed to an organization and goals. In this type of culture several novel insights are shared for organizational development and growth.



2. Based on **dominance**

Dominant and sub-cultures

Big companies usually have a dominant culture. They are also characterised with having several cells of sub-cultures as well, but the **dominant culture** is a clear manifestation of values that are shared by many people. On the other hand, **sub-cultures** are reflected in different beliefs and attitudes shared by a few organizational members.

3. Based on **strength**

Strong, weak, and unhealthy culture

A **strong culture** has positive influence on the employees and their behaviour. The following are the characteristics of strong behaviour:

1. Clean philosophy about conducting the business
2. A required amount of time is spent on communicating values and beliefs
3. Explicitly describing organizational values
4. Deeply rooted set of norms, values, and beliefs
5. Careful screening of new employees

A **weak culture** is characterized with the presence of several sub-cultures in an organization. In this type of organizational culture, there is lack of cohesion among the members. Lack of shared values and corporate identity coerces employees to feel no sense of identity.

Unhealthy culture, on the other hand, “is characterized by an aversion to looking outside the organization for superior practices and approaches (Bitsani , 2013)”. Enjoying undisputed leadership, favouritism, lobbying, are a part of unhealthy organizational culture.

IN-TEXT QUESTIONS

5. _____ represented through dress code, logos, gadgets, props, and murals.
6. _____ is the deepest level of an organizational culture.
7. _____ is based on the premise that people are committed to an organization and goals.
8. Presence of several sub-cultures is an indication for _____.



2.3.7 Culture-Person Fit Theory (or Person Environment Fit Theory)

Many studies on culture are descriptive in nature rather than evaluative. Every civilization has both productive and dysfunctional elements. It would be fascinating to study how various cultures fit different personality types. According to Goffee and Jones (1996), organisational culture is influenced by two variables- *Sociability and Solidarity*. The former one aligns with a high people orientation, a high team orientation, and a concentration on procedures as opposed to results. Solidarity is task-orientation metric which is linked with high levels of aggression and attention to detail.

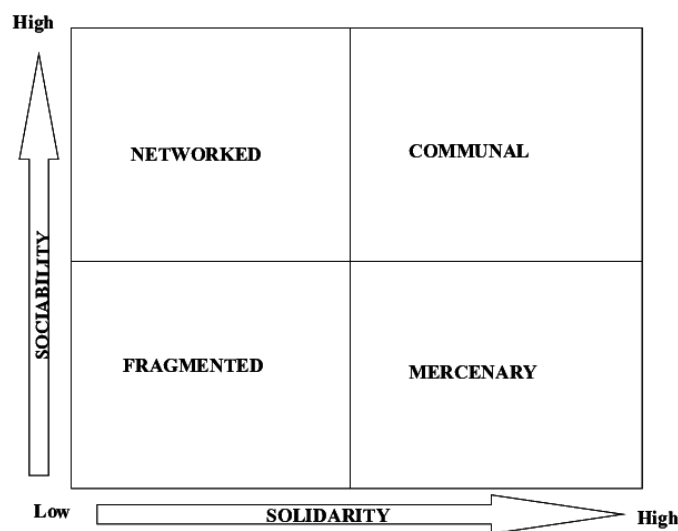


Fig. 2.3. Goffee and Jones' Organizational Culture

Source: (Goffee & Jones, 1996)

1. **Networked culture (high on sociability; low on solidarity):** Information sharing is a positive component of this culture; however, the negative components are acceptance of poor performance and encouraging political behaviour in an organization. You would fit into this specific organizational culture if you
 - Are good in networking and love to create close work friendship
 - Thrive in a relaxed atmosphere
 - Have no obsession with high task performance
2. **Mercenary culture (low on sociability; high on solidarity):** The positive component of this organizational culture is strong focus on goal and objectivity, the negative component



includes inhuman treatment of people who are performing low in the company (or organization). You would fit into this type of organizational culture if you

- Are goal oriented
 - Like organized and structured work tasks
 - Enjoy risk taking
 - Can deal with the conflict openly
3. **Fragmented culture (low on sociability; low on solidarity):** The positive component of this organizational culture is that employees' performance is solely evaluated on their productivity and the negative component in this culture includes excessively criticizing other employees' performance. You would fit into this organizational culture if you
- Are independent
 - Have a low need to be part of a group
 - Are analytical rather than intuitive
 - Have a strong self-sense which cannot be easily disturbed
4. **Communal culture (high on sociability; high on solidarity):** The positive component of this organizational style is the feeling of belongingness with a focus on accomplishing achievements. The negative component is interference by the leader who believes in making disciples out of employees rather than followers. You would fit into this organizational culture if you
- Have strong need to identify with something bigger
 - Enjoy working in teams
 - Are willing to prioritise organization before anything else

IN-TEXT QUESTIONS

9. Who gave categorization of organizational culture based on sociability and solidarity?
10. Please write correct organizational culture style for each situation:
- a) High on sociability; low on solidarity: _____
 - b) Low on sociability; high on solidarity: _____
 - c) Low on sociability; low on solidarity: _____
 - d) High on sociability; high on solidarity: _____



CASE STUDY FOR PRACTICE

Starbucks Organizational Culture

“Starbucks: Expect more than coffee”

Since its inception, Starbucks started as a different type of company. A company that not only commemorated coffee but also networks. Starbucks is a neighbourhood gathering place that has become a part and parcel of various working professionals. They call their employees partners because Starbucks share every inch of success with them. Starbucks ensures that everything they do is through the lens of kindness.

“From their commitment to the way they engage with their customers and communities to do business responsibly, Starbucks is all about feeling different but positively.”

“Starbucks: A culture of inclusion”

Starbucks is committed to promoting a culture where diversity, accessibility, inclusion, and equity are valued and honoured.

Questions:

1. Have you ever been to Starbucks? What organizational culture did you observe?
2. Why is Starbucks’ culture different from its other coffee contemporaries?
3. If you were a manager at Starbucks, would you bring any change to organizational culture? If yes, then why? If no, then why?
4. What kind of culture does Starbucks follow?
 - Networked
 - Mercenary
 - Fragmented
 - Communal

Please give valid reasoning for supporting any organizational style.

Now we know the basics, dimensions and levels of organizational culture, it is time to delve into the concept of *person environment fit theory* (or culture – person fit theory). The original name of the theory is *person environment fit theory* and *culture – person fit* is just for our own understanding.

Proposed by Jacquelynne Eccles and her colleagues in 1993, **Person-environment fit theory** highlights the interaction between an individual and the environment, wherein, an individual



not only impacts his or her environment, but his/her environment has an epitome effect on the individual also(Eccles, et al., 1993). This theory becomes very crucial in organizational culture as the interactions between environment and an individual is a clear manifestation of external adaptation and internal integration.

What is fit?

The fit (also known as match) between the attributes of the individual and the environmental is referred to as **person–environment (P–E) fit**. The components of person and environment are mentioned in the table 1:

Table 1:
Components of Person (P) and Environment (E)

S.No.	Person (P)	Environment (E)
1.	Skills	Specific job requirements
2.	Abilities	Reward systems
3.	Personality	Goals
4.	Personal Needs	Culture
5.	Goals	Climate
6.	Interests	Resources

“How can an organization assess which job applicants will ultimately be a good fit for the job, the work group, and the values and culture of the organization? Is fit always desirable? These types of questions represent the core of fit research and theory and are addressed in the following sections”(.Aumann & Ostroff, 2004).

Domains of person – environment fit theory (or PE-fit theory)

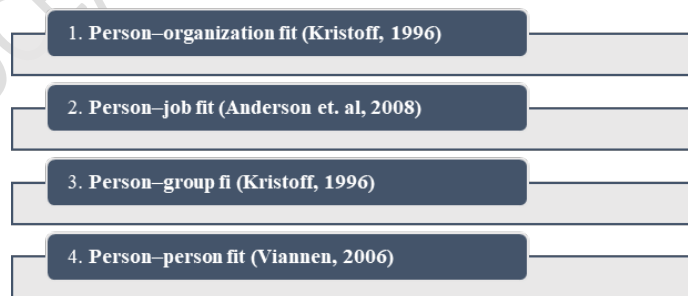


Fig. 2.4. Domains of Person-Environment Fit Theory

Source: (Anderson, Spataro., & FI, 2008)(Kristoff, 1996)(Vianen, 2006)



High value congruence is a key component of person-environment fit and denotes a strong workplace culture and shared values. Increased levels of trust and a sense of corporate community may result from this. The organisation would gain from this high value congruence in the form of less turnover, improved civic engagement, and organisational commitment. According to the attraction-selection-attrition hypothesis, people are drawn to and seek employment with companies where they perceive a high degree of person-organization fit. Increased corporate citizenship practises and less turnover are two additional benefits of a good person-organization fit. This theory is mostly used in the literature of organizational culture, for details about the 4 domains of person-environment theory as mentioned in fig 2.4, please go through the suggested readings.

2.4 ORGANIZATIONAL CLIMATE

An employee's long-term view of the workplace and company culture is referred as the organisational climate. An assortment of traits and qualities that employees perceive in an organization make up the organizational climate. **Organizational climate** has an impact on how individuals behave at work including relationships, autonomy, and organisational structure.

“Climate is not created overnight; rather, it is built up and shaped over a long period through a collation of experiences and interactions(Wood, p. 438, 2016)”. For example:

1. Whether an employee feels trusted to carry out their responsibilities without micromanagement?
2. ow peers and supervisors treat employees who are progressing professionally within the company?
3. How effectively is disagreement handled?
4. How motivated are the employees?

2.4.1 Types of Organizational Climate

“We define organizational climate as how members of an organization experience the culture of an organization(Hassanpour, Jafari, Abbassian, & Touri, 2019)

Types of Organizational Climate

1. *People-oriented climate*

An organizational culture that places a strong emphasis on caring for its people and their performance.



2. Rule-oriented climate

An organizational culture that furnishes a set of instructions and places high importance on following such instructions.

3. Innovation-oriented climate

An organizational culture that “consistently develops and introduces new ways of working and processes (and encourages employees to do the same) to achieve innovative results”(Goffee & Jones, 1996).

4. Goal-oriented climate

An organisational culture that prioritises values and refines specifics of procedures to produce the intended outcome.

2.4.2 Dimensions of Organizational Climate

There are a basic three dimensions of organizational climate in research(Hassanpour, Jafari, Abbassian, & Touri, 2019) which are briefly described as below:

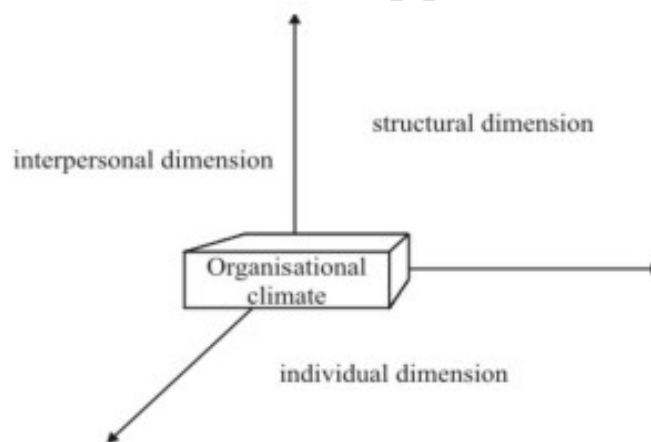


Fig. 2.5. Dimensions of organizational climate
Source: (Bitsani, 2013)

1. **Structural dimension:** The first level, structural dimension, has a strong connection to the physical, environmental, structural, and occupational aspects that are viewed as inherent, objective traits.
2. **Interpersonal dimension:** The second level of analysis represents the interpersonal aspect of work, including group interaction patterns in a particular setting and the



dynamics of how new hires are assimilated into the corporate culture, such as the development of cooperative or conflictual processes.

3. **Individual dimension:** The third level, which is seen as a key component in the analysis of organizational climate, is the individual level, which entails the individual's experience of the outside world and the interpretation of the psychological mechanisms that mediate context and individual needs.

2.4.3 Developing Favourable Organizational Climate

To develop a favourable organizational climate, the following 5 steps need to be followed:

1. Identifying the current organizational climate

Before improving the climate at your workplace, its current stature needs to be identified. The best way to do this is conducting employee surveys with adequate questions which in turn would allow managers to reflect upon what factors are contributing positively. This will lead to the answers to the following issues:

1. **Clarity:** Whether all team members are aware of their organizational expectations
2. **Standards:** Whether goals set by the managers are realistic and achievable
3. **Flexibility:** Whether rules and other instructions are reasonable
4. **Rewards:** Whether team members get timely reward for their achievements
5. **Team commitment:** Whether team members are committed to the organization

2. Raising awareness of company's mission and vision

You may increase **understanding of the organization's goal**, values, and vision to improve the atmosphere at work. Employee engagement and motivation may be increased by helping them understand the company's objectives. Keep your employees informed of the company's goals and values, and make sure they are aware of how their personal work contributes to the company's broader objective.

3. Identifying motivational factors

Positive reinforcement is essential in the workplace since it inspires workers to perform daily duties. One of the greatest methods to enhance the environment at work is to recognize these components and reinforce them. Realistic expectations, open lines of communication, a well-defined organisational structure, and a sense that the management recognises their abilities, will help employees contribute positively.



4. Better understating of task delegation

Employee perception of the company culture can be significantly influenced by how they perceive the delegation process. The team should understand in detail why some individuals are given jobs or additional responsibilities to make a good impression.

5. Boosting team morale

It's crucial to provide the group with regular, insightful feedback on their accomplishments, letting them know when they're succeeding and making positive, doable ideas for improvement. Working in a group is frequently made much simpler by individuals who appreciate one another as individuals. Team-building exercises may foster camaraderie and guarantee that everyone is in a cooperative, positive frame of mind when it comes to working as a team.

IN-TEXT QUESTIONS

11. _____ theory highlights the interaction between an individual and the environment.
12. An organizational culture that places a strong emphasis on caring for its people and their performance is _____ climate.
13. _____ is a key component of person-organization fit and denotes a strong workplace culture and shared values.
14. To develop a favorable organizational climate, the first step is to _____
15. *Positive reinforcement is important in the fifth step of developing a favorable organizational climate.* True or false?

2.4.4 Factors Influencing Organizational Climate

The sentiments of employees toward the organization are reflected in the organizational climate. Six factors influence organizational climate which are mentioned below:

- 1) **Organizational structure:** It is the perception on the severity of organisational restrictions, rules, regulations, and red tape.
- 2) **Individual responsibility:** It is related to the feeling of freedom and autonomy in an organization.



- 3) **Rewards:** It is related to the feelings of assurance that one will receive enough and suitable rewards.
- 4) **Risk and risk taking:** It is the perceptions of the level of risk and challenges in the workplace.
- 5) **Warmth and support:** It is related to the atmosphere of helpfulness and pleasant fellowship at work.
- 6) **Tolerance and conflict:** It is degree of confidence that the climate can tolerate differing opinions.

2.5 ORGANIZATIONAL CULTURE AND ORGANIZATIONAL CLIMATE : DIFFERENCES

Organization culture is the “means through which members in an organization learn and communicate what is **acceptable or unacceptable** or what is appropriate or inappropriate. It is based on the history and traditions of the organization. The focus is on values and norms about employee behaviour”.

On the other hand, organizational climate refers to “current situations in an organization and linkages among work groups, employees, and work performance. Managers can easily **manipulate** organizational climate to bring about changes in the behaviour of employees”.

Table 2

Differences between organization culture and organizational climate

Particular	Organization Culture	Organization Climate
1. <i>Point of view</i>	Emic (Native point of view)	Etic (Researchers' point of view)
2. <i>Epistemology</i>	Contextualized	Comparative
3. <i>Methodology</i>	Qualitative field observation	Qualitative survey data
4. <i>Discipline</i>	Sociology and anthropology	Psychology
5. <i>Theory</i>	Social construction ¹ and critical theory ²	Kurt Lewin field theory ³

¹ https://en.wikipedia.org/wiki/Social_constructionism



6. <i>Development</i>	It is long lasting	It is developed through managerial perceptions
7. <i>Evolution</i>	It evolved over the years	It evolved as per organizational needs
8. <i>Reflection</i>	It reflects past and current organizational atmosphere	It reflects current organizational atmosphere
9. <i>Content</i>	It is shared assumptions and values	It is the perceptions of behaviours
10. <i>Basis</i>	It is based on natural system	It is based on rational system

2.6 CHANGING ORGANIZATIONAL CULTURE

As stated earlier, organizational culture is based on the natural system which is generally stable. However, it is not rigid. Culture is something that develops over a period as a response to external as well as internal shocks. Organizational change might occur due to the occurrence of any of the following:

1. ***A dramatic crisis:*** This is the shock that lowers down the status quo and makes people ponder over the relevance of the current culture. Examples for this can be unexpected financial loss or loss of a major customer.
2. ***Change in leadership:*** This signals the change in senior managers working at the top level. This phenomenon sometimes has negative influences on organizational culture.
3. ***Mergers and acquisitions:*** Another source of organizational change could be the events of merger and acquisitions. This event has resulted in several leadership clashes over the years and has resulted in premature death of many companies.
4. ***Weak culture:*** The more widely employed values, the higher it would be difficult to bring a change in an organization. Surprisingly, weak cultures are more receptive to change than the strong organizations.

² <https://plato.stanford.edu/entries/critical-theory/>

³ <https://www.psychologydiscussion.net/learning/learning-theory/lewins-field-theory-of-learning-education/2525>



5. **Structural change:** When any sort of structural change occur, cultural changes will also have to follow the procedure. Transformation from brick and mortar to e-commerce is the best example of structural change.

Organizations facing such conditions need to adapt to the situation to operate at their highest efficiency. The following are the guidelines for cultural change:

1. *Formulate a clear strategic vision*
2. *Display top management commitment*
3. *Restructure the organization to support the new culture*
4. *Wisely select newcomers*
5. *Develop ethical and legal sensitivity*

2.7 CREATIVITY AND INNOVATION

Creativity refers to the process by which novel but situationally appropriate outcomes are brought about. The underlying assumption of creativity is the freshness and novelty in the ideas. Creativity is the function of wisdom, imagination, and evaluation. Expertise, yes of course, is the base of all creative work, but if you are creative, you can process even the smallest of information in a way that would be meaningful and beneficial for the company (or organization). Innovation, on the other hand, “*is the practical implementation of ideas that result in the introduction of new goods or services or improvement in offering goods or services*(Goffee & Jones, 1996)”. ISO TC 279 in the standard ISO 56000:2020 defines innovation as “*a new or changed entity realizing or redistributing value*”.



Fig 2.6. Creativity versus Innovation

Source: (Rowlands, 2018)



Companies need to be adaptable and able to stay current when new technologies develop and become accessible. Because of their creativity, they can quickly find novel methods to use technology to benefit their companies. The need for businesses to be innovative has never been greater because of the availability of social media and other interactive types of marketing.

2.7.1 Techniques to foster creativity and innovation in an organization

The following are the techniques to stimulate creativity and innovation in an organization:

1. **Brainstorming:** A group creative approach called brainstorming involves assembling a list of ideas that members of the group contribute on the spot to come up with a solution to a particular issue.
2. **Free association:** This technique encourages unconventional thinking in any domain in which different analogies and symbols are used.
3. **Edisonian:** This technique is extracted from the contributions made by Thomas Edison. This includes nothing but trial and error experimentations.
4. **Attribute listing:** In this technique, ideal characteristics of a given object are gathered and then selected through evaluating their usefulness.
5. **Creative leap:** This technique first selects some idealistic solutions and then arrives at a feasible solution. This is like attribute listing.

2.7.2 Intrapreneurship gives the edge!

One way to keep innovation in the organization is to create conditions in which intrapreneurs can grow and develop themselves. Intrapreneurship is the process by which an individual sees the need for innovation/creativity and promotes it with an organization.

Simply put, intrapreneurship is **entrepreneurship within an established organization**. Because it has the backing of an established firm, intrapreneurship is often simpler for an individual than entrepreneurship. The following guidelines help in creating, encouraging, and sustaining a climate for promoting innovation in the organisation.

1. Encourage action
2. Use informal meetings wherever possible
3. Be persistent in getting an idea
4. Reward innovation
5. Reward and promote innovative personnel
6. Tolerate failure and use it as a learning experience

You will learn more about creativity and innovation in the **Lesson IV** of this book.



2.8 SUMMARY

In this lesson, you have learned:

- Like individuals, organizations have their own personality too
- Organizational culture is the shared values, principles, and beliefs of doing things that influence organizational members
- Some organizations have strong cultures, and some have weak cultures
- Another type of culture is unhealthy culture
- Organizational culture is relatively stable but not immutable
- Difference between organizational culture and organizational climate
- Ways to stimulate creativity and innovation in an organization

2.9 GLOSSARY

Organizational culture is the shared values, principles and traditions and ways of doing things that influence the way organizational members act.

Strong culture is the culture in which values are deeply rooted.

Kurt Lewin's Field Theory proposed that “behaviour is the result of the individual and the environment”. This theory had a major impact on social psychology, supporting the notion that our individual traits and the environment interact to cause behaviour.

Creativity is the ability to generate ideas that are both innovative and functional.

Innovation is a new idea applied to initiate or improve the existing process.

2.10 ANSWERS TO IN-TEXT QUESTIONS

1. Values and practices	10. a) Networked culture
2. Culture	b) Mercenary culture
3. Occupational structure	c) Fragmented culture
4. Business culture	d) Communal culture



5.Observable culture	11.Person-environment fit
6.Common assumptions	12.People-oriented
7.Participative culture	13.High value congruence
8. Weak culture	14.Identifying current organizational climate
9. Goffe and Jones in 1996	15.False

2.10 SELF ASSESSMENT QUESTIONS

Discussion Questions:

1. Describe how culture influences your behaviour.
2. What are the different dimensions of organizational culture? Why do organizations have different cultures?
3. Importance of strong cultures for an organization?
4. Highlight five differences between organizational climate and organizational culture.
5. What is the role of leadership in developing and sustaining a change in an organization?

Individual/Group Activity:

1. Working individually or in groups, develop an outline showing how Google worked on its own organizational culture. Apply relevant theories from this unit. Present in class

Application Case:

Adobe, which earned a position in Fortune's Top 100, provides benefits including paid sabbaticals, reduced gym memberships, and tuition reimbursement. Employees even get patents for their innovations, and incentives are given out for them at an annual dinner. Events are held to commemorate product releases, and teammates who contributed are thanked with incentives and tech-gears.

But what truly distinguishes Adobe is how it emphasises interdepartmental collaboration throughout the firm. Regular team activities, like a speed networking event, promotes employee networking. Some of the employees belong to LGTBQ community and Adobe has a special club for such employees. This club keeps organizing special events for its members.



Other employees may also attend the events and interact with LGBTQ employees. They have even produced short films for LGBTQ kids.

Questions:

1. As mentioned in the case, innovation is a crucial part of Adobe. After searching more on the company, list down three innovations that Adobe brought to the world lately.
2. How is Adobe bringing change in the society?
3. If you were a manager at Adobe, would you bring changes to the company's culture or not? If yes, then why? If no, then why?

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LESSON- 3

MANAGEMENT OF CONFLICT & NEGOTIATIONS

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STRUCTURE

- 3.1 Learning Objectives
- 3.2 Introduction
- 3.3 Managing Conflict
 - 3.3.1 Dynamics of Conflict
 - 3.3.2 Natures of Conflict
 - 3.3.3 Sources for Workplace Conflict
 - 3.3.4 Types of Conflict
 - 3.3.5 Perception of Conflict
 - 3.3.6 People's Reaction to Conflict
 - 3.3.7 Effective Conflict Management and Development of Collaborative Behavior
- 3.4 Management of Negotiation
 - 3.4.1 What is Negotiation?
 - 3.4.2 Need for and Importance of Negotiation
 - 3.4.3 Preconditions for Negotiations
 - 3.4.4 Prerequisite of Successful Negotiation
 - 3.4.5 Preparing for Successful Negotiation
 - 3.4.6 Fifteen Steps to Develop Personal Negotiating Power
 - 3.4.7 Negotiation Style
- 3.5 Summary
- 3.6 Glossary
- 3.7 Answers to In-text Questions
- 3.8 Self-Assessment Questions
- 3.9 References
- 3.10 Suggested Readings



3.1 LEARNING OBJECTIVES

The lesson enables to understand the following:

- Concept and different thoughts on conflict.
- The dynamics of conflict and negotiation.
- Need for and importance of negotiation.
- Systems thinking to diagnose and analyse conflict.
- Diverse ways to develop intergroup behaviour and negotiation.
- How managers manage conflict and develop collaborative behaviour.
- Steps necessary to develop effective personal negotiating power.
- Design their own approach to conflict and negotiation.

3.2 STRUCTURE

“Peace is not the absence of conflict, but the ability to cope with it.” – Mahatma Gandhi

In this chapter, we will understand different dimensions of conflict and the ways to effectively manage the same. Apart from this, the chapter also highlights the need for and the importance of developing negotiation skills to attain the achievement of organizational goals and objectives.

Humans are social animals. They show emotions like love, affection, care, respect etc. However, they struggle and compete against each other for the available limited resources to attain their objectives which sometime results in conflict among them. This is very natural in any set up among human beings. Conflict is inevitable among those who work in a close environment like in any organization. The conflict could be between individuals, groups, organizations, and nations. When people interact with one another to fulfill their objectives, they start competing and struggling for the limited resources. Slowly, this competition strains their relationships leading to the beginning of conflict. Difference of opinion, ideas or approaches are always healthy for any organization and should be respected, however they could result in conflict. However, putting self-first or considering ‘I’ superior to anyone else is the root of conflict. This becomes more serious when it is for procuring the resources with limited supply or controlling the power positions which decide the future course of actions. Sometime, conflicts may be just because of ego-clash. It shows its presence all over whether in individual relationships, in professional associations, in organizational set up and even among nations. But here in this lesson we will focus on different aspects of organizational conflict.



Conflict between employee and Management in Maruti Suzuki India Ltd. –

A case study

Based on real events

Maruti Suzuki India Ltd. (MSIL) was established in Feb 1981 as Maruti Udyog Ltd. by Govt. of India and Suzuki Company of Japan with 74% and 26% stake respectively. This company was a game changer in the Indian car industry. However, post liberalization in 1991 Indian Government started disinvesting its stake in the company and by year 2007 it completely withdrew its stake. This process of disinvestment created an atmosphere of job uncertainty among the employees specially those who were not permanent (out of total 2500 employees only 1100 were permanent and remaining 1400 were either contractual or apprentices and trainees). There was a practice of high wage discrimination among the workers at MSIL. An unskilled contract worker was getting Rs. 5500/- per month whereas skilled contractual worker (having ITI diploma) used to get Rs. 7500/- per month. Whereas for the same work permanent employees used to get Rs. 18,000/- per month along with medical benefits, transport facility and paid leave. The process for any contractual employee or trainee to become permanent was very lengthy and uncertain. In addition to this discrimination in compensation, the general working condition were also very difficult for non-permanent employee. Huge deduction in pay for leave, no proportionate compensation for working overtime, no breaktime were some of the obvious reasons for conflict between employees and management.

This discrimination along with government decision of disinvestment led to unrest among employees. The first sign of that was visible in year 2,000 when employees went on an indefinite strike, demanding wage revision, incentives, and pension. Employees' union demanded five fold increase in basic salary, conveyance of Rs. 10,000 and laundry allowance for Rs. 3000 per month. In addition, they also demanded a house for every worker, cheaper home loans, 7 weeks paid vacation, 40 days allowance for sick and casual leave and gift with every new launch. However, management of MSIL did not agree for these demands rather they took a very strong action against the agitating workers and suspended a few of them. Management kept on ignoring all the demands resulting in escalation of the conflict.

By July 2012, the conflict escalated and resulted in violence with several employees injured and death of one employee. We can say that the then management mishandled the situation by engaging police for controlling the situation through lathi charge, arrest of employees.



Continued...

MSIL closed the factory on security grounds and declared no salary for lockout period. By the time the factory resumed operations in August 2012, 90 workers had been arrested and 500 workers had been dismissed for participating in violence activities. Learning from the experience, MSIL changed its human resource policies in 2013. Some of the policy changes were- temporary employee be not more than 30% of total strength of employees; temporary workers be hired for short duration not exceeding 7 to 8 months and without assurance of any re engagement at the end of the term.

However, since no effort was taken to resolve the conflict between employee and management, this conflict is persisting in the organization which sometime surfaces as agitation by union and strikes.

This case was developed based on published information / reported from various news channels and print media.

Question 1. Analyse and discuss the causes of conflict.

Question 2. Discuss the case facts. Also discuss the strategy to manage the situation.

3.3 MANAGING CONFLICT

3.3.1 Dynamics of Conflict

In present competitive and self-centric environment conflict is very natural, and frequent phenomenon among individuals, groups, and organizations. It may originate with the differences of opinion but gets fueled due to ego and scales up to the level of conflict. It requires immediate attention of competent authority to handle it very carefully. Any delay, ignorance or mishandling may cost heavily to the organization. It has been evident from the number of cases that inappropriate addressal of conflicts has resulted in employee unrest and in severe cases violence. In some of the cases even death of the worker / higher authority or both has taken place. For example, death of HR Manager during violence that erupted in Manesar plant of Maruti Suzuki India Ltd. on July 18, 2012. These happenings put a halt to the growth of the company. Thus, for sustainable organizational growth congenial work culture where freedom of expression and respect for differences of opinion are encouraged needs to be cultivated .

There are four dimensions of conflict:



- What were the antecedents of conflict?
- What happens during the conflict situation?
- What are the consequences of the conflict?
- Effective resolution of conflict.

Chung & Megginson highlighted conflict as, “the struggle between incompatible or struggling needs, wishes, ideas, interests, or people. Conflict arises when individuals or groups encounter goals that both parties cannot obtain satisfactorily” whereas **David L. Austin** defined conflict as “a disagreement between two or more individuals or groups, with each individual or group trying to gain acceptance of its views or objectives over others.”

Conflict is a cost to the organization as it consumes lot of resources and management efforts in handling it. Sometimes it becomes difficult to measure the quantum and extent of impact of conflict in any organization. So, wisdom lies in preventing the possibility of origin of conflict. For this, management must be prompt, proactive and responsive towards any happenings which may lead to conflict in future. This will be possible only when management representatives are always alert and sensitive towards the workforce of the organization. They should resolve the issue when it is at dissatisfaction stage only.

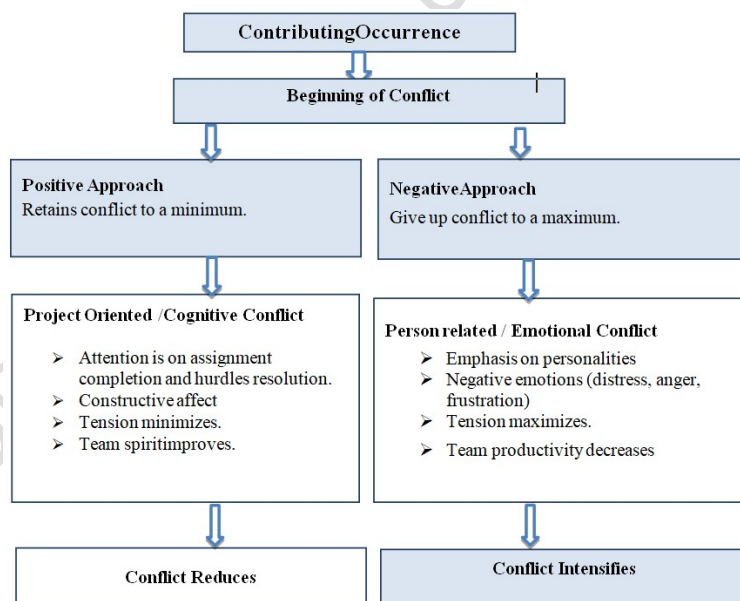


Fig1.1: Dynamics of Conflict



3.3.2 Characteristics of Conflict

Conflict is natural and occurs among any individuals, groups, or organizations. It is difficult to avoid it, but requires to be managed so that it can be identified and resolved effectively. From the organizational point of view, following are the possible antecedents of conflict:

- When two individual or group think in different ways in choosing best alternatives out of given options.
- A situation where two persons holds different perception about the same objective or goal, conflict takes place. For example, if in any working group, member A suggest to use machine X whereas other person tries to employ different machine for the accomplishment of same project. The situation leads to conflict of opinion.
- Scarcity of resources is also a strong cause of conflict. In this condition, people carry different ideas on best utilization of scarce resources.
- It is necessary that the conflict is perceived by the parties involved. In a situation where no party perceives the conflict no conflict will arise.

IN-TEXT QUESTIONS

1. Which of the following is true about conflict:
 - a) an obvious reality of life
 - b) occasionally positive
 - c) a damaging force if repeatedly ignored.
 - d) all the above
2. Which of the options is a best approach of avoiding conflict?
 - a. competing
 - b. resisting
 - c. independence
 - d. compromising

1.3.3. Sources of Workplace Conflict

Employees in an organization work in an interdependent and inter-related manner. This mutual interdependence results in competition leading at times to conflict. Conflicts in an organization arise due to various reasons as explained below:

1. **Competition for limited resources:** Scarcity of resources is a common source of conflicts among employees. In many circumstances inadequate allocation of resources between employees or departments leads to conflict. For example, at the time of allocation of budget, the possibility of disagreement may rise. In an organisation with falling profits or revenues, the condition of conflict situation may further worsen.



2. **Strict Deadlines:** Completing the task in budgeted time is one of the secrets for sustainable success. Even workers develop a habit of time adherence, but few of them take it differently and have negative motional responses. In the condition, where any individual or group is not able to meet their objectives and goals, they might try to transfer its responsibilities to others, which raises conflicts among them.
3. **Any ambiguity in tasks, rules and policies, standards, and procedures:** In any organization where goals, policies, rules, and procedures are not clearly defined and transparent, could result in demotivation of employees and negatively affect the work in organizations.
4. **Communication interruptions:** Communication gap or miscommunication leads to misunderstandings which give birth to conflict in the organisation. Thus, management should be alert against any communication interruption originating at any point of time. Two-way communication is the essential ingredient for a congenial work environment.
5. **Temperament clashes:** A common reason for workplace conflict. Different individuals possess distinct personality, values and perceptions, and in case it does not correspond with their group members, this creates differences among the members of the group or between the manager and the employee.
6. **Personality clashes:** In modern era, a behavioral distortion has become common problem which believes – “My Way is Highway”. People overweight self-attribution. Their superiority complex makes them ignorant towards others leading to disagreement and deadlock. Generally dogmatic and autocratic personalities clash with each other. Differences in attitude also leads to personality clashes.
7. **Overlapping or ambiguous jurisdictions:** A clear and well-defined organizational structure with respect to the responsibilities creates healthy work culture. Overlapping roles or ambiguity of the job responsibility creates confusion and increases the possibility of conflict. Organizations should be very careful in defining and assigning job and designing the organizational structure.
8. **Unrealized expectations:** When an organization fails to meet its employees’ expectations, employees are left feeling dissatisfied. On the other hand, unrealistic expectations result in destructive conflict.
9. **Task interdependence:** An organization is an integrated structure of number of departments working on different jobs but for a common goal. For achieving this common goal, departments should coordinate with each other. Sometime these departments, instead of coordinating and complimenting each other, start competing against each other which leads to conflict among them.



10. Status issues: Overestimation about the self and believing self as indispensable is one of the strong root causes of origination of conflict in any organization. Employee may feel they deserve higher positions or quick promotion in the organization but in spite of their efforts are unable to attain the same. This situation leads to their frustrations which further escalates to conflict at the workplace.

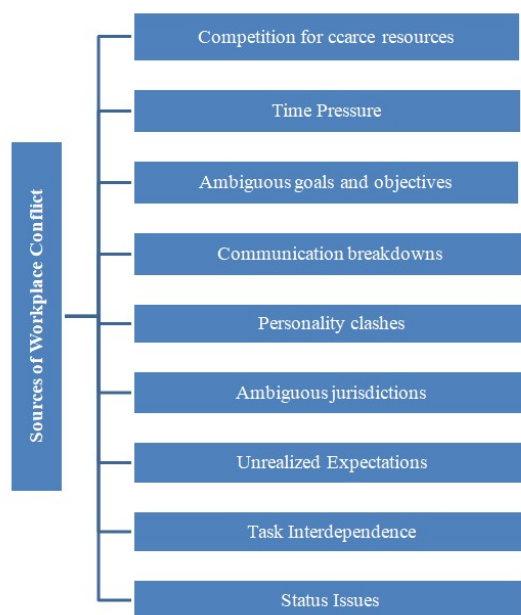


Fig1.2: Sources of Conflict

1.3.4 Types of Conflict

Different views on conflict demonstrate and advocate the positive and negative aspects of the conflict. Constructive conflicts and Destructive conflicts are the two products of the conflicts. Constructive/functional conflict have a positive impact on the organization whereas destructive conflict has detrimental effects.

Functional/Constructive Conflict: Conflict among individuals which is constructive and healthy in nature is a functional conflict. This usually leads to positive discussion and debate. According to the interactionist view all conflicts are not bad or destructive, instead some conflicts encourage the objectiveness of the group and improve its productivity. It facilitates developing new ideas and getting a chance to learn and grow. Such disagreements have a positive effect on efficient functioning. Leaders can manage such conflict by identifying the individuals trying to modify old ideas and policies. Apart from this, manager may also invite new ideas and solutions.



Dysfunctional/Destructive Conflict: Conflict situation in which disagreements between individuals is destructive and unhealthy in nature. These disputes have a negative effect on the functioning of the organizations and hinder group productivity. The root cause of this conflict is negative emotions such as anger and bitterness. The root cause underlying this conflict is marked by competing personal interest and lack of concern for organization goals and objectives. In short, if any individual or group cannot fulfil its organizational objectives because of conflict, then the conflict is destructive / dysfunctional. Absenteeism, unionization, litigation etc. are the consequences of unattended destructive conflict.

ACTIVITY

- Describe two instances each of functional and dysfunctional conflict. Discuss and find strategies toward effective management of the same.
- Suppose in your organization someone's performance is bothering you, instead of getting upset, find out a way of giving constructive feedback to that person.

Case story -An illustrative Case let

Saanvi works as a Project Associate in ABC Ltd. She is very loyal, hardworking and punctual. Her colleague Disha also a Project Associate, often comes late to the office, tries to find excuses for not completing her assignments. Both are working in the same team and reporting to the same team manager. The team manager was assigned an additional charge and transferred to another section.

As per office norms, if any employee comes late on duty, they must report to the supervisor. One day, Disha reports to work 30 minutes late. Out of concern, Saanvi reminds Disha about office procedures and asks her to meet the Supervisor before starting her work. Disha gets irritated and tells Saanvi that the supervisor will never know that she came in late for work. Disha warns Saanvi not to not interfere in the matter. Disha continue to come in late for work. This behaviour of Disha's starts affecting the other team members. Upset with Disha's approach other members of the section decide not to talk to her. Tensions begin to grow among them, leading to mental disturbance as well work disruptions.

1. What type of conflict is cited in the above situation?
2. Discuss the strategies to resolve it.



3.3.5. Perception/Views of conflict

There has been different perception over the role of conflict.

Traditional view: Conflicts are considered bad and required to be avoided. This general approach to conflict fosters both avoidance and competitive behaviour in interaction. This is the view that many people learn unconsciously, and it is a view that causes anxiety about negotiation and fosters avoidant negotiating styles.

Human Relations view: Conflicts are bound to be there, and management should always be concerned with avoiding conflicts. According to this view, conflict can be a mechanism through which views and opinions are made known and through which an opportunity for creativity and persuasion is born. Conflict can also increase communication and integration. This general approach to conflict encourages maintaining an open mind towards conflict.

Interactionist view (Modern view): Leader should allow some conflicts to happen in the group so that the group always remain viable- self-critical and creative. The **interactionist view** holds that conflict is inevitable and maintaining and managing a certain degree of it can be helpful. This general approach to conflict is to embrace it. This school of thought views conflict as a positive force except when it is misdiagnosed, improperly avoided, or mismanaged.

3.3.6 People's Reaction to conflict

In the 1970s Kenneth Thomas and Ralph Kilmann classified people's reactions to conflict into five categories on the basis of various levels of cooperativeness and assertiveness. Based on these various levels five corresponding approaches to conflict management have been recognized by them. They found that every individual has their own style of conflict resolution. Thomas and Kilmann explained cooperativeness as the situation in which one tries to resolve the others problem whereas assertiveness is the condition in which one tries to resolve the conflict being self-centric. Interrelationships among these two attributes are well explained in the following figure by putting cooperativeness and assertiveness on X and Y axes respectively.



Conflict analysts

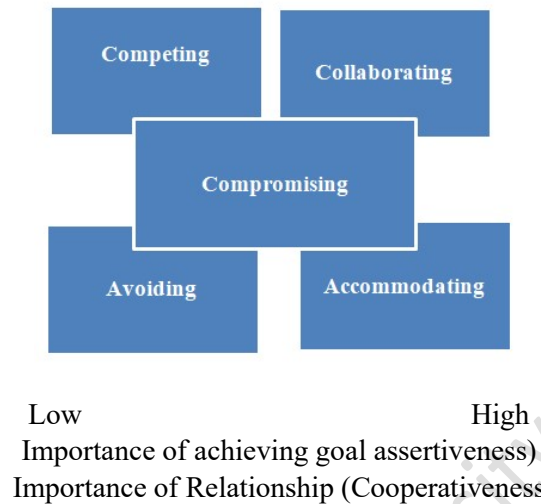


Fig 1.2: Sources of Conflict

The Thomas Killman model is a 2 * 2 diagram with an overlapping square in the centre of the model. The X axis denotes cooperativeness, and the Y axis denotes assertiveness. The five styles of conflict management are explained below:

Competing (Motto: "It's not enough that I win - you must lose."): This is an assertive and non-cooperative style in which focus lies on only one's own concern over the others. This is due to strong attitudinal problems and selfish approach. People exhibiting this style don't want to listen and understand others' perspective and keep advocating their own viewpoint till they succeed. This approach could be good when individuals or groups stand for a cause or for their rights but could lead to unhealthy work culture or even deadlock in an organizational environment.

Collaboration (Motto: "Let's find a solution that works for all of us."): Under this approach, one tries to find out the viewpoint of other party as well and tries to reach a mutually agreeable solution. This is a preferred approach in any organization and leads to a healthy work environment.

Avoidance (Motto: "I'll think about that tomorrow."): This is a passive but an effective approach of conflict management under which at least one party avoids or moves out from any conflicting situation. Under this style, possibility of origination of conflict gets minimized.



Accommodating (Motto: "Whatever"): Under this approach, at least one party is ready to listen and care for other party's view or requirement. This is good and necessary in the environment where one party is more powerful than the other. For example, any kind of conflict between sellers and customer should be resolved by adopting accommodating approach by the sellers.

Compromise (Motto: "You win some, you lose some."): A middle of the path approach. The objective here is to find a mutually agreeable solution that, in some ways, fulfills both the parties. Under this method two individuals or groups negotiate mutually acceptable solution which to some extent satisfies the concerns of each party without harming their working relationship. In other words, compromising behavior attempts to find away out which ultimately, at least partly, satisfies all the parties.

All the approaches above are relevant and useful in different conditions, when used strategically. An appropriate choice of conflict resolution will help managers deal with conflict effectively.

IN-TEXT QUESTIONS

3. According to traditional view, which of the followings is true about conflict?
 - a. Always destructive
 - b. Advocates for immediate action
 - c. May leads to violence.
 - d. All

4. Which of the following is an example of workplace conflict.
 - a. Creative Idea Conflict
 - b. Leadership Conflicts
 - c. Personality-Based Conflicts
 - d. All the above.

3.3.7. Stages of Conflict Management

Managing conflict in an efficient manner is the big challenge in any organization. Conflict management is basically the technique of preventing the adverse effect of conflict and managing it in a way to maximize its positive effect. Conflict management comprises of analytical procedures, interactive styles, formulation of strategies, and other interventions which are crucial to minimize or resolve the issue and keep conflict constructive.



The steps towards successful conflict management and resolution among individuals or groups the manager need to follow includes:

Step 1. Identification of the root cause of the conflict.

To identify the cause of the conflict it is desired to explore and collect information and analyze the same cautiously before addressing or resolving the same. It is desirable to give both the parties an impartial chance to put their point before coming into any conclusion.

Step 2. Address the aspects outside the incident.

Treating the symptom without proper diagnosis is always short lived. Similarly, addressing the conflict without finding the root cause of the conflict will not be resolving it permanently. Thus, it is advised that for addressing the issues one should investigate properly, interact with both the parties and suggest a feasible an unbiased resolution.

Step 3. Appeal solutions

After recording and consideration of the statement of both the party's manager needs to take necessary action to manage or resolve the same. To invite both the parties to find out the solution mutually and derive it in the acceptable form, is one of the best techniques to resolve the issue.

Step 4. Identification of mutual solutions of both the parties and organization

Mediator should explore and discuss the merits of each of the solutions to identify best mutually viable solution suitable for both the disputants as well as organization.

Step 5: Agree on a solution.

Finally,intermediary must get the two parties to accept and agree upon one of the other options specified in step 4.In few important cases mediators prepare document in which arrangements and time period are specified.

3.4 MANAGEMENT OF NEGOTIATION

“Like it or not, you are a negotiator. Negotiation is a fact of life.” Roger Fisher and William Uri

3.4.1. What is Negotiation?

Negotiation is an essential element of our day-to-day life whether its personal or professional life. In organizations negotiations take place between departments or business divisions and



between organisations. For example, negotiating over the rates and quantity of a product, deal with other party over certain business terms, vendor services etc.

Negotiation is a procedure of adjusting both party's view points. Negotiation is basically a process for resolution of disagreement between two or more parties wherever both mutually adjust their requirements to get an acceptable settlement. The party that possesses better negotiation skill, may avail the dominant position during the decision-making process.

3.4.2 Need for and Importance of Negotiation

Negotiation is a technique to interact with everyone we work with, like with contractors, subordinates, peers as well as managers towards resolution of differences and allocation of resources. In the present scenario of modern business environment negotiation skill is a very important tool.

The five key reasons that demonstrate the importance of negotiation power includes:

Dynamic Nature of Business - The dynamic and changing nature of business necessitate manager or team members to acquaint with negotiation skill. Negotiation comes into play when people participate in important meetings, get new assignments, head a team, participate in a reorganisation process, and set priorities for their team members.

Interdependence - The increasing interdependency of people within organizations, both laterally and hierarchically, indicates that individuals need to know the technique to integrate their interests and work together towards achievement of organizational goals.

Competition – In today's business environment competition is obvious and inevitable aspect in any business. The leader needs to navigate this competitive environment to become successful in negotiation. Managers not only need to promote their products and services, but they also need to understand the competition that exists between companies as well as between units within an organization.

Information Age – Digitization of information offers opportunities as well as challenges for the manager to become a successful negotiator.

Globalization - Globalisation presents challenges in terms of different standards of communications. Managers need to expand knowledge, bargaining power as well as negotiation skills to successfully work with people from different operational units, industries, and cultures.

3.4.3. Preconditions for successful Negotiations

- At least two or more parties come up with either conflict or disagreement.
- A perceived conflict of needs, positions, or interests.



- There must be interdependence between parties so that the outcome must be satisfying to all of them.
- Contract must consider time boundary so that it becomes favourable to parties.

3.4.4. The prerequisite of successful negotiation comprises:

- The issue should be negotiable.
- Existence of give and take relationship between negotiators.
- The negotiators must trust each other to some extent.
- There should be fear that failure may lead to a crisis.

TEXT IN- QUESTIONS

5. In Negotiation method:
 - a) two or more parties communicate to resolve differences.
 - b) two or more participants attempt to avoid conflict situation.
 - c) two or more groups try to create conflicts.
 - d) All the above
6. The key reasons that demonstrate the importance of negotiation power includes:
 - a. Competition
 - b. Globalization
 - c. Dynamic Nature of Business
 - d. All the above
7. The prerequisite of successful negotiation comprises:
 - a) The issue should be negotiable.
 - b) Existence of give and take relationship between negotiators.
 - c) There should be fear that failure may lead to a crisis.
 - d) All the above

3.4.5 Preparing for a successful negotiation.

Preparation before negotiating is important. In a situation of major disagreement, preparing thoroughly is crucial and useful. It is required to thoroughly work out the following points before beginning the negotiation:



- **Goals:** Negotiator must set a goal or outcome they want to get out of the meeting to conduct a focussed discussion.
- **Trading:** Both the parties should have offers of mutual benefit for trade during the negotiation. They must have exclusive offers and counterparties need the same.
- **Alternatives:** Managers should always be prepared in advance with alternative options to offer other parties.
- **The relationship:** The negotiator must get enough information about the other party regarding history of the relationship, any hidden issues that may influence the negotiation.
- **Expected results:** What outcome the people will be expecting from this negotiation should be a part of the preparation of negotiation.
- **The end result:** Managers must study the consequences of winning or losing this negotiation beforehand.
- **Possible solutions:** Based on all of the considerations, possible compromises or alternatives must be readily available to discuss.

IN-TEXT QUESTIONS

True/False

8. Negotiation is an effort to influence. _____
9. Negotiation is an art and a science. _____
10. Everything is negotiable. _____
11. Everything needs to be negotiated. _____

3.4.6. Fifteen steps to develop personal negotiating power

Step 1 Put into practice critical thinking and understanding.

Step 2 Research theories of psychological, sociological, communication, and conflict theories.

Step 3 Identification and enhancement of your strength

Step 4 Understand in detail the different dimension and dynamics of conflict.

Step 5 Study and analyze negotiation techniques to interact and influence other party.

Step 6 Efficient Communication plays a vital role in any interaction.

Step 7 Recognize cultural and contextual prospects.



Step 8 Must know the dynamics of power.

Step 9 Recognize and formulate interests and goals of negotiation.

Step 10 Be confident and develop assertiveness.

Step 11 Build persuasion skills.

Step 12 To do a thorough preparation and avoid silly mistakes study and revise the agreement.

Step 13 Apply tactics and understand tactics used by other party.

Step 14 Understand when to walk away as well as when and how to use third- party intervention.

Step 15 Evaluate performance and out come and match them with the expected goals.

3.4.6 Negotiation Style

Every individual has their own way of dealing with and resolving conflict. There are five basic negotiation styles - **accommodating, avoiding, collaborating, competing, and compromising (discussed in detail under heading “People’s reaction to conflict” in this lesson)**. An effective negotiation comprises of one or more of these negotiation techniques. Negotiation skills plays an important role in our business negotiations as well as in personal life.

IN-TEXT QUESTIONS

Fill in the blanks:

12. disputes are far more visible and get extensive news coverage than commercial disputes which are as frequent but not that public and visible.

13. The skill of establishing open and mutual trust is critical for resolution

14. Acould ask the other party in a negotiation any number of questions.

15. Conflict arises in the situation where there is a _____ of perceptions or emotions among individuals or groups.



3.5 SUMMARY

From the above discussion, it is evident that, conflicts are unavoidable in any set setup whether its personal or organisational. A modest level of conflict can be valuable in generating good ideas and approaches, inspiring concern, and stimulating the appearance of long-suppressed issues. Conflict addressing techniques should aim at maintaining conflict at a level where ideas and viewpoints are highlighted but unnecessary conflicts are discouraged. The managers or group leaders of organizations should be trained on the fundamentals of organizational behaviour with emphasis on conflict management techniques and

negotiation tactics. Team leaders have a major accountability to manage workplace conflicts, but the initiatives to settling differences should be taken by employees as well. The purpose of conflict management is to achieve the optimal level of conflicts which maximises organizational performance.

3.6 GLOSSARY

Avoiding: A conflict situation where disagreements and concerns go unstated.

Collaboration: The sharing of individual needs and objectives towards a common goal.

Competing: A conflict style in which own needs overwhelm the needs of other person.

Compromising: A conflict style involving trade-offs.

Emotional responses: Feelings during a conflict, such as anger, fear, confusion, or elation; often contribute to behavioural and physical responses.

Mediator: An impartial third party who facilitates the resolution of conflict between parties.

3.7 ANSWERS TO IN-TEXT QUESTIONS

1. d.	9. T
2. d.	10. F
3. d.	11. F
4. d.	12. Labour
5. a.	13. Conflict
6. d.	14. Negotiator
7. d.	15. Mismatch
8. T.	



3.8 SELF-ASSESSMENT QUESTIONS

1. Explain the concept of conflict. Discuss the approaches of conflict management.
2. What are the different views on conflict?
3. Define constructive and destructive conflict. Give an example of each.
4. Define Negotiation. Explain the negotiation process and preparation for negotiation.
5. Lists out the preconditions for negotiation.

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3.10 SUGGESTED READINGS

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LESSON - 4

Intergroup Behavior and Negotiation

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STRUCTURE

- 4.1 Learning Objectives
- 4.2 Introduction
- 4.3 Intergroup Behaviour
 - 4.3.1 Nature of Groups
 - 4.3.2 Stages in Group Development
 - 4.3.3 Types of Groups
 - 4.3.4 Characteristics of an effective work group
 - 4.3.5 Determinants of Work-Group Effectiveness
 - 4.3.6 Building effective teams
 - 4.3.7 Managing Intergroup Behaviour and Performance
- 4.4 Negotiation: Foundations and Approaches
 - 4.4.1 Negotiation – An art of getting others to say ‘Yes’.
 - 4.4.2 Negotiating Principles
 - 4.4.3 Types of Negotiation
 - 4.4.4 Steps in Collaborative Negotiation – Preparing to Negotiate?
 - 4.4.5 Ten Negotiation Traits for Managers
 - 4.4.6 Fourteen negotiation behaviours
- 4.5 Summary
- 4.6 Glossary
- 4.7 Answers to In-text Questions
- 4.8 Self-Assessment Questions
- 4.9 References
- 4.10 Suggested Readings

The lesson enables to understand the following:



- Nature of groups
- Intergroup behavior and negotiation
- Group cohesiveness and collaborative behavior
- Need for and importance of negotiation
- Approach to effective management of negotiation.

4.1 INTRODUCTION

An organization is made up of group of individuals who work collectively on a common goal. So, it is imperative to understand how groups evolve into teams and how membership of these groups affect behavior and attitude of individuals. This helps in understanding how individuals behave and interact with one another. For example, the success or failure of a cricket team, military units, organizations etc. is dependent on the degree of team spirit and team performance. Achievement of organizational objectives requires each members contribution. The study of these groups becomes essential to understand their collective behavior called team dynamics. For teams to perform well, various conditions must be fulfilled. Efficient teams must have smart leadership, adequate resources, and an effective way resolving conflicts. Teams survive on the dedication of its members and the trust and confidence amongst them. Thus, a substantial part of a managers' job is to manage and lead groups and teams to achieve organizational goals.

The lesson discusses in detail why teams have become so popular in the workplace, how groups and teams develop, how to create effective teams, the characteristics of group, meaning and scope of inter-group behavior, understanding competition, collaboration and coordination, managing inter-group relations and approaches to negotiation.

4.2 INTERGROUP BEHAVIOUR

4.3.1 Nature of groups

When two or more individual work together for common purpose, they are referred to as a group. An organization is represented by a number of groups working together to achieve organization objectives.

A **group** is collection of two or more people with a common set of standards. For example, a group could be peer group to attempt UPSC exams, people meeting to celebrate festivals together or waiting for metro platforms. In contrast to the teams, groups do not forcibly



engage in reciprocal work that requires interdependent effort. In short, all teams can be considered groups, but all groups are not team.

A group may be formal or informal. Formal group is designated work group which gives duties and responsibilities to different members with the aim of achieving the goals and objectives. For example, task groups and command groups. Group dynamics is the study of the nature, formation and reasons for group formation. It helps understand how groups affect the behavior and attitude of its members and the organization as a whole.

A **team** is a group of people working together toward a common objective and are accountable to one another. They have complementary skills and commit to a common purpose, performance, goals, and objectives. For example, sports team, project team, assignment specific team etc.

4.3.2 Stages of Group Development

Groups are formed through a standard sequence of five stages namely- forming, storming, norming, performing and adjourning. This is known as five stage model.

- **Forming:** This is the first stage of group development. It's the first set of interactions between individuals. During this stage individuals share information, and help each other to increase productivity. They try to cultivate the congenial interpersonal behaviours. This first stage is considered completed with the development of sense belongingness among the members of the group. This stage is marked with anxiety and uncertainty. Each individual seeks to be accepted by the others and thus avoids all conflicts and controversies. At this stage, group members seek to clarify and learn what to do, how the group will operate, what is expected, and what is acceptable.
- **Storming:** Under this phase, members present their views and opinions for the assigned tasks as per their specific roles. In this stage, group members are encouraged to discuss and deliberate on the issues and try to arrive at a consensus on the future course of action. The result of this stage is clarity towards hierarchy of leadership and a defined path of actions for the group.
- **Norming:** This is the third phase in group development, characterized by intimate relationships and cohesiveness. The group under this phase develops norms- mutually acceptable standards of behaviors that are shared by the group's members. Members at this stage exhibit a unity of purpose which binds them together. The stage get sends when the group structures are set and the group members accept a code of conduct for the group.



- **Performing:** In this phase group is completely functional and starts to perform the tasks assigned. At this point, the members of the group adhere to the set norms and rules and collectively make efforts to ensure maximum productivity. For perpetual work groups, performing is the last stage of group development. However, for temporary teams or task forces, which have a limited task order to achieve, one more stage is there, that is adjourning stage.
- **Adjourning:** This stage is reached when the task assigned to the group is completed. In this stage, the focus is on wrapping up actions rather than performance for achieving goals. At this stage, the group members have mixed emotions. Few of them are thrilled over experience on the other side some of them may be unhappy to depart.

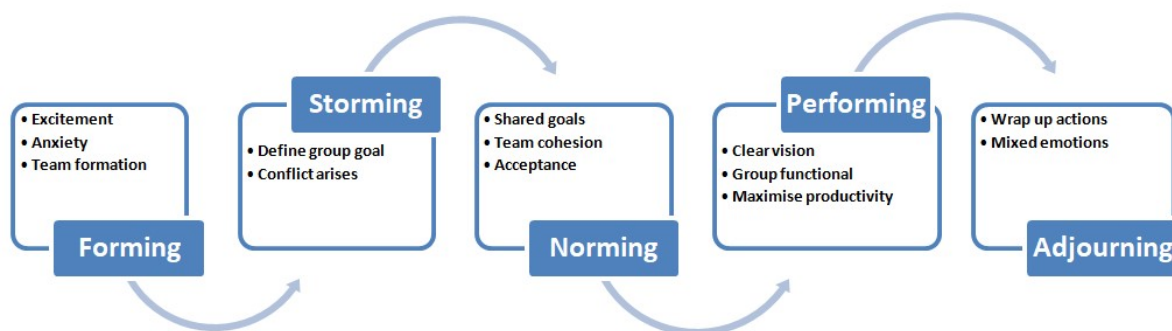


Figure 1. Group Formation Stages

4.3.3 Types of Groups

Formal Groups:

The work group constituted by the organization for a particular objective is a formal group. For example, sections of departments (like training and development section in human resource department), committees, or special project teams. These groups are formed by management on temporary or permanent basis to perform specified tasks. Permanent group is also called **command**

groups or functional groups. Human resource department, administration department or sales team etc. are an example of permanent group. These groups have a set hierarchical structure. When the group is less permanent, it is commonly referred to as a **task group**. It's a group of people working together on a specific project. On the completion of the project the group gets dissolved.



Informal Groups:

Informal groups are social in nature. Individuals join this group to meet their social needs, for friendship or to share a common interest. These groups break hierarchical and departmental lines. For example, employees of different department may informally socialise with one another. Informal groups can be divided into **friendship groups** and **interest groups**. Friendship groups are usually long-lasting, whereas interest groups often dissolve as people's interests change.

IN-TEXT QUESTIONS

1. Which of the following is true, in general, with respect to groups?
 - (a) A group is characterized by the independence of its members.
 - (b) A group typically lacks definite roles and structures.
 - (c) A group influences our emotional reactions.
 - (d) An informal gathering cannot be considered a group.
2. Which of the following is true regarding formal groups?
 - (a) They are natural formations that arise in response to the need for social contact.
 - (b) They lack clearly defined structures and roles for their members.
 - (c) They have a negligible impact on employee performance and behaviour.
 - (d) They are marked by stipulated behaviours in pursuit of organizational goals.
3. As a member of a group, you typically desire acceptance by the group and are susceptible to _____ group norms.
 - (a) approving
 - (b) divulging
 - (c) conforming
 - (d) divergence

4.3.4 Features of an effective work group

Basic feature of an effective work group is a spirit of co-operation where members work well together as a team with supportive relationships. The basic Characteristics of an effective work group includes:

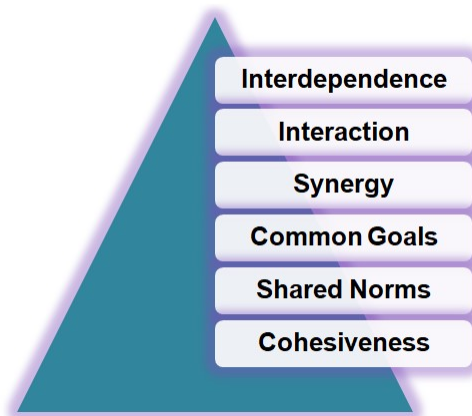


Figure 2: Characteristics of an effective work group

- **Interdependence:** Members of any working group depend on each other for preserving their existence and achievement of targets and goals. In many cases, a team effort is a must. For example, in any project team constituted the success of the team is dependent on the shared performance of each member of the team.
- **Interaction:** The key feature of group interaction is that it is purposeful. The objectives of interaction may be problem-solving, playing a certain role, team building, and trust building etc. Roles, standards, and relationships between members are generated through interaction. For example, if we put Saanvi, an employee of ABC Solution, into a group for a project task, her first interaction possibly centres around exchanging project information, setting meetings and focusing on the specific task. It is purposeful interacting in order to achieve the goal.
- **Synergy:** Working in groups facilitates the achievement of outcomes that would not be possible to achieve on our own. If a team of individuals or companies collaborates constructively to achieve a common goal, the outcome will be better than if they worked on their own. Mergers and acquisitions is one of the best examples where the new firm will provide a greater value than the two companies on a standalone basis.
- **Common Goals:** Having interaction and collaboration would be relatively meaningless in groups without a common purpose. People who make up the groups are brought together for a reason or a purpose. For example, the common purpose in any project team is to explore, learn and finish the task contributing towards achievement of organisational goals.



- **Shared Norms:** Norms are basically the expectations of the group members, set up by the group and can be conscious and official, or subconscious and informal. For examples, group norms are the expectation that all members should maintain like, share dignity and mutual respect, be open minded and discuss best alternatives together, share and celebrate achievements.
- **Cohesiveness:** When we feel ourselves as a part of a larger body say an organization, a feeling of cohesion or unity appears in our mind which gives higher strength to us as compared to our own individual strength. If our group achieves its goal successfully, we feel proud of our whole team and a sense of close connection develops with the members of that team.

4.3.5 Determinants of Work-Group Efficiency

Group efficiency depends largely on three factors. These elements are as follows:

- **Collective effort:** Combined effort of the team members towards task attainment plays a vital role in increasing team effectiveness.
- **Skills and expertise:** The knowledge and skills possessed by team members contribute towards group productivity.
- **Performance tactics:** Extent to which the group's strategies towards task are appropriate.

4.3.6 Building Effective Teams

Team formation is the process of choosing and grouping team members and provide healthy working environment. Teams are groups whose members complement one another or whose skill sets are complementary leading to effective accomplishment of tasks assigned. It represents a group of people working to achieve common goals and objectives and sharing responsibility for the outcomes.

Ways to enhance cohesiveness, mutual co-operation, and identification with team are:

- Put emphasis on common interests, values, objectives, strategies, and the need for co-operation.
- Promote and facilitate social interaction towards development of a cohesive group.
- Sensitize the team about group activities and achievements and how members' specific roles contribute to the success of the team.
- Conduct analytical sessions to discuss tactics and invite suggestions towards effective functioning of the team.



- Organize orientation programs to discuss details about the project and enhance mutual understanding among members.
- Boost incentives and bonus based on team performance to encourage co-operation.

IN-TEXT QUESTIONS

4. Work groups are characterized by _____.
 - (a) the emphasis on generating positive synergy
 - (b) the goal of sharing information among members
 - (c) the mutual and team-based accountability for results
 - (d) the need to attain collective performance
5. Which of the following statements is true regarding a work team?
 - (a) Work teams are rarely used in organizations today.
 - (b) Work teams are generally less flexible than traditional departments.
 - (c) Work teams generate positive synergy through a coordinated effort.
 - (d) Work teams are less responsive to changes in the internal and external environment of the company.

4.3.7 Managing Intergroup Behaviour and Performance

Organisations have several groups working in an interdependent manner for achievement of organisational goals. Each of these groups have their own norms, culture and way of functioning. Group leaders have the responsibility of managing and coordinating. The challenging task for a manager is to coordinate inter group activities.

Techniques for managing intergroup relations and performance:

- **Rules and Practices:** A common way to manage intergroup relations is for senior managers to set the rules and procedures governing the interaction between two or more departments or units. For example, if two work units exhibit lack of coordination on a regular basis, in such cases, the manager may introduce a practice of regular reporting and close monitoring by group leaders. Establishing this reporting procedure will certainly help in improving communication as well as coordination among them.
- **Member Swap:** Periodically transfer of member from one group to the other group will offer the employee an opportunity to better understand the procedures and issues of the other group. This transfer may enable employees to develop better interpersonal contact



and present opportunity of sharing of innovative ideas. For example, when an organization sends a production engineer to the quality assurance section, the member takes the knowledge of quality management back to production engineering.

- **Connecting Roles:** A linking role is any office or unit within the organization that is charged with the role of supervising and coordinating the activities of two or more divisions or groups. For example, product manager who is accountable for coordinating manufacturing, sales, quality control, and product research for a specific product line.
- **Task Forces:** This group serves almost same role as a connecting role. The main difference is that the working groups/task forces are temporary group. In a task force, members from various units are assembled to solve specific issues, normally in a short span of time. For example, a firm facing a major technical issue could create a task force comprising of members from all over the organization to identify ways to deal with the crisis.
- **Decoupling:** Decoupling means separating two groups or teams. In any situation when team managers observe that two or more interrelated groups is not productive working together, decoupling is one of the options to deal with the situation.

4.4 NEGOTIATION : FOUNDATIONS AND APPROACHES

4.4.1 Negotiation – An art of getting others to say ‘Yes’

Negotiation prevails in our day-to-day life. We negotiate with family and relatives, colleagues, customers and clients, on issues like relationships, prices, goods and services, activities and schedules etc. Scope of negotiation ranges from between individuals a very complex multi-party and multi-nation relations. In the business world, people negotiate at multiple levels and contexts – within departmental or business units, between departments, companies, and even across industries.

In organization, negotiation occurs in the interaction between members of a group between employees and management, managers and peers, customers etc. In today’s team-based organizations, the negotiating skills become important so that teams can collaborate effectively. We define negotiation or bargaining as a process whereby two or more parties attempt to come to an agreement. In short, it’s a way of getting the other party to do whatever we want them to do.



There are different levels of core approaches to negotiation, as summarized by practitioner and researcher of negotiations. These approaches are used either alone or in combination to facilitate a successful negotiation.

- **Structural approach:** Structural approach tries to parameterize the outcome of a negotiation as a function of some unique characteristics of a negotiation. This approach is based around finding a pattern in outcomes like no. of parties, relative power of the parties, the issue involved etc.
- **Strategic approach:** This model is based on the role of ends (goals) in determining outcomes of negotiations. Strategic models are also models of rational choice. Negotiators are viewed as rational decision makers with known alternatives who make choices guided by their calculation of which option will maximize their ends or “gains”, frequently described as ‘payoffs’.
- **Behavioral approach:** Behavioral approaches emphasize the role negotiators’ personalities or individual characteristics play in determining the course and outcome of negotiated agreements. Behavioral theories may explain negotiations as interactions between personality ‘types’ that often take the form of dichotomies, such as shopkeepers and warriors or ‘hardliners’ and ‘soft liners’ where negotiators are portrayed either as ruthlessly battling for all or diplomatically conceding to another party’s demands for the sake of keeping the peace.
- **Concession exchange (Processual) approach:** The concession exchange approach features elements of both strategic and structural approaches while having an inherent learning process where both parties react to each other’s concession behavior. In this approach the parties may not be able to find new, mutually beneficial scenarios. Parties “use their bids both to respond to the previous counteroffer and to influence the next one; the offers themselves become an exercise in power”.
- **Collaborative approach:** Collaborative approach sees negotiation as an interaction of mutual benefit and emphasize the importance of exchanging information between parties and group problem-solving. They involve finding common ground and uncovering common interests and generating options.

Briefly, we can say that the negotiating skills are one of the most important aspects that any manager or organization should possess to succeed in achieving goals and objectives. With effective negotiation skills, both parties can achieve a win-win negotiation and at the same time able to manage conflicts situation efficiently.



Case Illustrations on Negotiation

As we know negotiation is a process of achieving consensus between two or more parties where initially disagreement exists. It is very frequent (almost in every case) during the determination of commercial value (price) of any underlying (asset) or of any transaction. Bargaining by the customers at the time of purchase may be the simplest form of negotiation where buyers and sellers try to reach a common price (agreed to both parties) whereas during the mergers and acquisitions, negotiations may be complex and strategic. It may be so tactical that companies hire negotiating experts/consultant for the deal. To make the deal in own favor, sometime parties adopt very unique, unexpected and unprecedented techniques like keeping the deal meeting in odd hours such as mid night or in any deserted place or collectively walking out of the negotiation table without hearing to much of the counterparty to test the psychological limits of the other party. Opposite may also be true if the party is looking for the deal very desperately. They will agree for all the conditions because they wanted it at any cost. For example, when the RPG group bought Spencer & Co in the 1980s, seller fixed the meeting at midnight on the pretext of being auspicious time and then didn't turned-up. Mr. Harsh Goenka of RPG groups recalls it as a test of his patience and get surprised by the demand of Spencer & Co for continuation of their directors on the board even after acquisition. Similar scenario got created when Mittal Steel approached Arcelor Steel for acquisition, Arcelor put so many terms and conditions which Mittal Steel finally agreed upon as Mr. LN Mittal was looking for the deal at any cost.

4.4.2 Negotiating Principles

- Wait for counter party commitment first.
- Be an effective listener.
- Don't let the other side write the contract.
- Read the contract carefully.
- Follow the standards diligently.
- Written document should be factual and explicit.
- Concentrate on the issues. Be always focused on what you want from the discussion.
- Explore and look for tactics to attain mutual gains.
- Develop a practice.
- to congratulate the other party



4.4.3 Types of Negotiation

There are two main types of negotiation:

- **Distributive Negotiation:** In distributive (or win-lose) bargaining both sides view their own goals as being in direct conflict with those of the other side. The negotiators approach each issue as a “fixed pie”—the larger one piece is, the smaller the other. Each side wants to maximize its share of the resources, or pie. For example, labor and management negotiations over wages. Usually, management try to keep its labor costs as low as possible and the labor tries for increase in wages. Distributive negotiation involves one fixed point, and the assumption that both sides want to expand their own pie in the best manner possible.
- **Collaborative or Integrative Negotiation:** This negotiation works under the belief that there exists one or more settlements that can create a win-win solution. From the perspective of intra organizational behavior, all things being equal, integrative negotiation is preferable to distributive bargaining. In integrative bargaining, both groups begin with a spirit of collaboration and try to find mutual gain options (to “expand the pie”) as well as gain their resources (or claim their share of the pie). For example, a very good example of integrative bargaining is negotiating various aspects of a job, like salary, benefits, leave, or promotions.

Distributive vs. Integrative Bargaining		
Characteristics of Bargaining	Distributive Bargaining	Integrative Bargaining
Resources	Fixed quantity of resources to be allocated	Variable quantity of resources to be allocated
Motivations	Win-lose	Win-win
Interests	Opposed to each other	Similar with each other
Relationships	Short-term	Long-term



4.4.4. Steps in Collaborative Negotiation – Preparing to Negotiate?

Real action commences at the stage of negotiation. A rigorous preparation prior to negotiation is very crucial towards attaining the desired output. It is essential to do proper homework before sitting on any negotiation table.



Figure 3: Stages in Collaborative Negotiation

Step 1: Evaluate your Best Alternative To Negotiated Agreement (BATNA). In this we must assess our BATNA very carefully. BATNA is the route of action to pursue in case the current negotiation ends in an impasse. It would be impossible to know when to accept and when to walk away from negotiation in order to pursue other options, without a clear picture of your BATNA. Your BATNA evaluation involves the following steps:

IN-TEXT QUESTIONS

6. Integrative Negotiation is also commonly known as:
 - (a) win-lose
 - (b) Mutual-Gains
 - (c) Fixed-pie
 - (d) Hard Bargaining
7. Which of the following are not a part of an integrative bargaining process:
 - (a) Sharing of interests
 - (b) Creating options and claiming value
 - (c) Valued long term relationship
 - (d) Maximization of self interest

Step 1: Evaluate your Best Alternative To Negotiated Agreement (BATNA). In this we must assess our BATNA very carefully. BATNA is the route of action to pursue in case the current negotiation ends in an impasse. It would be impossible to know when to accept and when to walk away from negotiation in order to pursue other options, without a clear picture of your BATNA. Your BATNA evaluation involves the following steps:

- Determining all the viable alternatives
- Estimating values associated with each alternative.



- Pick the best alternative; that's your BATNA

Step 2: Calculate your reservation value. An evaluation and selection of BATNA is crucial because it enables us to calculate our reservation value (RV), or walk-away point in the ongoing negotiation. Reservation value is the least promising point at which one will accept a negotiated agreement.

Step 3: Assess the other party's BATNA. After evaluating your BATNA and calculating your reservation value, you already know the lowest offer you would be willing to accept in the negotiation. You now need to figure out opposite party's reservation value. To know the other party's RV we need to first assess the other party's BATNA. This crucial step can make the difference between getting a good deal and getting a great deal.

Step 4: Calculate the other party's reservation value. Now you evaluated your BATNA, a sensible way to determine others party's reservation value is to look at what they are likely to do.

Step 5: Evaluate the ZOPA. In a business negotiation, two polar-opposite errors are common-reaching agreement when it wouldn't be wise to do so, and walking away from a mutually beneficial outcome. Best way to handle the situation is through careful preparation which includes an analysis of the zone of possible agreement or ZOPA in business negotiations. Once you have an idea of each party's reservation value, you can evaluate the zone of possible agreement, or ZOPA. The ZOPA is the set of all possible deals that would be acceptable to both parties. In other words, the ZOPA is the space between party 1 reservation value and the party 2 reservation value. The ZOPA contains all possible agreements because any point in this range is a possible final deal to which both parties could agree; any point outside of this range will be rejected by one of the two parties.

IN-TEXT QUESTIONS

State whether the following statements are true or false:

8. Contract between parties who place value on their relationship will be substantially different from negotiations between parties that do not value their relationship.
9. The parties strive to find mutually agreeable solutions to issues of concern and commit to not using their perceived power or leverage to sway the other party.
10. Individual cannot get a win-win if the parties' positions are incompatible.



4.4.5 The Ten Negotiation Traits for Managers

Some traits are innate and some can be learned or improved upon. Importantly, these traits underpin the player's ability to behave and perform to the highest level in competitive environments.

The Ten Negotiation Traits for Managers

- **Nerve:** Believe in your position, never offend, and always remain calm
- **Self-discipline:** To understand what to do, and to do that which is appropriate
- **Tenacity:** The negotiator's equivalent to stamina
- **Assertiveness:** Tell them what you will do, not what you won't do
- **Instinct:** Trust it – you will be right more often than not
- **Caution:** If it seems too good to be true, it probably is
- **Curiosity:** Asking why because you want and need to know
- **Numerical reasoning:** Know what it's really worth, know what it really costs
- **Creativity:** Exploring and building on possibilities
- **Humility:** It is people who make agreements and humility that breeds respect

IN-TEXT QUESTIONS

Fill in the blanks:

11. A personality is the key to an effective negotiation.
12. is one of the most important personality traits required in negotiation.
13. An impressive goes hand in hand with good communication for an effective negotiation
14. A is a group of people working together toward a common objective and are accountable to one another.
15. A is collection of two or more people with a common set of standards.



4.4.6 The Fourteen Behaviors that Make the Difference

The fourteen behaviors that capture and describe what it is that you are doing when negotiating:

The Fourteen Behaviors that Make the Difference

- Think clearly when faced with conflict.
- Do not allow your sense of fairness to influence behaviour.
- Maintain your self-control, use silence, and manage discomfort.
- Offer efficient and mutually beneficial deal.
- Estimate other party's Reservation Value.
- Listen and interpret the meaning behind the words.
- Plan and prepare using all information available.
- Question effectively.
- Always trade concessions effectively and conditionally.
- Apply analytical skills to manage the value of the deal as the negotiation unfolds.
- Create and maintain the appropriate climate for trust.
- Develop and use your agenda to help control the negotiation proceedings.
- Think creatively to develop proposals which help move the deal forward.
- Explore options to help gain agreement.

4.5 SUMMARY

Groups are an essential feature in an organization. Depending on the patterns of the organization and arrangements for the division of work, groups are formed. In an organization there may be a requirement for more than one group and each group generally has its own characteristics and behavioral responses. In such a situation, intergroup relations play a significant role for effective and efficient functioning of the groups. In this Unit we have explained how to improve intergroup relations through better coordination and proper management. Bargaining is a method which can be addressed in many ways. No matter what strategy you select, success lies in how well you are prepared. The key to negotiate a favorable outcome is the negotiators' ability to consider all elements of the situation carefully



and to identify and think through the options. At the same time, negotiators must be able to keep events in perspective and be as fair and honest as circumstance makes it possible. Since a common ground or interest has brought parties on the negotiating table, negotiators can benefit by trying to capitalize on this common ground. Watching the other side as a partner rather than an opponent and by working together, negotiators have a chance to craft a solution that will be beneficial to both sides.

4.6 GLOSSARY

Behavioral responses: Actions in reaction to conflict such as walking out, withdrawal, or negotiating.

Collaboration: The pooling of individual needs and goals towards a common goal.

Competition: A conflict style in which own needs overwhelm the needs of others person.

Decoupling: Involves splitting two groups in such a way that the required tasks of an organization are fulfilled while the interaction between the two groups is minimized.

Formal groups: Official groups created to achieve specific organizational goals and concerned with the co-ordination of work activities.

Functional relationships: The formal relations within the organization between persons in a specialist or advisory position and line managers and their subordinates.

Forming: Preliminary formation of a group and the first stage in group development

Group cohesiveness: To what extent individual members of a group are motivated to remain in the group.

Work role: An expected behaviour pattern assigned or attributed to a particular position in the organization.

4.7 ANSWERS TO IN-TEXT QUESTIONS

1. c	9. True
2. d	10. False
3. c	11. Charming
4. b	12. Sincerity
5. c	13. Personality
6. b	14. Team
7. d	15. Group
8. False	



4.8 SELF-ASSESSMENT QUESTIONS

1. Discuss the reasons for forming a group?
2. What are the phases of group development?
3. Explain in detail the different approaches to negotiation.
4. Define and explain Integrative Bargaining
5. Discuss the factors on which the performance of a group depends.

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LESSON - 5

POWER & POLITICS IN ORGANIZATION

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STRUCTURE

- 5.1 Learning Objectives
- 5.2 Introduction
- 5.3 Organizational Power
 - 5.3.1 Characteristics of Power
 - 5.3.2 How people react to Power?
 - 5.3.3 Bases/Sources of Power
 - 5.3.4 Dynamics of Power
- 5.4 Tactics to gain Power in an Organization
- 5.5 Power in Action: Politics
 - 5.5.1 Factors Contributing to Political Behaviour
 - 5.5.2 Sources of Political Behaviour in Organization
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 - 5.5.4 Managing Organizational Politics
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- 5.7 Glossary
- 5.8 Answers to In-text Questions
- 5.9 Self-Assessment Questions
- 5.10 References
- 5.11 Suggested Readings

5.1 LEARNING OBJECTIVES

After reading this lesson you will be able to:

- Get understanding of organizational power.



- Understand characteristics of power and people's reaction to power.
- Identify and analyze the various bases or sources of power.
- Understand the dynamics of power
- Analyze and understand the tactics to gain power in organizations.
- Understand contributing factors, sources and responses to politics
- Understand ways to manage politics

5.2 INTRODUCTION

Power is the function of dependency. If one depends on the other, the other can have a higher degree of power over the one who is dependent. It can be further explained with the help of a simple example, that, when a child study in school or college and the studies are totally funded by the child's parents, they exercise higher control on the child because of the financial dependency. Later, when the child grows up and gets a job and start funding further studies and manage livelihood by self, parents control decreases significantly. Similarly, acquiring and exercising power is a natural phenomenon in an organization and it highly depends on the capacity to influence other's behaviours. In an organization the top management holds the highest amount of power over others, this is so because, the decisions they take, the strategies they develop, the approvals they give, the investments they make are most crucial for the survival of the whole organization.

But this whole concept of power is two faced. When used inappropriately and in an inadequate manner, it can be hazardous and reflect as dirty organizational politics. In contrast, if used wisely and thoughtfully, it may be a great source of positive influence over others which may bind them as a team and drive them to work collectively towards organizational success. In an organization, power is the reality, and is inseparable. The key to be successful and effective as a manager, one needs to learn how to utilise power and in such a way that it completely contributes towards organizational goal fulfilment. Another related factor is organizational politics, which is even more important to be dealt consciously and with greater care. A leniency towards which may lead to shaking of organizational foundation and even complete failure. In the present lesson, we will be having an understanding about of concept of power, its characteristics, various sources of power, people's response to power in the organization, organization politics and its management in the organization.

5.3 ORGANIZATIONAL POWER

In the words of White and Bednar, "Power is the ability to influence people of things, usually obtained through the control of important resources".



Talking about power in an organization, it can also be defined as the ability to exert influence beyond authority. Power can be acquired both through organizational as well as individual sources. In the organizations power can be derived through the virtue of one's position in the organization. At the individual level, one can have power based on one's expertise and power to control behaviour. It may also include job knowledge, personal influence, interpersonal skills, ability to influence and get result, persuasive power as well as physical strength.

Other source of power can be information power. Those having access to crucial information, have higher degree of power. Also, those who are good communicators and have great convincing power also have an edge over others as they may exercise better control over others.

Other sources can be developing pleasant and favourable personality, updated knowledge, better strategizing ability and so on.

Therefore, it can be mentioned, that power is the ability to influence the outcome of events. It involves bringing about an action by someone against the will or desire of another. Other responses to influence can be in the form of resistance, compliance and commitment.

When the influence doesn't comply with the request or repels either positively or negatively towards the influence attempts, in such cases resistance occurs. In the other case when the influence obey to the commands of the power holder, despite of having an unwillingness to do so, compliance occurs.

5.3.1 Characteristics of Power:

Specific: Not all in the organization possess power. It lies with specific people and is exercised by them only in certain circumstances.

Dependence: Power is the function of dependence. If someone's dependence is high on you, higher is the power that you exert on them.

Power is Elastic: Power can expand or contract. People having power will always be seeking opportunities to expand power, which they achieve with achieving position with higher authority. On the other hand, it may contract in case of demotion, transfers or job switches etc.

Reciprocal relationship: Power exists in an organization because of the relationship between the influencer and the influence. Power will be exercised by the influencer having power, on a person or a group of people in certain circumstances.



5.3.2 How People react to Power?

According to Herbert Kelmen, there exists three distinct types of reaction towards power, i.e., compliance, identification and internalization.

Compliance is when people conform to the wishes of others in order to acquire favourable outcomes. They comply to adopt new attitudes and behaviour in expectation of favourable outcomes either as reward or as to avoid something unfavourable, such as punishments.

Identification occurs in the process of maintaining relationship. Sometimes we accept direction of other's not always because we agree with it but because we identify with them and seek to maintain relationship with them.

Internalization happens when people adopt power holder's attitudes and behaviours because they are congruent with their own personal values and also satisfies their personal needs.

ACTIVITY

In an organization, what makes you powerful? While using power how will you draw line between power and politics.

5.3.3 Bases/Sources of Power:

Where does the power come from? What is its source? Is it acquired? If yes, what is the process of the same? Many such questions need to be answered to understand the power game better. As an answer to the above questions, French & Raven identified FIVE interpersonal sources of power. These can be bifurcated as formal and personal. Let us have an understanding:

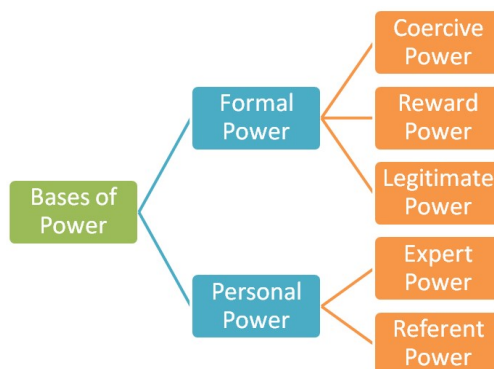


Fig5.1: Bases of Power



FORMAL POWER: Also known as positional power and it rely on the position that individual holds in an organization. Position enables a manager to coerce or reward, gives formal authority to the position holder and also provide access to important information. Hence, formal power is derived. Various types of Formal Power are:

Legitimate Power: This is an important organizational concept. Legitimate power comes with the position. The access to one or more of the sources of power is through legitimate power. It embodies the formal authority to control and use organizational resources and have influence on others' behaviour based on structural position in the organizational hierarchy. Due to having legitimate power, manager is empowered to take decisions within a specific area of responsibility.

Coercive Power: The coercive power refers to a manager's ability to influence other's behaviour by means of punishment for undesirable and unpleasant behaviour. The basis of Coercive power is fear of the negative results from failing to comply. It highly depends on the application of and the threat of application, of physical sanctions such as; infliction of pain, frustration through restriction of movement, or the controlling by force of basic physiological or safety needs, which may vary from major to minor depending on the nature or severity of omission or commission.

Reward Power: Contrary to coercive power is reward power, with which people comply because it produces positive benefits for them or it leads to the grant of rewards in the form of praise, promotion, salary increase, bonuses, time-off and so on. There wards can be like controlling pay rates, raises and bonuses, which is financial in nature or like recognition, promotions, interesting work assignments, friendly colleagues, and preferred work shifts or sales territories, which is non-financial in nature.

Among all the three powers, legitimate power is the broader one as it includes acceptance of the authority for the member in position.

PERSONAL POWER: Power that exists in the form of unique characteristics, or expertise and the respect and admiration of others forms the foundation of Personal Power. Various types of personal powers are:

Expert Power: Reason why we visit a cardiologist in case of heart trouble and dermatologist in case of skin related problems? It is so because they are experts in their respective fields and are the only one to deal with such problems. They enjoy Expert Power. In certain instances when job becomes more specialized, our dependency on experts increases as in such cases achievement of goals will highly depend on them.



Referent Power: Why in Covid times celebrities and established politicians were made to endorse products to be used to prevent the spread of disease. Why on television we witness almost all the advertisement with celebrities. It is so because general public will admire them promoting specific products and would want to use them too. Therefore, admiration by others and their desire to be like them are the foundation of this power. In such cases the celebrities exercise Referent Power.

Other Sources of Power:

Other than the above Formal and personal powers, managers exercise power over subordinates due to many other reasons. It may be because they possess an extraordinary knowledge about some important processes, they may have an access to some crucial resources/information, they may have an outstanding quality to lead or take rational decisions or have extended and resourceful networks. In the following cases that power holders enjoy power based on these aspects. Let us understand it in detail.

Knowledge as power: Organizations depend on the knowledge required to run it. This is also a reason why human beings having knowledge are called Intellectual assets. These assets are assets because they have knowledge. The concept of knowledge is that those individuals, teams, groups or departments having knowledge that is crucial in attaining organizational goals can also provide competitive edge to the organization, hence, they have power over others.

Resources/Information as Power: For achievement of organisational goals, it needs a number of resources including finance, human resource, machineries/equipment's as well as some crucial data and information. This power is comparatively contingent as the requirement varies from time to time, information requirements also changes, also the same person may not always have access to the required information. The source of power also make a shift according to the shift in demand of resources and source of information.

Decision making as power: What makes a manager successful, is their ability to take the most appropriate decision at the correct time so that it contributes to organisational goal achievement. Not everyone has this ability and those who has, definitely has a considerable amount of power. Such people are admired and appreciated for their decision making power.

Networks as Power: Essence of Management is Co-ordination. Unless it is sought, management of organization is not possible. It is so because management and organizational goal achievement requires efforts of many, which needs synchronization. This process is



called networking, which absolutely is not everyone's cup of tea. Therefore, those who are good at it, enjoys and exercise power in the organization.

The key to successful and effective use of power is not to keep all the powers in one's hand but to use it judiciously and wisely. The usage of power is highly contingent in nature and shall be used absolutely according to the requirement.

5.3.4 Dynamics of Power:

In an organization it is necessary to know about the nature and dynamics of power as it is a core ingredient of management of an organization by the people and of the people and for the people. It may be studied from various perspectives, as:

Distribution of Power: Power is not something that is equally distributed among organizational members, it is attained. Some may enjoy higher amount of power some may have less of it, it totally depends on the situation and the bases of power used by the power holder. A fact is that those who have power would never want to loose it and those who do not, will yearn for it.

Dependency: The greater A depends on B, greater is the power of B over A. Power in fact is a dependency game. A very apt example is of the situation we all witnessed during Covid, the druggists having higher supply of medicines like chloroquine and fabiflu were most powerful in the market as there was high dependency of consumers on them for fulfilment of their demands. Similarly in organisations, those having most crucial knowledge, expertise, data, information are the most powerful, as the organizational success highly depends on them.

Uncertainty: Managing an organization is managing uncertainties, and anyone good at managing with them wield more power. Uncertainty depends on the nature of the organization i.e. Marketing and sale dependent organizations has higher instances of uncertainty, hence, people who can deal with uncertainties are considered more powerful.

Compliance: In an organization people comply with legitimate power or positional power. Employees consider coercive power or reward power to be weak to comply with.

Power indicators: Power is most effective when it is invisible. It is a human tendency to resist when they are being influenced, specially against their desires. Therefore, usage of power should be humble and people shouldn't realise in most of the cases that they are being influenced with power.

Determinants of Power: There are various bases or sources that determine power. Sometimes it's the expert power, it can be access to some critical information or resources or it can even be charisma of ones personality.



Consequences of power: Consequences can be both positive as well as negative. Positive in the sense that it leads to bring positive changes in behaviours and events that results into goal achievement. In negative sense, it may create resistance among people and they may rebel back from complying.

Symbols: There definitely are symbols of power, that is why, few people in the organization get cabins whereas some sit in cubicle arrangements, some enjoy special parking privileges, special eating facilities, sponsored trips etc. This is all because of their positional power.

Reputation: Reputation is closely linked with power. People in the organization with higher power, whether positional or charismatic, enjoys a good image and reputation among all.

IN-TEXT QUESTIONS

1. Power is the function of _____.
2. Elasticity is one of the characteristics of Power. True / False
3. What is not one of the forms of Formal Power:
 - a) Legitimate Power
 - b) Coercive Power
 - c) Charismatic Power
 - d) Reward Power
4. Celebrities are used in advertisement because of their _____.
5. The opposite of Reward power is _____.

5.4 TACTICS TO GAIN POWER IN ORGANIZATION

Power is always attained it is never served readymade. Power is about influencing others. The basis of influence is Trust, and this trust can be gained in various ways. These can also be termed influence tactics.

Researchers have identified nine distinct influence tactics:

Legitimizing Power: Based on legitimate authority/position power. This tactic is based on compliance with rules, regulations, laws etc. The intention of this tactic is not to motivate people but to align them with a direction.

Rational persuasion: This tactic is based on factual data and logical arguments to convince others to confirm to their point of views. This is most commonly used influence tactics.



Inspirational appeals: When Subhash Chandra Bose said “You give me blood I will give you freedom”, he used inspirational tactics as he tapped into the citizen’s values, emotions and beliefs to gain support for his mission. Authentic and enthusiastic are mostly effective.

Consultation: Increasing the target’s belongingness at the time of decision making by involving them in the process, will also increase their efforts at the time of execution. Consultation is most effective in organizations and cultures where democratic decision making is followed.

Exchange: It refers to give-and-take. Rewarding the target with benefits or favours in exchange of following a request. Rule of exchange also says that “we should try to repay in kind what other person has provided us,” Cialdini R. (2000). *Influence: Science & Practice*. Boston: Allan & Bacon, p. 20.

Personal appeals: Attaining compliance due to friendship or loyalty is called personal appeal. It is based on the belief that we cannot deny things to those we know and like, and we mostly reply to them in agreement.

Ingratiation: Refers to making others feel good about themselves. Using flattery, praise, or friendly behaviour prior to making a request. For example, a study shows that resumes accompanied with a cover letter containing ingratiating information are rated higher than those not containing such information. Effectiveness of ingratiation depends on its honesty and intention.

Pressure: Is exerting influence on others to do what you want under the fear of something unpleasant to happen to them. This includes using warnings, repeated demands, and threats till the target agrees. Researches proposed that managers having low referent power use this tactic more frequently as compared to managers having high referent power. Pressure tactics work most efficiently when used in crisis situation.

Coalitions: Coalition tactics take advantage of peer pressure. It refers to a group of individuals working together towards a common goal to influence others. For example, trade unions, who use their biggest weapon, i.e. strikes to threaten the management to strike in order to get their demands fulfilled.

Effectiveness of tactics depend on the situations in which they are used. Chance of success can be increased if two or more tactics are used together depending on choice and suitability. As rational persuasion, inspirational appeals, and consultation are considered most effective when the audience is highly interested in the outcomes of a decision. Pressure is least effective as they may also backfire sometimes.



Table 5.1: Preferred Power Tactics by Influence Direction

Upward Influence	Downward Influence	Lateral Influence
Rational Persuasion	Rational Persuasion	Rational Persuasion
	Inspirational Appeals	Consultation
	Pressure	Ingratiation
	Consultation	Exchange
	Ingratiation	Legitimacy
	Exchange	Personal appeals
	Legitimacy	Coalitions

The above table purports that:

- Rational persuasion is present across all three levels.
- Inspirational appeal is best suited as a downward influence on subordinates.
- Pressure works as a downward influence.
- Personal appeals and coalition are the most efficient lateral influence tactic.
- Sequencing of tactics, a person’s skill in using the tactics and the organizational culture highly impact effectiveness of influence.
- Usage of the above tactics must start with “softer” tactics, that rely on personal and inspirational appeal, rational persuasion and consultation.
- In terms of usage of these tactics, the user must begin with “softer” tactics that rely on personal power, such as personal and inspirational appeals, rational persuasion and consultation.
- If “softer” tactics doesn’t work then “harder” tactics such as exchange, coalition and pressure, emphasizing formal power and incurring higher cost and risk can be used.
- A single soft tactic is more effective than a single hard tactic, and combining two soft tactics or a soft tactic and rational persuasion is more effective than any single tactic or combination of hard tactic.



5.5 ORGANIZATIONAL POLITICS

Although politics has no place in organizations, still it's a part of it. There are various factors in an organization that increases the political activity of an organization. On the forefront is the disagreement among people. If everyone agrees to each other all the time, there will be no politics. Base of politics is disagreement, and disagreement is prompted by diversity in thinking, in culture, in departments and in goals.

Another contributing factor to politics is scarcity. If there is scarcity of any resource, all would want to attain maximum of it, which may also lead them to engage in political behaviour to maximise their claims on scarce resources. Another aspect is when organizations downsize to improve efficiency, resources must be reduced, and people may engage in political actions to safeguard what they have. The opportunity for promotions or advancement has consistently been found to encourage competition for limited resource as people try to positively influence the decision outcome.

Difference of interest is also a factor leading to political behaviour. For example, Management interest is to maximise organizational profits and cut the organizational cost. On the other hand trade union's interest is to maximise their gains. Their interests are contrary to each other and lead then to indulge in using political tactics to meet their own ends.

Certain personality traits, needs, and other factors also contributes to political behavior. Like for example high self-motivators possess an internal locus of control and have a high need for power and they engage more in political behaviour, because they know they can control their environment, they are proactive and attempt to manipulate situations in their favor. They have high desire for power and they are comfortable in using politics to satisfy their self-interest.

Cultures symbolizing low trust, role ambiguity, unclear performance evaluation systems, high pressures for performance, and self-serving senior managers will also create breeding grounds for political behaviour. Therefore low trust within the organization should be replaced by hi-trust among people which in general suppress political behaviour and in particular inhibit illegitimate behaviour.

5.5.1 Factors Contributing to Political Behavior:

Both individual and organizational factors can increase political behavior and provide outcomes for both.



At the individual level, there are some specific personality traits, needs and other such factors that are related to political behaviour.

At organizational level, there are certain organizational situations that promote utilising politics as means to ends. For example, when there is opportunity for promotions, political behaviours are more likely to occur, or when organizations plan to downsize, people may engage in political actions to save what they have.

5.5.2 Sources of Political Behaviour in Organizations:

In organizations, there are certain reasons that drive their people towards political behavior. Various research and studies identified some such sources of political behavior in an organization, they are as under:

Goal Ambiguity: When there is ambiguity regarding goals of a department, much room is there for politics. People may take advantage of such ambiguity regarding organizational goals and can pursue personal gain under the smokescreen of pursuing organizational goals.

Scarcity of resources. In such scenarios where resources are scarce, people in organizations can practice politics to maximize and claim their share. On the contrary, if the resources are ample, politics may not be required to acquire it.

Transforming technology and environment: Ambiguity and uncertainty in the environment can trigger political behavior among those who are willing to practice it. When the nature of the internal technology is nonroutine into the organization and the external environment is dynamic and full of complexities, there is much room for politics to dwell.

When the decisions are Non-programmed: Decisions in an organisation can either be programmed or non-programmed. i.e. either they can be executed according to a set pattern or they can be taken spontaneously. In later case, the decision process are usually more ambiguous, which leaves room for political manoeuvring. Programmed decisions, on the other hand, are specific hence little room is left for political manoeuvring exists.

Organizational change. Organizational changes in organizations pave the path for opportunities of political instead of rational behavior. Such changes are in the form of restructuring a particular department, opening a new division, introducing a new product line, and so forth, and this may lay down a good ground for the politically governed behavior of the people.

Today, most organizations have scarce resources, ambiguous goals, complex technologies, and sophisticated and uncertain, leading a large number of organizations to be highly political



in nature. As an outcome, contemporary managers must have more sensitive management of their organization to rationally guide the acquisition and maintenance of power in organizations. Else, organizations may deviate from policies and standard operating procedures (SOPs) and can resort to political behaviour as an attempt to grab the maximum amount of power in their share. That is, increases in the specification of policy statements often are inversely related to political efforts, as shown in **Exhibit 5.1**. This is true primarily because such management practices can reduce the uncertainties surrounding a decision and hence the opportunity for political efforts.

Conditions Leading to Political Behaviour	
Prevailing Conditions	Resulting Political Behaviour
Ambiguity in goals	Attempts to define goals to one's advantage
Resources Constraints	Fight to maximise one's share of resources
Changing technology & Environment	Attempts to exploit uncertainty for personal gain
Non-programmed decisions	Attempts to make suboptimal decisions that favour personal ends
Organizational change	Attempts to use reorganization as a chance to pursue own interest and goals

Exhibit 5.1: Conditions leading to Political Behaviour

5.5.3 People Response to Organizational Politics:

Different people respond differently towards organizational politics. Incidents indicate that it may have favourable outcomes, but for most people who are unwilling to play the politics games, tend to have predominantly negative outcomes. As indicated by strong evidences, perception of organizational politics are negatively related to job-satisfaction, it may also increase job anxiety and stress. People may also believe that they may be losing ground to those who are active politickers, or they might feel pressurised in the political environment leading to decline in performance as they perceive such environment to be unfair and demotivating.

On many occasions, when employees see politics as threat, they respond with defensive behaviours, which may either be reactive and proactive to avoid action, blame or change. Such behaviours are often associated with negative feelings towards job and work environment. Exhibit 1.2 shows such responses to organizational politics.



Exhibit5.2: Employee Response to Organizational Politics

5.5.4 Managing Organizational Politics:

When Politics start playing a dirty game it needs to be managed. Completely washing off politics from the organization is almost an impossible task so one has to come into the habit of living with it by managing it in the organization and keeping it under control. The same can be done by keeping few vital things in mind:

1. Instead of eradicating or reducing organizational politics, focus should be more on activities that creates a healthy political environment that contributes towards improving knowledge flows and organizational performance.
2. Managers should also consider appointing “alignment managers”, people having political competencies who can push ideas, steer organizational change without resistance.
3. Managers needs to adopt consistency in supporting behaviour and aligning interest, goals and responsibility of their diversified work team to keep them motivated to share and disseminate knowledge.
4. Teams should keep themselves updated by renewing norms and work habits on ongoing basis.
5. Activities to diffuse tensions and work struggles must be encouraged among employees.
6. Companies must devise training programs and invest in creating technical and cultural compatibility among work teams.
7. Those who are good at politicking, more likely to get higher performance evaluation, larger higher salary increases and more promotion, here an efficient manager’s role is to identify them and make fair and just decisions.



8. Sometimes Employees play politics because they are habitual to it. They are not always driven by lower job satisfaction, increased anxieties and stress and rivalry.

Technology, Innovation, and Politics in Performance Appraisals

Developing a strategy for a performance appraisal is an important step for any company, and keeping out political bias is a main concern as well. Unfortunately, many times there is no way around bringing some bias into a performance appraisal situation. Managers often think of the impact that their review will have on the employee, how it will affect their relationship, and what it means for their career in the future. There are a lot of games played in the rating process and whether managers admit it or not, they may be guilty of playing them. Many companies, such as Adobe, are looking at ways that they can revamp the process to eliminate potential biases and make evaluations fairer.

In 2012, Adobe transformed its business, changing its product cycle; while undergoing process changes, Adobe understood that there needed to be a cultural shift as well. It announced the “Check-in” review process to allow for faster feedback, as well as an end to their outdated annual review process. With the faster-paced reality of their product cycles and subscription-based model in technology, this made complete sense.

This process established a new way of thinking, allowing for two-way communication to become the norm between managers and employees. They were able to have frequent candid conversations, approaching the tough subjects in order make improvements rather than waiting until an annual review and letting bad performance go unchecked or good performance go unnoticed. Eliminating a once-a-year cycle of review also eliminates the issue of politics creeping into the process. Managers are able to think critically about the performance, working alongside their employees to better the outcome rather than worrying about having a tough conversation and the bad result that may follow—and having to live with the fallout. Employees also are given chances to provide feedback and their own personal evaluation, which then is discussed with the manager. They review the items together, and what is formally submitted is agreed upon, rather than set in stone. The addition of the employee feedback is another great way to reduce the insertion of politics or bias in the review.

In result of this change, Adobe’s employees showed higher engagement and satisfaction with their work, consistently improving. They no longer had negative surprises in their annual review and were able to adjust priorities and behaviors to become more effective workers.

**Questions:**

1. What are important considerations to eliminate potential political bias in a performance review?
2. Why was Adobe successful in the changes that they implemented in their performance review process?
3. What other positive outcomes could be achieved from an ongoing feedback model versus annual performance review?

Sources: D. Morris, “Death of the Performance Review: How Adobe Reinvented Performance Management and Transformed its Business,” *World at Work Journal*, Second Quarter, 2016,

<https://www.adobe.com/content/dam/acom/en/aboutadobe/pdfs/death-to-the-performance-review.pdf>; “How Adobe retired performance reviews and inspired great performance,” *Adobe* website, accessed January 4, 2019,

<https://www.adobe.com/check-in.html>; K. Duggan, “Six Companies That Are Redefining Performance Management,” *Fast Company*, December 15, 2015, <https://www.fastcompany.com/3054547/six-companies-that-are-redefining-performance-management>.

IN-TEXT QUESTIONS

6. The basis of influence is power. True / False
7. The power tactic that is based on factual data and logical arguments is _____.
8. This Power tactic refers to give & Take:
a) Consultation
b) Exchange
c) Personal Appeal
d) Inspirational Appeals
9. _____ refers to make others feel happy about themselves.
10. _____ tactic is present across all three levels (upward, downward & lateral).



IN-TEXT QUESTIONS

11. Goal _____ is the source of Political behaviour in the organization.
12. Decreased _____ and reduced _____ are the two responses towards organizational politics.
13. One must always make attempt to completely eradicate politics from the organization. True / False
14. Activities to diffuse _____ and _____ should always be encouraged among employees to manage politics.
15. Companies must always invest in creating _____ and _____ compatibility to curb political behaviour.

5.6 SUMMARY

In organizations power is symbolised by the amount of influence that you have on others. There is a directly proportional relations between power and influence, i.e. more is the power, greater is the influence. It is usually seen in organizations that everyone seeks power, irrespective of sector, industry, nature of organization, level of hierarchy one belongs to, no matter what level you are working at, almost everybody seeks power in their hands so that they can work or make others work in their interest. When using power a very important point that needs to be kept in mind is 'How much' and 'Where' to use power, as excesses of anything is not good, and so is Power.

In any organization politics also coexist with power, they are closely linked to each other. To understand this it is necessary to understand the transformation of power into politics, how politics effect organization and its people, how people respond to politics and how managers manage politics in organizations.

5.7 GLOSSARY

Persuasion: The act of persuading somebody to do something or to believe something.

Ambiguity: Something that can be understood in more than one way.



Ingratiation: .An individual’s attempt to influence another person by becoming more likeable to their target.

Compliance: The action or fact of complying with a wish or command.

Coalitions: A government formed by two or more political parties working together.

Coercion: The use of force to persuade someone to do something that they are unwilling to do.

5.8 ANSWERS TO IN-TEXT QUESTIONS

1. Dependence	9. Ingratiation
2. True	10. Rational persuasion
3. Charismatic Power	11. Ambiguity
4. Referent Power	12. Job satisfaction & Performance
5. Coercive Power	13. False
6. False	14. Tension & Work struggle
7. Rational persuasion	15. Technical & Cultural
8. Exchange	

5.9 SELF-ASSESSMENT QUESTIONS

1. Present your views on the following statement in for or against “The use of power in organization is unethical”.
2. Compare & contrast interpersonal and structural sources of power in organizations.
3. What is Dependence? How power is the function of dependence?
4. What are the nine most often identified power or influence tactics and their contingencies?
5. What are the sources of organizational politics. What are the skills which an executive must possess in order to be politically competent?

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LESSON - 6

MANAGEMENT OF CREATIVITY & INNOVATION

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STRUCTURE

- 6.1 Learning Objectives
- 6.2 Introduction
- 6.3 Individual and Organizational Creativity
 - 6.3.1 Features of Creativity
 - 6.3.2 Creative Process
 - 6.3.3 Individual vs Organizational Creativity
- 6.4 Creative Blocks
 - 6.4.1 Ways to overcome Creative Blocks
- 6.5 Organizational Innovation
 - 6.5.1 Components of Innovation
 - 6.5.2 Innovation as a Process
 - 6.5.3 Types of Innovation
- 6.5.4 Product & Process Innovation
- 6.6 Summary
- 6.7 Glossary
- 6.8 Answers to In-text Questions
- 6.9 Self-Assessment Questions
- 6.10 References
- 6.11 Suggested Readings

6.1 LEARNING OBJECTIVES

After reading this lesson you will be able to:

- Understand the concept of Creativity and Innovation.



- Understand the difference between individual and organizational creativity.
- Assess various blocks to creativity.
- Analyse ways to overcome the blocks to creativity.
- Understand utility and importance of organizational innovation.

6.2 INTRODUCTION

Creativity is at the heart of innovation, it is necessarily involved in Innovation. Creativity highly depends on the skill and understanding of anyone who has it. Innovation on the other hand is thought of as new ideas, new ways of looking at things, application of new methods and developing new products that has greater value. Creativity when converted into tangibles, with hard work, persistence and perseverance, becomes innovation. It can be said that creativity is not necessarily converted into innovation, but innovation cannot take its form without creativity.

A number of times the terms creativity and innovation are used interchangeably but they are far different from each other, but both of them play a very crucial role in organizational success. We can say that creativity forms the foundation for Innovation.

Talking further about the difference between creativity and innovation we can say that, anyone who is creative need not always be innovative, but the one who is innovative needs to be creative. In an organization, creativity is acknowledged and appreciated when it takes the form of an innovation and bears some value for the organization as well as the consumers whom they are serving. Being such significant organizational factors, these two needs to be managed in an organization in such a manner that both, the individual as well as organizational creativity can best be utilised for the growth, development and success of an organization.

But the path of creativity and innovation is not free from blocks and hurdles. It faces in acceptance, resistance, suppression and many more before they come into being. Now days organizations even work on incorporating strategies to minimise such blocks as creativity & innovation are the keys to achieve competitive edge. They have emerged as the most prominent ingredients of organizational success.

6.3 INDIVIDUAL AND ORGANIZATIONAL CREATIVITY

Creativity/Creative Thinking/Inventive thinking are all the same. These means thinking up new or novel things. Creativity is the generation of imaginative new ideas (Newell and Shaw,



1972) involving a radical newness, innovation or solution to a problem, and a radical reformulation of problem. According to Amabile (1983), creativity is the production of novel and useful ideas in any domain. Knowledge and information are the basis for creativity.

According to Oxford English Dictionary – Creativity means - to use / involve one’s own thought or imagination to create something new as work of art, and invention.

According to Amabile (1996), creativity is driven by four components, which are domain expertise, a defined creativity methodology, people willing to engage, and organizational acceptance of new ideas i.e. supportive organizational environment. Whenever these components combines it gives rise to creativity.

According to Adams (2005), expertise covers domains like technical, procedural, and intellectual knowledge. Creativity relates to the ways employees approach problems which depends on personality, thinking, working style of employees, internal passion and interest in the work itself.

The above relationship can more clearly be described with the help of following Creativity Equation:

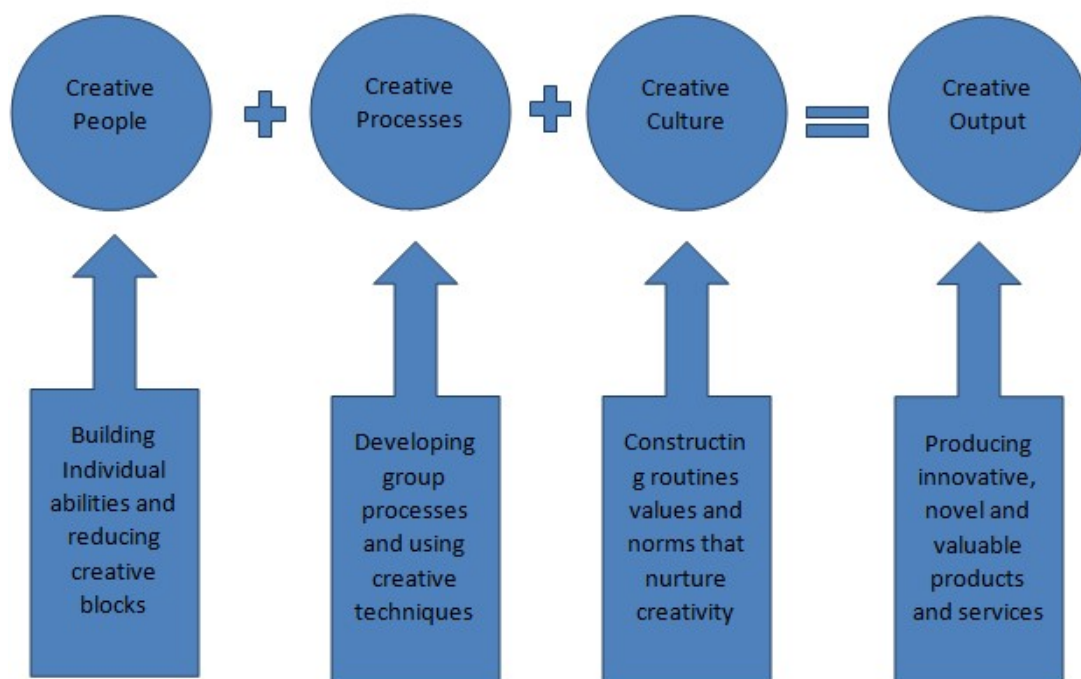


Fig 6.1 The Creativity Equation



According to Boden (1998), there are three main types of creativity, involving different ways of generating the novel ideas:

- a) The “combinational” creativity that involves new combinations of familiar ideas.
- b) The “exploratory” creativity that involves the generation of new ideas by the exploration of structured concepts.
- c) The “transformational” creativity that involves the transformation of some dimension of the structure, so that new structures can be generated.

According to Porter, creativity has following five elements:

Fluency – Fluency means the ability to provide ideas in volumes. It means having lots of ideas, but the ideas may not be necessarily unusual.

Flexibility- Flexibility means the ability to convert familiar concepts into new shapes or jump from old concepts to new ones.

Originality- Originality means the ability to create unusual ideas. It must lead to something novel or unique.

Awareness- Imagination to perceive connections & possibilities beyond obvious.

Drive or Motivation - to think up new ideas.

Few other elements of creativity are:

Value or appropriateness or usefulness - It should have some value according to some external criteria. It should have some useful application.

Capable of being reduced to practice – It must be more than just an idea and feasible of being reduced into practice.

6.3.1 Features of Creativity:

1. Creativity is not the product but the process.
2. Creativity involves both conscious and subconscious thinking.
3. Creative thinking can be stimulated at individual as well as group level.
4. Creative thinking can be both systematic and unsystematic.
5. Creativity is about thinking something new and whenever this new idea is implemented it brings change.
6. Creativity is not a one-time / isolated activity. Creativity is somewhat regular activity. Chance / accidental discovery of new idea does not mean creativity.



7. Creativity requires high degree of awareness.
8. Creativity involves pattern breaking.
9. Creative thinking involves seeking answers to questions or problems. Open-ended questions are very helpful for idea generation as these elicit a wide range of answers.

Some of these open – ended questions are:

- 'Why' questions to discover the roots of the problem.
- 'How' questions to discover different routes to significant improvement.

6.3.2 Creative Process:

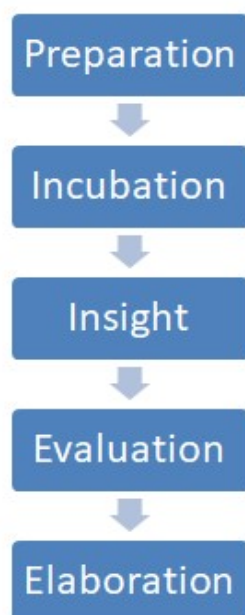


Fig 6.2: Creative Process

Preparation: For being creative you need not only consciously prepare, but also need to indulge into a lot of subconscious preparations as creations are preceded by investigation and information gathering. It can be achieved by gathering information from journals, attending meetings, seminars etc.

Incubation: A creative mind sub-consciously dwell over the tremendous amount of ideas and information accumulated during the preparation phase. In this phase the mind is said to be incubating with available information and knowledge to develop more novel and progressive ideas.



Insight: Reaching to this phase means we are also reaching near the solution of the problem around which we have build up our creative thinking. In most of such cases ideas comes to a person in incremental way. The person improves on solution slowly and steadily.

Evaluation: One thing is always associated with creativity, i.e., reaction of others towards it. It might or might not be accepted. It's quite an uncertain and unpredictable part of creative thinking that needs to be thoroughly evaluated

Elaboration: This is the final and the most crucial phase, which requires great self-discipline, dedication and perseverance. At this stage one should be in the condition to elaborate their creative thoughts in a convincing manner so that it receive high acceptance and appreciation.

ACTIVITY

To check your creativity, we can have a small activity in which just choose any one basic shape (circle, square, rectangle and triangle) and on a sheet start drawing things that you can make with shape. For example triangle can be converted into an upward arrow, circle can be Ashok Chakra and so on. Let's see how many you can get in your

6.3.3 Different Perspective of Creativity:

- a. **Creativity as a psychometric aspect:** According to Guliford (1950), creativity is divergent thinking in solving problems, and it can be measured by the psychometric test built in this regard.
- b. **Creativity as a reasoned thinking process:** According to Shelly (1991), creativity is a reasoned thinking process requiring many cognitive attempts, and the potential outcome of this process is creative behaviour.
- c. **Creativity as a personality characteristics:** According to Rabins (1991), creativity is the ability to combine thoughts and issues/comments in a unique way by creating a relationship between them.
- d. **Creativity as an inclination or motivation:** According to Amabile (1983), creativity is the result of an individual's intrinsic motivation, knowledge and capabilities of the fields and the skills on the issue.



- e. **Creativity as socio-ecology:** According to Harrington (1996), creativity is not the product of a single person at a single time and in a special place, but is socio-ecology where every creature interact with each other in its environment.
- f. **Creativity as a combination of sensitivity, flexibility & innovation:** According to Stenberg (2000), creativity is the combination of sensitivity, flexibility & innovation against some issue/problem/comment that makes an individual able to think about productive results that ultimately lead to personal satisfaction and the satisfaction of others.

6.3.4 Myths About Creativity:

When we think of creativity, we have a different and unique meaning for it. It is highly determined by the interest and thought process of people. But many a times people use to misthink about creativity which led to evolution of certain myths about creativity.

Table 6.1 presents some myths about creativity and the opposite findings through scientific research, highlighted by Runco (1999) and Beghetto (2007).

Myths		Realities
Limited to art	→	Application to every field
Pure Talent	→	Depends on Education, awareness & training
Fun	→	Also Hard work
Originality	→	Originality + Value
No Prior Knowledge	→	Field knowledge and awareness is necessary
Majot Break through	→	Thinking skills
Free play and discovery	→	Simulation of play and discovery

Fig 6.1: Myths vs Realities of Creativity

According to Burkus (2014), following are the myths about creativity:



- i. **Eureka Myth:** As it appears, creativity does not appear as a flash of light. There are so many failed attempts before a creative idea, which is the result of prior hard work on a problem.
- ii. **Breed myth:** Creativity is not inherited, it doesn't flow in one's heritage or genes, it is developed and nurtured with hard work and persistence.
- iii. **Originality myth:** Creativity is not a personal property or is owned by a person who initially thought of it. Sometimes older ideas combine with new one to come out with creative solutions to problems.
- iv. **Expert myth:** There is no specific group of experts who specialises in developing creative ideas. The evidence suggests that when problems are approached from various perspectives, it may result in creative solution from anyone who is searching for it.
- v. **Incentive myth:** Being creative is an innate quality. Higher incentives cannot increase creativity. It may only help to motivate and appraise people for being creative and innovative. And many a times it may do more harm than good as employees may manipulate incentive system developed to encourage creativity.
- vi. **Lone creator myth:** Brain storming is often considered to be a very effective process to develop creativity. Therefore, 'creativity comes from creative people only' is a myth.
- vii. **Constraints myth:** Creativity doesn't depend on resources. In fact, most of the time most creative and innovative ideas come from people who have limited resources.
- viii. **Mousetrap myths:** Is it enough to generate a creative idea? The answer is, NO. Work majorly begins with generation of a creative idea as more has to be done after that. The idea must be communicated, interpreted and implemented in the correct manner to bear fruits.

6.3.5 INDIVIDUAL VS ORGANIZATIONAL CREATIVITY

It is an individual who originates an idea or innovation. With the knowledge, expertise and experience comes the novel and constructive ideas for effective problem solving. For ex, an entrepreneur coming up with much upgraded version of any existing product making it more user friendly.

Organizational creativity is much visible and obvious as compared to individual creativity as it usually comes out as innovation and has higher commercial value. It happens when a group



of people working for the same organization develops ideas and innovations. That could be a team developing, creating and marketing a new product.

In a nutshell we can comment that it is the individual creativity that give rise to all organizational creativity, but on the other hand not all individual creativity is organizational creativity. The two are not similar, but they correlate.

The Three Main Areas to Make a Difference:

Organizations and individuals are distinct in their behaviour. An organization is comparatively predictable, but individuals can't be, they behave differently in different situations. This can be sometimes problematic as well as favourable when it comes to creativity.

It is a common human tendency to be aversive form risk and changes, they most of the time resist in these conditions. But corporates today need much courageous and risk absorbing people who do not carry any such aversion, as at present that is the only way to compete and survive in the modern market. Now, here arises a question that what course of action should be adopted by the organizations, so that they can create an environment that nurtures creativity in its people and the organization as a whole.

According to Professor Gerard Puccio at Buffalo State College, companies should focus on three things: people, environment, and processes.

1. People: The Engine of Innovation

For organizations to be innovative, its people needs to be creative, because an organization's innovation is sum total of individual's creativity behind it. There are instances in organizations where such creativity in people are hidden and unexplored. The organization needs to take initiative to discover and utilise them.

For creativity to dwell in people, organizations needs to feed it with motivation. Not necessarily the motivation should always be a monetary one, mere acknowledgement, engagement, acceptance and appreciation can also be a great source of motivation, which is a prerequisite for being creative.

For a company to be innovative it needs to be creative and cannot let go the opportunities coming their way. The same needs to be imbibed among the people so that the creative thinking can inhibit into the organization making it innovative.



2. Environment: Requisite for Creativity

Companies, such as Microsoft, IBM, Google, and many more got their names listed for the most creative organizations. The credit for which goes to their unmatched efforts to provide their employees with the best work culture and conducive environment to work. For letting creativity to foster certain physiological and physical atmosphere needs to be provided. An resistance free environment towards changing the status quo, people should be flexible and more receptive towards change in order to encourage creativity rather than following the usual human tendency to dislike changes otherwise, a new idea might be ignored just for disturbing the equilibrium. Most people resist change, and that can hinder novel ideas – just because they are untried and new.

Many a time individual creativity can develop only under the umbrella of organizational creativity with regards to what kind of an environment they provide to their people, so that they come up with creative ideas without hesitation anywhere anytime they want, so that creativity rather than becoming compulsion becomes more fluent and natural throughout the organization.

3. Process for Successful Idea Management

Creativity is all about coming forward with novel and constructive ideas, and with so many people working within an organization, there can be huge idea pool, and the main task is to manage that pool in such a manner that the best out it can be utilised for organizational gains.

The biggest constraint here is the feeling of appearing odd or not being heard. A good idea management process believes in providing a lot of feedback and encourages people of the organization to come forth with innovative ideas without hesitation.

Therefore, organizational and individual creativity both have their strengths and weaknesses. As both are correlated, organizational creativity cannot undermine the importance of individual creativity for organizational success. In order to utilize individual creativity it needs to be nurtured with motivation. The best form of motivation is a flexible and conducive atmosphere for ideas to flow freely, be accepted with respect, acknowledgment and appraisal of most innovative ideas and this is all for correct idea management processes in place.

6.3.6 ROLE OF CREATIVITY IN ORGANIZATIONAL GROWTH

Creativity now days plays a crucial role in organizational growth and development. It is so because in today's time with high end technology, highly competitive market, demanding consumers, employee centricism in organizations, they have become much cautious about



creativity at workplace, as it helps them to deal with the above factors. Creativity is helpful in following ways in an organization:

1. Generation of ideas for new technologies: Every now and then a new technology emerges into the market making it more diverse. To deal with it organizations needs to adopt out of the box thinking to come up with much effective strategies to incorporate newly developed technologies for organizational growth and development.
2. Generation of ideas for improvement in Product / Service Design like
 - for more value addition
 - for simplification,
 - for adding more features,
 - for standardization
 - for ergonomic considerations (enhancing human convenience in use)
 - for improving product reliability
 - for increasing product life cycle
3. Generation of ideas for improvement in Process Design like
 - for smooth flow of materials
 - for increasing ease in manufacturing
 - for reducing work-in-process inventories
 - for reducing wastages
 - for improving quality
 - for improving process efficiency
 - for improving safety
4. Generation of ideas for improvement in machines, tools etc.
5. Generation of ideas for converting process waste into useful by-product
6. Generation of ideas for improvement in productive capacity
7. Generation of ideas for improvement in Human Resources
8. Generation of ideas for finding new uses / applications
9. Generation of ideas for new marketing strategies
10. Generation of ideas for tapping new markets / market segments
11. Generation of ideas for solving problems
12. Generation of ideas for tapping business opportunities



IN-TEXT QUESTIONS

1. Creativity Thinking can also be termed as
2. Organizational creativity is much visible and obvious as compared to Individual creativity. True / False
3. Which is NOT one of the main areas to make a difference with creativity:
 - a) People
 - b) Environment
 - c) Physical features
 - d) Process
4. For organizational development, idea generation should be in the area ofdesign & design.
5. In an organization, people creativity can be nourished through_____.

6.4 BLOCKS TO CREATIVITY

There are a number of factors that hinder creativity. It can be national or social conditions, it can be organizational or even individual factors that can create blocks to creativity. Talking about factors at the national level, lack of freedom of expression and movement, fear of dissent and contradiction, a high degree of orthodox views, adherence to traditions with unwillingness to break from customs may have adverse effects on creativity in nation or society.

At the organizational level, autocratic functioning of the top management, lack of respect for individual initiatives, intolerance for honest mistake etc. may have effects on organizational creativity.

Lastly, at the individual level, an employee's own thought process, attitude and approaches becomes the block in creative or inventive thinking of a human being.

From the book "Creative Problem Solving for Managers", there are THREE identified categories of Creativity Blocks. They are:

Mindset: Bounded as well as boundaryless imaginations emerges from human mind. Therefore, correct mindset is necessary to be creative. And in most of the cases this mental block comes in the way of creativity.



Mindset is a condition which an individual becomes over-sensitized to some part of the information available at the expense of other parts.

It is characterised by one right-answer thinking, looking for reasons why something will not work and misplaced emphasis on logical thinking.

Certain examples are as follows:

- We have always done it this way, why change?
- There can only be one way to do it properly.
- It's experience that counts, it's the only way to learn.
- I learned to do it this way and it never let me down.

Personal Blocks to Creativity: In various instances, it is the personal self who creates the block in creative thinking. It can be personal factors like value, attitude, perception, self-image, that hampers inventive thinking. Some of them are:

- Inflexible thinking
- Rigid personal values
- Narrow focus
- Fear of failure
- Low self-confidence

Organizational Blocks to Creativity: In organizational setting, most crucial to organizational success is organizational creativity and innovation. Hence, it needs to be nurtured. On the other hand a number of times we have also witnessed organizations failing in deprivation of innovation and creativity, which happens because of following reasons:

- Strict managerial control
- Short range thinking
- Rigid hierarchical structure
- Expected payoff
- Orientation- more emphasis on increasing profits
- Pressure to achieve more in less- R&D cuts

6.4.1 Ways to Overcome Creative Blocks:

The Creative blocks we talked about above can be dealt with in following ways:



Developing flexibility in attitude and thinking: With a faulty attitude and narrow thinking, there will be no room for creativity. For creativity to play a positive and progressive attitude and broad thinking is a requisite.

Develop willingness to explore various alternative: Solution of a problem can be many, what needs to be done is to explore and think out of the box. Willingness to try alternatives rather than sticking to rule of thumb also encourages creativity.

Always carrying a learning attitude: “Learning never ends” as a belief is food for creativity. A lifelong learning is always a good option rather than fencing your knowledge. This in turn develops lateral thinking i.e., the ability to think creatively.

Curbing fear of failure: Fear of failure is the thought block on the path of creativity. Great things never happen in a jiffy, they happen after many failures and one should be open to it if willing to create an exception.

Broadening focus: With a narrow focus and perspective, one cannot see the larger picture. Broadening focus and perspective will open up imagination, provides ability to think, explore and innovate.

Adopting Participative Management style: For an organization to be creative, management has to play an effective role. Rather than being autocratic, management should be democratic, providing the employees a platform to participate in decision making, give suggestions, brain storm to produce much efficient alternatives, accepting and implementing them for organizational growth and development.

Flexible hierarchical structure: A stringent hierarchical structure in the organization may suppress creativity. A more flexible structure provides better atmosphere to nurture creativity and ability to innovate.

Encouraging R&D: R&D should never be considered for cost cutting in a progressive organization. It should be the core of activities because in deprivation of R&D activities the organizations may stagnate, which is not a suitable condition for organizational success.

According to Edward De Bono, there is no doubt that creativity is the most important human resource of all. Without creativity there would be no progress, and we would be forever repeating the same pattern. It is the defining characteristic of 21st century developed economies. According to 2014 OECD Forum, “*Creativity and innovation are now driving the economy, reshaping entire industries and stimulating illusions*”.



CASE STUDY

Mohan Technologies Pvt. Ltd. and Neptune Technologies Pvt. Ltd. were potential competitors in the market. They both were established firms employing the best of the talents working with high-end automated tools, techniques, equipment, and various other resources. But as the market is dynamic, it undergoes numerous changes now and then affecting the surviving industries. In such a scenario key to successful survival is the flexibility in these industries to adsorb the occurring changes and be creative in its processes.

It was a time of the year when the tech industry underwent vital changes and it became essential for the industries to make provisions for absorbing the changes and procure resources for its smooth implementation for future organizational growth and development. The most vital of all resources for industries is the human resource, which was also very crucial to search and place. So, both industries geared up to service and revitalize their best search engines to pitch in the most suitable and the best human resource in the market.

Both industries laid down the process of recruiting and selecting the best talents in them and started implementing the same. It took several days for the process to conclude after which they were all set to face the upcoming challenges and to work most efficiently for future growth and success. After around a month of performing with the new workforce Neptune Technologies Pvt. Ltd. observed a slope in its growth and market performance as compared to Mohan technologies.

Performance analysis of industries clarified that Mohan technologies conquered the market with its creative and innovative ways of working, changes in organizational policies to reward the most creative and constructive employee, introducing additional incentives for most creative and efficient strategies. On the other hand analysis of Neptune's performance showed that although they employed the best talent but have not introduced any creative change in its products. In fact, it was mentioned by the new recruits in the company that the management is very particular about their traditional ways of working.

Questions:

- Q1. What is the problem discussed in the case?
- Q2. On behalf of Neptune technologies, how would you have acted for better performance?
- Q3. What is the importance of Creativity and Innovation in present organizations? Explain with example.



IN-TEXT QUESTIONS

- 6. Creativity forms the _____ for innovation.
- 7. Creativity & Innovation are synonymous to each other. True / False
- 8. Which is NOT one of the creative blocks:
 - a) Mindset
 - b) Physical
 - c) Personal
 - d) Organizational
- 9. According to Boden, there are _____ types of Creativity.
- 10. Hierarchical structure should be _____ for creative work environment.

6.5 ORGANIZATIONAL INNOVATION

What is Innovation?

According to Oxford English Dictionary – Innovation means introduction of something new. Thus, innovation can be defined as the introduction of a new product, service or process into the market place.

The National Innovation Initiative (NII) of USA defines - innovation as the intersection of invention and insight, leading to the creation of social and economic value.

‘Innovation is celebration of creativity’, pronounced Dr. A.P.J. Abdul Kalam, the President of India at Third Award Function of NIF (National Innovation Foundation).

Difference between Invention & Innovation

S. No.	Invention	Innovation
1.	It is the creation of a new product, service or process	It is introduction of new product service or process into marketplace
2.	May not be commercialized	Results into commercialization



3.	Invention can be both autonomous & induced	Innovation is usually induced
4.	Invention may be for non-economic or economic motive	Innovation is usually for economic motive
5.	Activities usually restricted to R&D center	Activities & applications spread across the organization
6.	May bring few changes in organization	Brings organizational change
7.	Precedes innovation	Succeeds / follows invention
8.	Invention = Innovation – commercial exploitation	Innovation = Invention + commercial exploitation

6.5.1 COMPONENTS OF INNOVATION:

The three components of innovation are:

A hardware component – consisting of material or physical aspects of innovation.

A software component – consisting of information base that is needed to use the innovation.

An evaluation information component – that is useful for decisions related to the adoption of the innovation.

These components form a system to make it user friendly.

6.5.2 INNOVATION AS A PROCESS:

It is the process which facilitates innovation. The process of innovation involves search & selection, exploration & synthesis, cycles of divergent thinking & convergence.



Innovation process needs support at three levels.

At the macro level i.e., National Level, innovation in a nation directly depends upon national government's policies and support.

At the next level i.e., Enterprise Level, innovation in enterprises depends upon top management's support and commitment. It is the top management which sets the direction and environment for the innovation in an organization.

Lastly at the bottom level i.e., Individual Level, organizations should create multifunctional teams and encourage individuals involved in the innovation process. Innovation largely depends upon actions and motivation of multifunctional teams and individuals involved in the innovation process.

Innovation is largely responsibility of enterprise.

6.5.3 TYPES OF INNOVATION:

Product, Service and Process Innovations: The product, process and service innovation involve development and commercialization of new product, service or process respectively.

Open and Closed Innovations:

In open innovations, there is:

- High degree of flexibility to environmental feedback and focus of entire effort undergoes change based on it.
- There is lesser degree of control on the direction of research work.
- Example: Modern non-linear, flexible innovation model.

Closed Innovations:

- Are tightly controlled and directed.
- The entire effort is towards attaining certain goals/targets specified in the beginning itself.
- There is low flexibility to environmental feedback. Concept is frozen at the idea generation stage itself.

Example: The traditional linear model of innovation.

Incremental innovation do not provide new inputs, but the existing collections of inputs are re-configured to achieve higher outputs.

The objective is to exploit existing forms of technologies in more and better ways.



Example: Improvement from Pentium III to Pentium IV

Incremental Innovations are sustaining in nature. This allows organization to approach market the same way.

They are sometimes regarded as evolutionary in nature.

Radical innovation lead to something new and thus result in departure from existing technologies or methods.

Radical innovations has following characteristics:

- Results in an entirely new set of performance features.
- Significant improvement in known performance features.
- Significant reduction in cost.
- An extreme form of radical innovation is disruptive innovation, which has the potential to upset the organization's existing business model.

Modular innovation do not alter the overall product structure, but the change can occur within the component technology.

Example: change in engine technology of car without changing the car's structure.

Architectural innovation is a change of product structure with no significant effect on component technologies.

Example: Change in aerodynamics of car with no change in engine, electronics etc.

Generic innovations are such innovations which create new technology paradigms, thus originating a new core-process which cross-cuts many sectors and stages of products.

Example: Development of wheel, electricity etc.

Epochal innovations are subsets of generic innovations whose introduction or rejection is confined to a particular sector.

Some examples are Xerox copying machines and Polaroid films.

Technological innovation focuses on creation and development of new technology and taking its application/uses to market. It can also be defined as the process by which new technological ideas are generated, developed and transformed into new business products, services and processes that are used to make profits and establish a marketplace advantage.



6.5.4 PRODUCT & PROCESS INNOVATION:

Product Innovation: Any tangible offering that can satisfy the needs/wants and desires of the consumer is a Product/Goods.

Anatomy of a product is composed of three dimensions, they are as follows:

Core benefits – the basic functions and attributes provided by the good / product.

Tangible specifications– for defining shape, size, appearance etc of the product.

Augmented features – the additional benefits or utilities associated with the product viz. after sale service, perceived benefits of a brand etc.

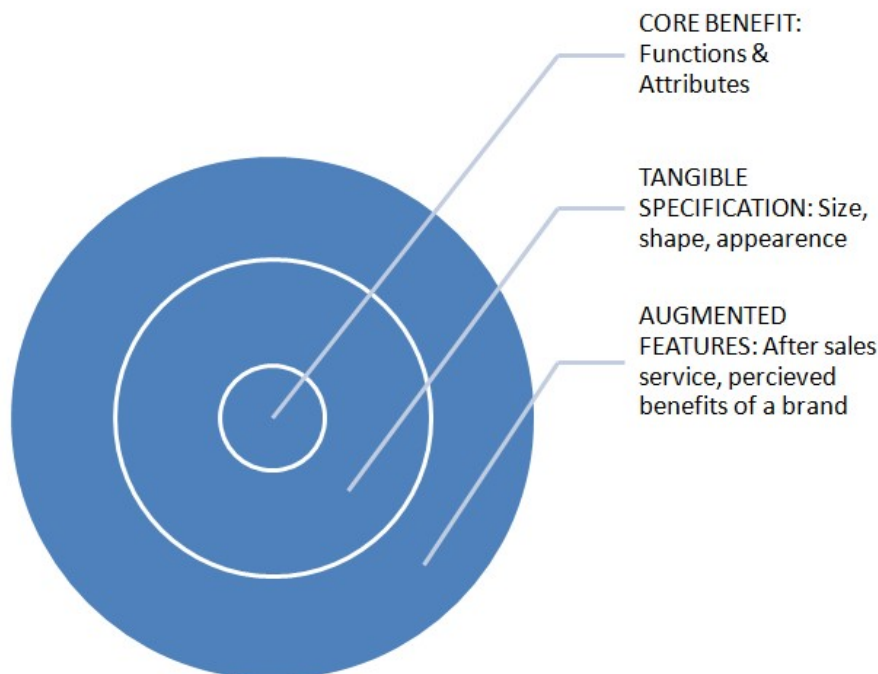


Fig 6.3: Anatomy of a Product

Complete specification of a product to be manufactured is known as Product design (PD) and contains following details :

- functions / attributes
- weight, size, appearance
- engineering / technical specifications
- constituents / components / parts of final product



PD may be for a new product or for modification of existing product.

PD is normally the first step immediately after accepting the concept of the product.

PD has direct impact over selection of processing equipment & methods, plant layout and in-process material flows.

A correct PD ensures that the intended functions are discharged by the product, it can be manufactured with ease in the factory and it can be sold to the customer.

Reasons for Change in Product Design / Product Redesign

- Change in customer requirements
- Adding more functions / attributes
- Increasing saleability (appearance etc.)
- Enhancing ease in manufacturing
- Tapping new markets or market segments
- Increasing product's life cycle
- Enhancing convenience to use (ergonomic considerations)
- Technological advancements and progress
- Standardization and simplification efforts in an organization. - Simplification aims at reducing product complexity and Standardization seeks manufacture of standardized products and dropping what is unnecessary or superfluous.
- Improving quality
- Improving product reliability
- Maintaining technological leadership
- Reducing processing and manufacturing costs
- Gaining competitive edge
- Sustaining competitiveness

Process Innovation: A Process is combination of facilities, skills and technologies that are used to produce products or provide services.

A process usually consists of :

- a set of tasks
- a flow of material and information that connect these tasks and
- storage of material and information.



These tasks transform inputs into output. Thus process results into change. Process changes i.e., converts inputs into outputs. Inputs are - land, labour, capital etc. Output is- goods and / or services.



Fig 6.4: Steps in Process

Process Design –

It means the complete delineation and description of specific steps in the production process and the linkages among these steps that will enable the production system to produce products / provide services as per the goals /policies of the organization.

Like product design, process design is very crucial to the success of an organization.

- Process design directly influences plant layout.
- It affects processing wastage and quality of output.
- The process design decision influences processing time, in-process-inventories and processing costs.
- It influences capability of an organization to make timely deliveries.

A proper process design ascertain that

- Production is completed by delivery date.
- Goods or services are of desired quality
- Processing costs are optimal thus leading to cost competitiveness

Factors Necessitating Change in Process Design / Process Redesign

- For controlling and reducing process wastage
- For improving quality of output



- For controlling and reducing work in process inventories
- For reducing processing time
- For reducing processing costs
- For improving process efficiency
- For improving productivity
- For improving ease in manufacturing
- For ensuring timely deliveries
- For reducing health hazards and improving safety of workforce
- May be thrust upon / forced by
- Changes in product design
- Overall technological advancement / progress
- Gaining competitive edge
- Sustaining competitiveness

Steps in Process Innovation

Successful process innovation requires the following:

1. Proper Planning as to focus area of innovations; deciding about use of technological tools for mechanisation ,computerisation & automation; setting targets, goals; deciding timeframe of commercialization etc.
2. Creating a multifunctional team of technical, production and maintenance department.
3. Selecting a small group of operators and workers, seeking their participation in process innovation through communication, counselling, training and rewards etc.
4. Pilot run of the new process.
5. Observations and improvements in the new process based on feedback from pilot testing.
6. Large scale training of entire work force.
7. Commercial use of new Process.

Tools for Process Innovation:

- Developing assembly charts for studying conceptual framework of material flow
- Developing process charts for studying conceptual framework of process flow
- Computer Aided Designing (CAD), Computer Simulation
- Time study for comparing time taken for various operations and tasks
- Value engineering and analysis
- Business process reengineering



- Benchmarking
- Using change management strategies

IN-TEXT QUESTIONS

11. According to NII Innovation is the intersection of _____ & _____.
12. Dr. A.P.J. Abdul Kalam pronounced that Innovation is _____.
13. Change in engine technology of car without changing the car's structure is an example of architectural innovation. True / False
14. In anatomy of a product, tangible specification refers to _____.
15. Which is one of the tools for process innovation:
 - a) Quality Circle
 - b) Brainstorming
 - c) BPR
 - d) None of the above

6.6 SUMMARY

Creative thinking in a disciplined manner can play a real role in innovation. *“Creativity and innovation are normally complementary activities, since creativity generates the basis of innovation, which, in its development, raises difficulties that must be solved once again, with creativity...It is not possible to conceive innovation without creative ideas, as these are the starting point.”* (European Commission 1998).

It is in fact an intangible characteristic that most companies now days aims to cultivate. This is particularly true for modern organizations where younger workforce seeks more responsibility and autonomy in decision making. In such a scenario organizations also needs to maintain a culture where they can tap the people creative capabilities, where employees can deliver better results on a more consistent basis.

6.7 GLOSSARY

Creativity: The ability to make or produce new things using skill or imagination

Radical: Relating to or affecting the fundamental nature of something



Modular: involving a module or modules as the basis of design or construction

Epochal: relating to something that is uniquely or highly significant

Creative Block: Hurdle in the path of Creativity

Innovation: A new method, device, process, or product with commercial value

Myth: An idea or story which many people believe but that does not exist or is false.

6.8 ANSWERS TO IN-TEXT QUESTIONS

1. Inventive Thinking	9. Three
2. True	10. Flexible
3. Physical Features	11. Insight, Invention
4. Product & Process	12. Celebration of Creativity
5. Motivation	13. False
6. Foundation	14. Size, shape, appearance
7. False	15. BPR (Business Process Reengineering)
8. Physical	

6.9 SELF-ASSESSMENT QUESTIONS

1. “Creativity & Innovation are synonymous to each other”. Explain your agreement or disagreement.
2. Elaborate various types innovations with example.
3. Differentiate between Product and Process Innovation.
4. Explain in detail various blocks to creativity and elaborate the strategies to overcome the same.

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LESSON - 7

UNDERSTANDING GENDER ISSUES IN MANAGEMENT

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STRUCTURE

- 7.1 Learning objectives
- 7.2 Introduction
 - 7.2.1 Stereotype
 - 7.2.2 Gender Stereotype and Gender Stereotyping
 - 7.2.3 Where do Gender Stereotypes Come From?
 - 7.2.4 Negative Impacts of Gender Stereotypes
 - 7.2.5 Stereotypes and Unconscious Bias
- 7.3 Women in Management
 - 7.3.1 Challenges for Women in Management
 - 7.3.2 Importance of Women in Management
- 7.4 Individual and organizational strategies to manage gender issues in organizations
 - 7.4.1 Individual Strategies to Manage Gender Issues
 - 7.4.2 Organizational Strategies to Manage Gender Issues
- 7.5 Summary
- 7.6 Glossary
- 7.7 Answers to in-text question
- 7.8 Self-assessment questions
- 7.9 References
- 7.10 Suggested Readings



7.1 LEARNING OBJECTIVES

Learning Outcomes

The underlying objective of this course is to create an in-depth understanding of gender issues in management. After completing the course, the student shall be able to:

- understand the concept of gender stereotype.
- develop an understanding of negative impact of gender stereotype.
- familiarize with the concept of women in management.
- critically evaluate the individual and organisational strategies to manage gender issues in the organization.

7.2 INTRODUCTION

Get used to the fact that life is unfair. Everyone can relate to Bill Gates' famous first rule, but women undoubtedly do so more so than their counter parts. The Global Gender Gap Index estimates that it will take 108 years to close the gender gap worldwide. While traditional economic theories assert that competition should cause discrimination based on traits like gender to naturally disappear, reality tends to suggest otherwise.

The gender wage gap is frequently attributed to the dearth of women in high-paying jobs whereas males dominates in STEM (science, technology, engineering, and mathematics) fields. Despite the fact that females perform equally well on standardised examinations in math and science as males do, however, fewer women seek a professional career in these fields. Women seem to encounter a variety of obstacles that are unrelated to their skills. One of them is the stereotyping of gender (Corcoran, 2009)

7.2.1 Stereotype

A broad assumption or preconception about the traits or qualities that members of a certain social group should possess or demonstrate, or about the functions that members of that group should play.

7.2.2 Gender Stereotype and Gender Stereotyping

A gender stereotype is a generalised opinion or preconception about the traits or qualities that men and women should or should not have, or about the roles that men and women should or



should not play. Both good and negative gender stereotypes exist, such as "women are nurturing" or "women are weak."

It is a generally held assumption or generalisation about the behaviours and traits that are assigned to women and men. In gender stereotypes, women are frequently represented as emotional, protective, and caring whereas males are frequently stereotyped as being powerful, career-driven, and logical. These presumptions may be harmful (e.g., women are illogical, males are insensitive), or they may appear to be harmless (e.g., women are nurturing, men are leaders). Stereotyping can, however, be restrictive in all forms. It is the practice of giving a specific set of traits or functions to a lady or a man just because she or he belongs to the social group of women or men (Tabassum & Nayak, 2021)

At its foundation, a gender stereotype is a belief, and that belief may lead its holder to assume certain things about women or men who belong to the target group. Gender stereotyping, on the other hand, is the act of applying that stereotypical idea to an individual. The idea that each gender and its related behaviours are binary is perpetuated by gender stereotypes, which also produce generally accepted biases about certain qualities or features. According to this presumption, the evaluator has a disconnect if a man or woman behaves differently from how people of that gender are expected to behave. People who are caught in this binary idea of gender find it difficult to understand people who do not fit into a strict gender dichotomy or who do not identify with any gender at all as our society goes toward a broader construct of what "gender implies."

Stereotypes about gender can make us perceive things differently, which is harmful. When someone doesn't fit into our gender expectations, it might result in discrimination, unequal treatment, or unjust treatment altogether. refers to a specific person who chooses to reject gender stereotypes. In the purest sense, it is sexism when gender disparity takes place with gender stereotypes (Ryen, 2000).

According to the Office of the High Commissioner for Human Rights (OHCHR), a gender stereotype "is a generalised perspective or preconception about attributes, or features that are or ought to be possessed by women and men, or the duties that are or ought to be performed by men and women,". Therefore, a gender stereotype is damaging when it restricts a person's ability to grow in their personal qualities or professional abilities or to make decisions about their lives and plans.

Regardless of the level of development in their country, gender stereotypes influence females all around the world and are supported by society as a whole, from parents to teachers-The Global Early Adolescent Study conducted by the WHO and John Hopkins University came to



this major conclusion. Even though some may think this is unimportant, it has a highly negative impact on girls' aspirations and job prospects from a very young age.

An article titled "Gender stereotypes about intellectual aptitude arise early and influence children's interests" which was published in the journal *Science* in 2017, highlights that girls start feeling less brilliant than boys at the age of six. According to Miriam Gonzalez, the creator of Inspiring Girls in Spain, "Neither girls nor boys are born sexist; there are things that we as a culture do to them to make them reach that point". The topic thus has a vast socio cultural background, one that, for instance, associates some behaviours, items of clothing, and pastimes with men and others with women. According to UNESCO women are underrepresented in STEM (Science, Technology, Engineering and Mathematics) fields and makeup just 29% of researchers worldwide (González et al., 2019).

7.2.3 Where do Gender Stereotypes Come From?

Complex gender stereotypes have their roots in regional customs and culture. Children pick up on gender roles through their families, friends, the media, and institutions like schools and religious organisations. All genders may be negatively impacted by gender stereotypes since young people are frequently exposed to messages about how boys and girls should seem, act, and play. These widely accepted and frequently unconscious beliefs begin to develop during childhood.

7.2.4 Negative Impacts of Gender Stereotypes

Gender stereotypes are intricate and come from regional customs and cultures. Children learn what is appropriate behaviour for women and men through their families, friends, the media, and institutions like schools and religious organisations. As young people are frequently exposed to messages about how boys and girls should look, behave, and play, gender stereotypes can have a negative impact on all genders. These mostly unconscious and socially acceptable beliefs begin to develop from childhood.

We mistakenly think of them as being biologically predisposed since they are developing in babies. Through education, conventional male or female behaviours and traits are ingrained, which subsequently have an impact on how they behave. The power of stereotypes is symphonized and frequently correlated with negative associations, particularly if women are thought of as being too sensitive, illogical, and unable of making quick decisions.

Traditionally, men are attributed with better social position, freedom, and rational thought. These concepts limit human potential and put pressure on people of the other gender in terms of their future position and place in society. Even though cultures have undergone significant



change and made advancements in this area, there continues to be a gender gap. It can be demonstrated, for instance, by income disparities and the underrepresentation of women in management roles (Corcoran, 2009).

Men continue to hold the majority of managerial positions. To advance in their occupations, women must use more energy than males. Lists of barriers have been published by several research studies. These barriers are either the product of societal preconceptions or are a function of the labour market, which often produces more favourable working circumstances for males than for women. The time and skill requirements for manager duties are often high, which places more limitations on women than on males.

How is it to be perceived?

Many businesses are still lacking in providing equal chances for women, who are also expected to fulfil the role of a mother caring for her held, household. Due to the severity of the situation, they are compelled to reject such careers that could severely restrict them. Women generally have to pick between options that are typically family- or career-oriented or adjust to a typically "masculine" method of working. In addition to if despite all the previously mentioned factors, women do manage to land a job, their work is significantly undervalued compared to men, and they are given jobs at lower levels of management (Heilman, 2001).

7.2.5 Stereotypes and Unconscious Bias

We all harbour unconscious biases that lead to gender stereotyping. When we have unconscious bias, we make judgments about other individuals that are based on their actual or perceived backgrounds. Everyone possesses unintentional prejudices. Even if a person does not consciously agree with a stereotype, they might nevertheless be affected by it. Gender stereotypes have detrimental effects, and one key approach to fight against them is by becoming conscious of our biases and attempting to overcome them. As we process a tremendous amount of information every second, unconscious prejudice develops (Nwakalor, 2021).

Our brains have to make assumptions based on prior knowledge and identify patterns to expedite the decision-making to prevent getting overwhelmed. However, these presumptions frequently rest on crude generalisations about people, such as their age, colour, or gender. Micro messages like body language and word choice are used to convey them. This can cause issues since it can change our ideas and how we treat other people. It is more likely to occur when we are worried or exhausted. Even while acknowledging and managing our prejudices



might be difficult, it's crucial to recognise, consider, and even talk about them with co-workers(Heilman & Parks-Stamm, 2007).

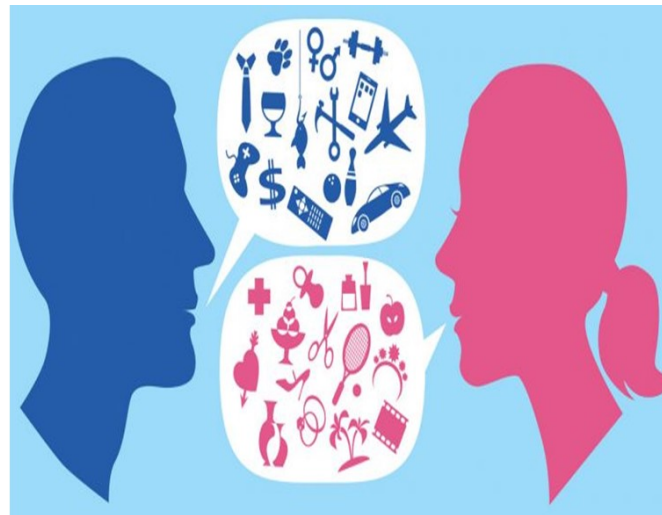


Fig 7.1: Differences society has between men and women (Source: www.voicesofyouth.org)

ACTIVITY

Adapted from Robert Gordon University's Lesson Plans for Challenging Gender Stereotypes

Read out the following list and think it's a girl thing or a boy thing or vice versa.

<ul style="list-style-type: none">• Burping and Farting• Rescuing• Dancing• Teacher• Cooking• Pink• Doctor	<ul style="list-style-type: none">• Nurse• Cars• A six pack• Diet drinks• Scientist• Blue• Cleaning	<ul style="list-style-type: none">• Lawyer• Engineer• Set of spanners• Computer programmer• Red• Glitter• Mathematician
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Once you have read through the whole list ask the following questions:

- Where do these ideas come from?
- Is it true that these are just girls or boys' things?
- Where are these answers coming from?



IN-TEXT QUESTIONS

1. Which approach sought to challenge root causes of gender inequality and increase women's access to resources and decision-making?
 - i. Human Rights based approach
 - ii. Gender in Developmental Approach
 - iii. Women in Development Approach
 - iv. Post structuralism theory
2. Masculinity and femininity are typically linked to _____.
 - i. Sexism
 - ii. Sex
 - iii. Gender
 - iv. Patriarchy
3. State whether the following statements are True or False.
 - i. Today, almost two thirds of all women in the developed world have jobs.
 - ii. Only a very small percentage of women have top positions.

7.3 WOMEN IN MANAGEMENT

Greater gender equality has been demanded in recent decades, and the need to close the gender pay gap has grown. Even though great progress has been made in this area, there are still far too few women in positions of leadership. One can observe that 15% of the CEOs on the Fortune 500 list in America are female. Companies with higher percentages of women on their boards perform far better than those that don't.

Studies have shown that businesses with greater gender diversity—not merely among their workers but also directly among senior management—are much more profitable than those without providing additional support for this.

This proves unequivocally that there is an urgent need for more women in management. It just doesn't seem right that there are so few women in management when you take this into account, especially given the seemingly endless amount of data that backs up this assertion.



Organisations must develop better opportunities and policies for women. However, to move forward and break free from the habits holding them back, women also require help (Bobbitt-Zeher, 2011).

7.3.1 Challenges for Women in Management

As we've seen, the working world is evolving and business is no more just a man's domain. However, competing in such a difficult setting is no easy task. Women in management continue to encounter several obstacles, whether they are experienced female executives who have been making progress in this discussion for years or up-and-coming new talent seeking to have a significant effect.

i. Men are still the majority

The fact that men predominately make up the majority of the room is the first and most visible obstacle. However, this offers ladies a chance to stand out and make a memorable impression right away.

ii. Difficulty in creating supportive networks

Building a supportive network in a field where men predominate is a scenario that keeps coming up. Make use of this opportunity to look for mentors and connections, both male and female, who can assist you in advancing your career.

iii. Balance work and family aren't easy

In the working world, women frequently have to juggle between raising families along with the stress of a full-time job. The pandemic has taught us the value of striking a healthy work-life balance, even though it can at times seem impossible to juggle between work and home life.

iv. Expectations of women are often lower

The sad fact is that expectations can frequently be lowered for a lot of women. The idea is to adjust your perspective and realise that it's simpler to achieve your goals and demonstrate why you shouldn't be ignored rather than negatively seeing this.

v. Women are characterised as emotional

Despite having more varied physical, mental, and emotional experiences than males, women are sometimes stereotyped as being more emotional and less determined than men. Utilize this to your advantage by offering a different viewpoint.

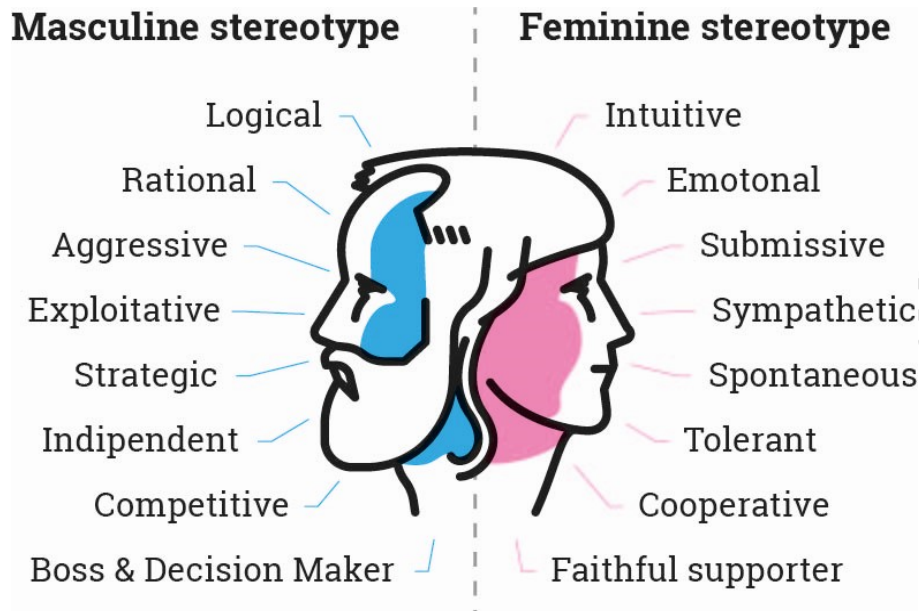


Fig 7.2: Masculine stereotype v/s Feminine stereotype (Source: www.interlogica.it)

7.3.2 Importance of Women in Management

As per the report by McKinsey & Company, it is found that, throughout the UK, greater gender diversity in the senior management team was linked to the highest performance improvement in their data set and earnings before interest and taxes increased by a striking 3.5% for every 10% increase in gender diversity. We may infer from this data that having more women in management has a significant, measurable effect on an organization's bottom line.

At the same time, women may not always see their full potential in today's environment, but once they do, they have a clear path to success. Their capacity and skills are undeniable when they are acting in a leadership capacity. But since anyone may say this, it proves the necessity of outlining the numerous advantages women can offer to leadership positions (Ólafsson & Jóhannsdóttir, 2004).

i. Women management will paint the future

Given the stigmas associated with such a prominent position, it might be intimidating for women who have not yet had a leadership position. The younger generation can be discouraged from trying to remove obstacles as a result of this.



The percentage of women in top executive positions worldwide increased to 29% in 2019. This stayed the same in 2020 and increased to 31% in 2021, the highest percentage ever noted. Although this is encouraging news, women who are just starting their careers will need to be motivated by other women who are already succeeding in leadership positions in the workplace.

ii. Unique transformational ideas will be brought to the front

In a comparative analysis of male and female leaders in many major studies, it was found that female leaders were more transformational. Compared to the two-dimensional acts (active and passive management) displayed by male leadership, female leaders showed more contingent reward behaviour.

It has been demonstrated that this transformational leadership approach helps members develop their sense of social and personal identity as well as their commitment to the organization's mission and goals. This shows a definite positive impact on an organization's and its employees' success.

iii. The enhancement of teamwork

There is no denying that we have all witnessed women exhibit passion, energy, and the capacity to assume control of a situation when necessary (our mothers or female caregivers).

Women are capable of making courageous and intelligent judgments in management, which helps to foster a more collaborative and family-like work environment. This improves collaboration within the company and aids in the adoption of a new culture.

iv. Women demonstrate superior management values

In seven of the eight key management attributes measured throughout the poll, 2,250 adult women performed better than or at par with men, according to a national survey by the Pew Research Center Social and Demographic Trends.

The main findings of this study show that, according to 50% of respondents, women are more trustworthy than males, while only 20% thought the opposite. Whereas 14% of respondents thought men are smarter than women, while 38% said they think women are. Women were rated as being more sympathetic, extroverted, and creative in the other situations.

v. Business-wide communication can be enhanced



One of a woman's strongest abilities is communication. Female management will use this influence to improve meaningful interactions with clients, co-workers, and partners, resulting in an open communication channel that fosters clarity.

vi. Achieve a better financial outcome

More original ideas may be put forth in a workplace with greater diversity. This promotes the development and increases sustainability within a company. Diversity in the workplace should include both genders in equal measure rather than only giving preference to women.

Gender diversity at work fosters innovation, promotes performance and employee satisfaction, and, as has been proven, fosters greater teamwork across the organisation. According to a workplace survey, organisations with gender-diverse workforces are 21% more likely to have above-average profitability.

vii. Fresh new outlooks and perspectives

Women in management will bring expertise, unique viewpoints, and creative ideas to the table, but these three things used together will help produce novel perspectives that improve decision-making for the firm as a whole.

viii. Women management can provide better mentorship

The importance of role models, particularly for the younger generation, cannot be understated. Everyone needs someone to mentor them so they can advance in their careers, regardless of gender. Women can employ their skills in this area since, specifically, female leaders are better mentors than male leaders when it comes to developing and guiding new talent.

A study found that 29% of women think that being a woman will prevent them from advancing. Women in management can seize this chance to start enabling the talented young people of the next generation to go past this challenge.

ix. The ability to wear many hats

Women frequently perform multiple roles within one another in daily life. Along with many other situations, you can frequently find them juggling families, occupations, and parental supervision. These support women in making quick adjustments to new circumstances and concentrating on finding answers to problems at work.



x. Women in management can close the gender pay gap

The fact that the gender pay gap can become a gender opportunity gap is something that is frequently neglected. When men and women begin their careers from scratch, it has been observed that men are typically given more opportunities that lead to higher-paying employment. More women in managerial positions, however, can assist achieve a broader objective and reduce the wage gap more successfully in addition to the advantages we've already described.

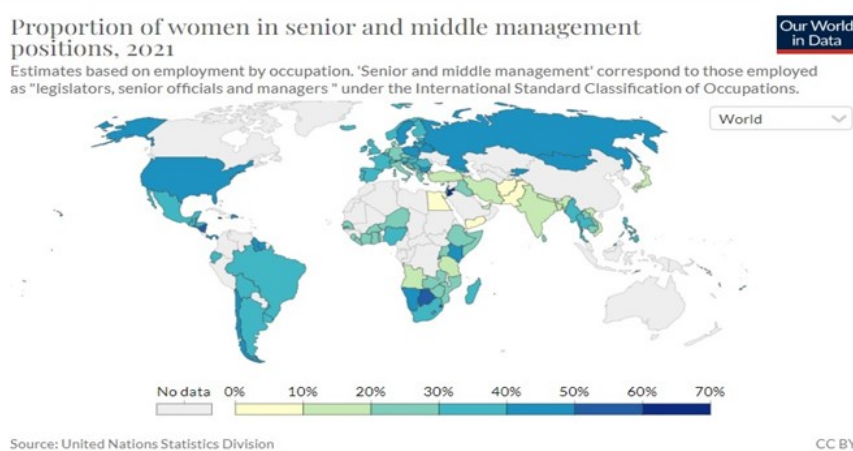


Fig 7.3: Proportion of women in senior and middle management
(Source: ourworldindata.org)

IN-TEXT QUESTIONS

4. In order to maintain gender equality in the classroom, a teacher should
 - i. provide the same opportunity to both the boys and girls
 - ii. discourage the girls to take part in curricular activities
 - iii. provide analytical work to the girls
 - iv. None of the above
5. State whether the following statements are True or False.
 - i. Experts think that in the next century 1 billion additional women will join the workforce.
 - ii. Asian countries are offering women better jobs and higher positions.



7.4 INDIVIDUAL AND ORGANIZATIONAL STRATEGIES TO MANAGE GENDER ISSUE IN ORGANIZATIONS

Despite the widespread perception that women have almost eliminated the gender pay gap in the workplace, men still hold the bulk of high-paying positions. In the global arena women only make 84 cents for every dollar that their male counterparts make, despite the gender pay gap slowly narrowing. Closing the gender pay gap can boost employee satisfaction, retention, earnings, and innovation. There is still a great deal of work to be done to bridge the gender gap despite greater attention and discussions surrounding the injustices women experience in the workplace (Agars et al., 2004).

A prime example is America which has made a significant stride toward increasing women's representation over the past few years, particularly since the onset of the epidemic, but there is still room for improvement, according to McKinsey's research on women in the workplace. Raising awareness of these challenges alone is inadequate.

7.4.1 Individual Strategies to Manage Gender Issues

To change mindsets, the following are individual strategies to manage gender issues in organisations:

i. Learn – because knowledge is power

Have you ever thought that your repair shop was taking advantage of you? If so, you are not the only one. According to a study, auto repair firms adjust their pricing quotes based on how knowledgeable the callers seem to be about costs. Women were given greater prices than men when callers said they didn't know how much the repair should cost. But when a benchmark price was mentioned, these gender variations vanished. This example shows how a single piece of information can help eliminate any price discrimination based on gender (and possibly start shifting expectations of women mechanics). Similar is the case with all organisations which indicates learning is the best tool to fight gender issues in organisations. A compelling example of empowering women via knowledge, education, and support is the #SheCANics movement.

ii. Move confidently into male-dominated areas and speak up

Women can promote awareness in settings where men predominate. To advance gender equality and combat gender stereotypes, role models are essential (examples include Billie Jean King in sports, Sheryl Sandberg's Lean In effort, and the #banbossy



movement). Even commercials from brands like Gillette and Bumble, which include Serena Williams, are entering this market and deliberately addressing women.

iii. Prepare to react

Women should anticipate offensive or discriminatory remarks and be ready to respond. Martin Solveig's recent apology for making a sexist remark during the Ballon d'Or ceremony serves as an example. Biases must be acknowledged as real, owned, and conquered through retraining our minds. Although life may not always be fair, we may still take action.

7.4.2 Organizational Strategies to Manage Gender Issues

Although true gender equality is a difficult notion to achieve, many firms have begun to advocate for a level playing field for men and women. Unfortunately, a lot of businesses approach the advancement of gender equality incorrectly or without a clear plan of action.

Utilizing the corporate culture is one of the most important ways to advance gender equality at work. Company culture sets the tone for conduct at all organisational levels and has a bigger impact on modifying workplace attitudes than many business leaders may realise (Roberson & Kulik, 2007). Following are the organizational strategies to manage gender issues in organisations:

i. Create the Conditions for Achievement

If any organization looking for true gender equality, then it is compulsory to make gender diversity and inclusion a company initiative that is prioritised, operationalized (hire and recruit for gender diversity), modelled (leaders, culture, and systems support gender diversity), measured (metrics are collected to track progress), and rewarded (equality is tied to company metrics).

ii. Make It a Business Imperative

Instead of being seen as an endeavour, gender equality should be seen as a necessity for a company that boosts profitability. Leading businesses make sure there are many employee resource groups and talent development initiatives to meet the numerous intersections of diversity and make sure no group is left out. Companies are always looking for new approaches to properly use talent. Business benefits from gender equality.

iii. Hire for Culture

You must hire people who share this value's key principles if you want your business to create a culture that truly celebrates and upholds gender equality. Unfortunately, there isn't a simple third-party evaluation tool to use, thus it is up to the hiring manager to use



traditional interviewing methods to speak with the potential employee to see whether they are a good fit.

iv. Establish Inclusive Culture Prospects

The success of a business, positive employee engagement and growth depend on inclusion. Include key competencies in performance measures, aligning company values, setting clear expectations for inclusive behaviours, using coaching and productive communication techniques to support continuous learning, and normalising employee behaviour to support gender equality are all characteristics of inclusive cultures.

v. Encourage Development at All Levels

The key to true gender equality is the development of every worker, regardless of gender. Equal development of men and women in all roles is crucial. No matter their gender, every employee should receive training and development based on what they need to achieve specifically. The advantage is that all employees, regardless of gender, feel that they play an important part in the company.

vi. Have the Courage to Lead by Example

Gender inequality is unwittingly and openly reinforced by deeply ingrained corporate practices! If a leader wants to start fostering a culture of gender equality, they can openly question the established quo. To start, one should be modest about both their skills and flaws. Everybody has blind spots. Others are permitted to examine themselves when a leader discusses how they are managing theirs.

vii. Change the Words You Use

Is there a gender bias in the language you use in business communications and at work? An excellent place to start is by taking a look at your communication style and how you interact with the team.

viii. Start with A Salary Review

A corporation might begin with a comprehensive evaluation of all employee salaries to make sure that men and women in corresponding roles performing at equivalent levels are paid equally to demonstrate to employees and the community that the company is committed to supporting gender equality. Men are more likely to obtain greater compensation because they frequently bargain more than women, and this gap develops over time. It has to begin here.

**ix. Evaluate Paternity and Maternity Leaves**

It is not enough to hire more women at work. To capitalise on gender diversity, more than just words must be said. Corporate governance needs to be rethought by business owners to develop structures that empower women. Key benefits include employee leave policies, which sometimes punish new mothers. In this manner, parental leave-related discrimination can be eliminated, and genuine inclusion can begin.

x. Offer More Women Leadership Roles

Promote an equal number of women and men to achieve gender equality. According to statistics, a lot of women have managerial or supervisory positions. In contrast, fewer women are working in higher-level jobs in organisations. Stop that from happening. Never inquire about a woman's ability to balance motherhood and employment. Ask them instead if they would want the position.

xi. Ensure Ongoing Training on Unconscious Bias

You must avoid locker room conversations and anecdotes to foster a culture of gender equality. By providing continuing training on unconscious bias, cultivate a culture of greater awareness. It takes more than just one training session to bring the unconscious into awareness. People can only learn through training.

xii. Create A Culture of Shared Accountability

Business owners should foster a climate of shared accountability where noncompliance is not tolerated by all employees and have well-defined procedures and success metrics in place to support this goal to boost the likelihood that true gender equality will become a reality. By doing this, company owners improve the possibility that equality will exist in their organisations and will no longer have to carry this vision alone.

xiii. Encourage and Embrace Cultural Humility

Want to foster a culture of true gender equality at your workplace? Encourage cultural humility and embrace it. This entails acknowledging that you lack expertise in all areas, being open to lifelong learning and continuing education, engaging in self-reflection and self-exploration, fostering and maintaining diverse partnerships, and attempting to understand a situation first-hand from those who will be directly impacted.



CASE STUDY

Do Employers Favour Men?

According to the gender discrimination hypothesis, there is widespread gender bias in hiring, which is defined as employers favouring male candidates over female prospects, whether consciously or unconsciously. Economic theory suggests that prejudice may be explained by employers' incomplete knowledge of applicants' human capital traits, which are important for the position and challenging to standardise on a résumé. Employers substitute group averages (i.e., statistical group summaries at the group level) for these variables, which explains why people in these groups are treated differently. As a result, when choosing candidates for a position, employers don't just look at the observed and standardizable qualifications listed in the curriculum vitae (CV) of applicants; they also rely on generalisations about the typical level and distribution of other difficult-to-standardize qualifications. This method results in statistical discrimination based on logical evaluations of potential employees' productivity and risk. The use of ascribed attributes as potential substitutes for variables that are expensive and difficult to assess in practical circumstances includes gender and age.

Some stereotypes are descriptive and based on understanding of the normal talents of men and women. This information may be direct—based on personal experience—or indirect—provided by reliable outsiders. As a result, men often appear to have more agentic and leadership skills than women, as well as higher goals and devotion at work, in contemporary societies where the division of labour is gendered. Women, on the other hand, are thought to exhibit more caring behaviours and community tendencies. Other stereotypes are prescriptive, meaning they are grounded in cultural ideals of what men and women should and shouldn't do. They are frequently defended by making reference to higher communal ideals that uphold a patriarchal control structure that favours men. Sanctions are applied in response to prescription violations. Therefore, working mothers who act agentially being seen as lacking femininity and facing a range of penalties.



IN-TEXT QUESTIONS

6. Which of the following statements are correct regarding gender discrimination?
- a) Newborn boys and girls respond differently to stress, possibly suggesting genetic, hormonal or temperament differences.
 - b) Baby girls tend to be a bit taller and heavier than baby boys and can be a bit sturdier
- i. Only B
 - ii. Both A and B
 - iii. Neither A nor B
 - iv. Only A
7. In the context of discrimination, which of the following pair is correctly matched?
- a) Direct discrimination - Occurs when there are provisions and practices which put girls and women at a disadvantage.
 - b) Indirect discrimination - Occurs when gender is used as an explicit reason for discrimination.
- i. Neither I nor II
 - ii. Only I
 - iii. Both I and II
 - iv. Only II

7.5 SUMMARY

In this chapter, we discussed the concept of gender stereotype which is a generalised opinion or preconception about the traits or qualities that men and women should or should not have, or about the roles that men and women should or should not play. At the same point in time gender stereotypes have their roots in regional customs and culture. Children pick up on



gender roles through their families, friends, the media, and institutions like schools and religious organisations. All genders may be negatively impacted by gender stereotypes since young people are frequently exposed to messages about how boys and girls should seem, act, and play. These widely accepted and frequently unconscious beliefs begin to develop during childhood. Greater gender equality has been demanded in recent decades, and the need to close the gender pay gap has grown. Even though great progress has been made in this area, there are still far too few women in positions of leadership. There are many challenges faced by women in management and they continue to encounter several obstacles, whether they are experienced female executives who have been making progress in this discussion for years or up-and-coming new talent seeking to have a significant effect. It is required both at the individual level and at the organizational level to form strategies to manage these gender issues.

7.6 GLOSSARY

Culture: A group of taught and shared values, customs, and symbols is referred to as culture. They combine to create an all-encompassing, cohesive whole that unites individuals and influences their worldviews and ways of living.

Gender stereotype: A gender stereotype is a generalised opinion or assumption about the traits, qualities, or functions that women and men should or should not have, or do. When it restricts a woman's or man's ability to grow personally, pursue a career, and/or make decisions about their lives, a gender stereotype is damaging.

Masculine: Masculine is a term used to describe things or individuals who frequently exhibit traits associated with masculinity. If someone seems masculine, they are typically tall and powerful. Your new jacket is cut like a man's jacket if it has masculine tailoring.

Feminine: A group of qualities, actions, and tasks commonly associated with women and girls are referred to as femininity (also known as womanliness). It is possible to see femininity as a social construction, and there is some evidence that certain behaviours that are regarded as feminine are impacted by both biological and cultural influences.

7.7 ANSWERS TO IN-TEXT QUESTIONS

Ques 1. ii

Ques 2. iii



Ques 3 i-True

ii- Trues

Ques 4i.

Ques 5. i.-False

ii-True

Ques 6. iv

Ques 7. iii

7.8 SELF-ASSESSMENT QUESTIONS

1. Explain the concept of gender stereotyping and what is gender stereotyping.
2. Explain the impact of gender stereotypes in organizations.
3. What are the major challenges faced by women in management?
4. Explain the relevance of women in management.
5. Raising awareness of gender stereotypes alone is inadequate. Explain the statement and strategies to manage gender issues in organisations.

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LESSON - 8

CROSS-CULTURAL MANAGEMENT AND LEARNING ORGANIZATION

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STRUCTURE

- 8.1 Learning Objectives
- 8.2 Introduction
- 8.3 Cross-Cultural Management
 - 8.3.1 Meaning and Levels of Culture
 - 8.3.2 Meaning of Cross-Cultural Management
 - 8.3.3 Importance of Cross-Cultural Management
 - 8.3.4 Inter-Country Differences in Managing International Projects
 - 8.3.5 Global Staffing
 - 8.3.6 Negotiations: Process of Overcoming Cultural Differences
 - 8.3.7 Strategies for Managing Cross-Cultural Differences
- 8.4 Learning Organization
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8.1 LEARNING OBJECTIVES

After reading this lesson, you will be able:

1. To understand the meaning of culture and its different levels.
2. To comprehend the concept and importance of cross-cultural management in the context of business organization.
3. To identify various inter-country differences in managing international projects.
4. To understand the concept and relevance of global staffing.
5. To get familiar with the process of overcoming cultural differences using negotiations.
6. To explore various strategies required for managing cross-cultural differences.
7. To define the concept and attributes of a learning organization.
8. To understand various benefits and barriers of a learning organization.
9. To explore various strategies required for building a learning organization.

8.2 INTRODUCTION

Cultural diversity is concerned with cultural differences within a country. The way things are carried out in one culture might not be applicable to another. Globalization provides a unique chance to operate in several nations with personnel from various cultures in the same entity. Managing the culture is the most crucial need of a global organization at any level of globalization. In addition to cross-cultural management, building learning organizations is increasingly understood to be the key objective for top managements seeking to play a vital role in the rapidly evolving business environment.

This lesson is broadly divided into two parts- cross-cultural management and learning organization. To begin with cross-cultural management, the lesson briefly discusses the concept and different levels of culture. Then, it provides an overview of and importance of cross-cultural management. The lesson also identifies various inter-country differences in managing international projects and also talks about global staffing. Later on, the lesson also offers the process of overcoming cultural differences using negotiations and exploring various strategies required for managing cross-cultural differences. The next part of the lesson discusses the meaning and various attributes of a learning organization. Consequently,



the lesson delineates various benefits and barriers to learning organization and also explores various strategies required for building a learning organization.

Cross-cultural management concentrates on removing cross-cultural disparities and impediments and raising cross-cultural awareness in order to strengthen workplace communication and cooperation. Furthermore, learning organizations are distinctive in their ability to deal with the environmental dynamics in which they operate. Hence, the learners will be able to understand the importance of cross-cultural management and learning organization in the context of organizational behaviour.

8.3 CROSS-CULTURAL MANAGEMENT

People from all around the world are working and interacting with one another despite their diverse cultural backgrounds. Cultural diversity is concerned with cultural differences within a nation. The way things are done in one culture may not be applicable in another. The same activity may also have a distinct meaning and have a different outcome when performed in two different cultures. Dealing with people from different cultural backgrounds necessitates understanding cultural differences, such as what we say and what we should avoid saying, how we deal with them, how to communicate, and being aware of cultural taboos because what is acceptable in one culture may be unacceptable in another.

Managing individuals from different cultures are, of course, a part of cross-cultural management. To reap the benefits of cross-cultural management, cross-cultural challenges must be recognized, interpreted, and handled successfully. Globalization provides a unique chance to operate in multiple nations, with personnel from various cultures in the same unit, and so on. Cultural diversity should never be regarded as a threat. Analytical thinking aids in the transformation of a menace into an opportunity. Managing culture is the most important requirement of a global organization at any level of globalization.

8.3.1 Meaning and Levels of Culture

As you have already studied in lesson 2, cultural norms are those that are derived from learned attitudes, beliefs and values. In addition, culture refers to an organization's moral, social, and behavioural standards that are built on the attitudes, priorities, and beliefs of its employees. A country's culture is its collection of values, beliefs, languages, and customs that influence how people behave there. As people mature from childhood to maturity, they adopt new behaviours that make up their culture. In India, religions and religious beliefs play a further role in defining culture. Asian cultural norms value loyalty and cooperation among



employees working in organizations. Therefore, it becomes crucial for a manager to be aware of the cultural differences that exist within the company. A culture can function at different levels (see Fig. 8.1) including:

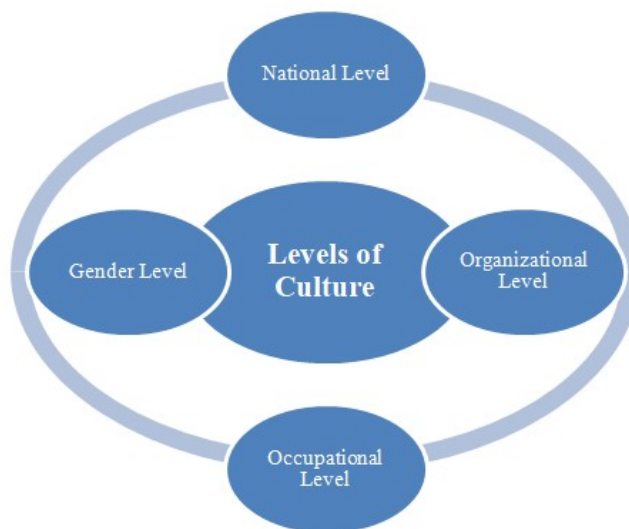


Fig 8.1: Different Levels of Culture

National Level

National cultures are formed during childhood, and they remain stable. The fundamental principles of a national culture do not change, and all subsequent modifications are just practices. According to Hofstede (1983), national culture refers to the variations in values across people from various nations or regions. The dimensions of national culture show preferences for one scenario over another and can be used to differentiate between nations. Power distance, uncertainty avoidance, individualism versus collectivism, masculinity versus femininity, indulgence versus self-reliant, and short-term versus long-term orientation are the dimensions presented by Hofstede (2011) for evaluating national culture. These dimensions were already covered in lesson 2 in detail.

Organizational Level

Organizational cultures do not stay constant across all corporations. They vary within the same nation from one organization to the other. The four organizational culture types that Trompenaars (1993) defined and described are Family, Eiffel tower, Guided missile, and Incubator.

- **Family Culture:** In this, the focus is firmly placed on the social hierarchy and person orientation.



- **Eiffel Tower Culture:** In this, the focus is strongly placed on hierarchy and task orientation.
- **Guided Missile Culture:** In this, a significant emphasis is placed on equality at work and task orientation.
- **Incubator Culture:** In this, the focus is strongly placed on equality and personal orientation

Occupational Level

Occupational culture, which exists between national and corporate cultures, is also highly significant. It is defined as the shared values, norms and beliefs related to a specific occupation or category of work.

Gender Level

Within the same culture, gender differences are acknowledged; nonetheless, there is what can be considered a men's culture that is distinct from a women's culture. Males and females are technically capable of doing the same duties at work, but they do not react to social symbols in the same manner. The way that males and females react to silent symbols differs depending on the nation's culture.

8.3.2 Meaning of Cross-Cultural Management

Cross-cultural management defines organizational behaviour within countries and cultures and compares organizational behaviour across countries and cultures. It is the study of management in a cross-cultural environment. The primary objective of cross-cultural management is to better understand how to interact with co-workers, executives, managers, suppliers, clients, and alliance partners from all over the world.

Cross-cultural management encompasses research into the impact of societal culture on managers and management practice, as well as research into the cultural orientations of individual managers and organization members. Therefore, we observe that in the present situation, employees working for multinational corporations (MNCs) come from diverse cultures, and each employee has distinct attitudes, behaviours, customs and beliefs. As a result, it becomes extremely difficult for a manager to oversee employees from different cultural backgrounds. In order to improve communication and collaboration at work, cross-cultural management focuses on lowering cross-cultural barriers and differences as well as raising cross-cultural awareness. There is an increasing desire to comprehend and learn about various cultures. Knowing each other's languages and cultures is beneficial to the workplace.



8.3.3 Importance of Cross-Cultural Management

One of the most important roles of management is to solve difficulties that may arise while confronting the individual company and country cultures. At the same time, it is critical to determine which of the partner firms contributes know-how, cash, management, and so on. The partner that offers future company management frequently has an impact on the newly formed organizational culture. When attempting to overcome potential misconceptions and establish a favourable atmosphere that is beneficial to all involved partners, numerous methods of partner company convergence can be used. Ignoring cultural differences can have disastrous effects on the outcomes of mergers and acquisitions. Gancel, Rodgers, and Raynaud (2002) established the following types of causes depending on their fifteen-year expertise in the advisory practice:

Inadequate knowledge of the existence of differences- managers who are unaware of the cultural dimension of management's existence.

Inadequate comprehension- managers are aware of the existence of culture, but they do not comprehend it, therefore they underestimate its significance and do not see the necessity to deal with it.

Inadequate willingness: managers consciously choose not to deal with culture. This is because they think that though cultural aspects are significant still they are not crucial for them as the pressure to attain the outcomes. So, they focus their energy on technical or economic issues and have no time to manage the cultural differences.

Inadequate level of talents and skills: managers may be aware of the need "to do something about it" and even attempt to do so, but they fail because they lack inter-cultural competencies (which may be because of lack of knowledge, lack of appropriate skills, intercultural sensitiveness, etc.).

8.3.4 Inter-Country Differences in Managing International Projects

It's not simply the distances involved that provide difficulties while managing human resource activities overseas. Dealing with the variations in culture, politics, law, and economics between nations and their citizens is a major problem. As a result, what succeeds in one nation might not succeed in another. The various inter-country differential factors are enumerated here (see Fig. 8.2):

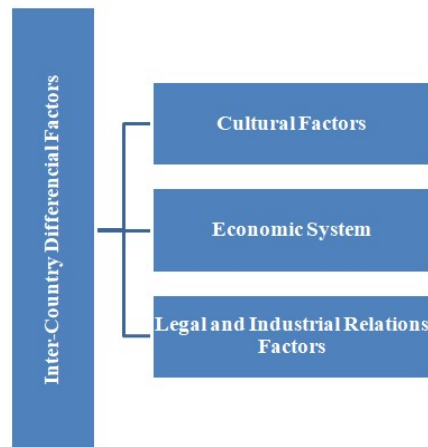


Fig 8.2: Inter-Country Differential Factors

Cultural Factors

People from diverse cultural backgrounds respond differently to the same or comparable events. For instance, to study the cultural differences across the nations, managers from Hong Kong, Mainland China, and the United States were selected. It was revealed that American managers tended to be more focused on getting the work done; Chinese managers were more interested in keeping a peaceful workplace whereas Hong Kong managers straddle these two extremes. Researchers conducted a study on managers' cultural values in 62 nations several years ago. They concluded that there are *four cultural dimensions* in which the country differs:

- **Assertiveness:** It means how much toughness, confrontation, and competitiveness are expected out of people in a society. Greece, Germany and the United States are considered the most assertive countries whereas Sweden, Switzerland and New Zealand are considered the least assertive countries.
- **Future Orientation:** It means how much value society places on actions that are future-oriented like planning and making investments in the future. Switzerland and Singapore are the two countries that are most focused on the future whereas Russia, Argentina, and Poland are considered the least future-oriented cultures.
- **Performance Orientation:** It means the value of excellence and performance improvement in society. Singapore, New Zealand, Hong Kong and the United States are the most performance-focused cultures whereas Russia, Greece and Argentina are considered the least performance-focused cultures.



8.3.5 Global Staffing

Staffing Philosophies for International Enterprises:

In recent decades, significant changes in organizational behaviour and human resource management have been made in order to foster cross-cultural management. The following three staffing philosophies are:

- **Ethnocentric Philosophy:** With this philosophy, the home country is predominant. The home country's headquarters make critical decisions, its employees hold prominent positions, and its subsidiaries implement its resource management policies.
- **Polycentric Philosophy:** Using a polycentric philosophy, each subsidiary manages locally. Because it is believed that headquarters managers lack sufficient local understanding, a local employee is given the responsibility of a subsidiary. Subsidiaries often adopt human resource management strategies on a local level.
- **Geocentric Philosophy:** In this, the company that uses a worldwide integrated business strategy oversees and hires personnel on a global level. For instance, the vacuum cleaner manufacturer “Electrolux” has long made an effort to find and train a group of foreign managers from other nations. These individuals form a flexible base of managers who are employed in a variety of settings as needed.

Classification of International Staffing

International staffing is categorized as follows:

- **Expatriates:** These individuals are not citizens of the country in which they are employed.
- **Home Country Nationals:** These are the citizens of the nation where the multinational corporation has its headquarters. Hence, they are also called the parent country.
- **Locals:** These individuals work for the country overseas and are citizens of the countries where they work. Hence, they are also called host country nationals.
- **Third-Country Nationals:** These people are the citizens of a nation other than the host or parent nation. An example would be the French CEO employed by the Shanghai office of a multinational bank based in the United States.



8.3.6 Negotiations

Processes of overcoming cultural differences

Every person that performs work in a multicultural environment, whether as an employee or a corporate representative for a set amount of time, should be aware of a few fundamental guidelines that can make adjusting to a new workplace simpler. In order to overcome cultural differences, it is essential to fully understand oneself, which entails understanding one's culture that is neither apparent nor easy. The fact that one's approach to others and interpretation of their behavior are validated and do not present major issues within one's own culture is a huge pitfall because, despite globalization tendencies, the intensity of cultural ties, trends, and norms affects perception and evaluation of learned information.

Realizing the legitimacy of one's own cultural patterns and acknowledging the partner's cultural foundations are the first steps in handling cross-cultural differences. Schroll-Machlet et al., (2001) suggest a rather easy procedure consisting of:

- **Having a good knowledge of a foreign culture:** The first stage entails accepting and acknowledging the existence of cultural differences. Differences in perceptions, interpretations, and assessments of social circumstances, as well as the individuals who produce and participate in them, are primarily included. These distinctions need to be identified, clarified, explained, and understood. The first requirement for mutual understanding and effective cooperation is said to be recognition of a partner's culture. This process is neither common nor simple.
- **Respect for a foreign culture:** Respecting another culture entails embracing its peculiarities without making judgements. It is impossible to say that one culture is "better" or more ideal than another. Cultures vary, and for their members, they reflect the best way to handle daily life in the circumstances they have been accustomed to for a long time.
- **Helpful steps in dealing with a foreign culture:** Steps that can help you relate to a different culture: The final branch of the suggested process should involve an attempt to understand one another, reach an agreement and simplify the difficult and demanding process of behaving in various cultural contexts.

Understanding, respecting, and becoming more familiar with the culture of one's international partners are therefore the three primary requirements for an effective international partnership. Workers who operate in an international context should be made aware of this approach, and they should endeavor to minimize any misunderstandings and disputes in their



day-to-day work activities by following these simple procedures. The aforementioned suggestions can be applied while interacting with people from other cultures who are working in an international context in both a domestic and foreign environment.

8.3.7 Strategies for Managing Cross-Cultural Differences

Inter-Cultural Transitions

Global organizations urgently need to learn how to make inter-cultural transitions. Three fundamental characteristics of highly effective business cultures related to people are:

- **Vision, Mission, and Values among Employees:** Employees' shared vision, mission, and values: All personnel must be made aware of the company's vision and objective. The management must use sufficient care to assure that the vision and mission statements are clear.
- **Aligning Employee Attitudes:** Organizations must take the initiative to develop a strong alignment between employee attitudes and strategic objectives and goals.
- **Recognizing Interdependent Roles:** Employees must work both independently and together to achieve business objectives that ultimately contribute to the fulfilment of the company vision. Businesses must foster intercultural understanding while putting cultural differences aside. A strong desire to achieve team goals is likely to erase or minimize cultural diversity resulting from cultural differences.

Cultural Intelligence

The individual is expected to adapt to the differences in that culture in order to stay there. Peterson (2004) defined cultural intelligence as the potential to demonstrate certain behaviors, including capabilities and attributes that are suited to the values and attitudes of other people. According to Chaney and Martin (2011), cultural intelligence also involves aspects like:

- **Intrapersonal Intelligence:** It entails understanding one's own cultural preferences in order to adapt to counterparts from other cultures.
- **Interpersonal Intelligence:** It is the capacity to comprehend and work with other people and their motivation.
- **Spatial Intelligence:** It refers to the utilization of space during meetings and introductions.
- **Linguistic Intelligence:** Learning about the customers' original language is beneficial, and adopting international business English can improve efficacy while dealing with people from various cultures.



8.4 LEARNING ORGANIZATION

In order to meet the dynamic environmental requirements, ideally, all organizations must develop their employees. Yet, not all organizations indulge in developing their employees. Some organizations take proactive actions against the environmental changes, some take reactive actions while some take no action at all against the environmental changes. The organizations which fall in the first category forecast expected changes in the environment and prepare their human resources to address potential environmental challenges. Such organizations are termed learning organizations as they focus on continuous organizational learning. Although learning organizations and organizational learning are frequently used interchangeably, they have different meanings. While learning organization is an entity, organizational learning is a process that involves a series of actions.

Garvin defined learning organization as:

“A learning organization is an organization skilled at creating, acquiring, and transferring knowledge and at modifying its behaviour to reflect new knowledge and insights.”

Building learning organizations is increasingly understood to be the key objective for top management seeking to play a vital role in the rapidly evolving business environment. A learning organization strives to overthrow the status quo and usher in a new era that not just inspires higher-level managers to view their subordinates in new ways but also teaches them how to view the wider world. The learning organization concept recognizes that it is people, and not money, equipment, or things, that must manage organizations via the acquisition and application of knowledge.

8.4.1 Attributes of a Learning Organization

The concept of learning organization gained popularity in 1990 after Peter M. Senge wrote about the same in his book *“The Fifth Discipline”*. According to Peter M. Senge, *“learning organization is an effort of a group of people to learn and to improve their capabilities to create that they want to create”*. He has described the attributes of a learning organization in the form of *“Five disciplines of a learning organization”* (see Fig.8.3). Let's discuss this one by one.

Shared Vision

Shared vision in learning organizations emphasizes the ideas and concepts that managers share with their teams. The vision should be developed in collaboration with the organization's personnel. Many leaders fail to convert their own visions into shared visions.



The only way to achieve a shared vision is the compromise between the organizational and individual visions. People who do not share the same vision may not give the organization as much as they could. As a result of having the same vision, personnel perform activities voluntarily rather than because they are told to do so. It results in motivating the employees to learn as a shared vision builds a common identity that offers to learn a focus and drive. It alters the association with the organization and transforms its performance into a learning mechanism.

System Thinking

The concept of learning organization emerged from system thinking. It means that company managers should not analyse each problem individually because an organization is made up of numerous small objects. That is, all of the organization's decisions and their repercussions are related to each other. A learning organization applies this way of thinking while evaluating the organization's success, rather than focusing on the activities of one individual. According to system thinking, an organization must have all of these attributes in order to become a learning organization, and if any of the attributes are lacking, the organization will fail to achieve its fundamental objective.

Personal Mastery

Personal Mastery is defined as when an individual devotes his or her full attention to learning about a project. An employee works hard to learn so that he may bridge the gap between his knowledge and abilities and the information and skills necessary for the task at hand. An organization always has a competitive advantage because its employees learn faster and more willingly than employees from other organizations, and employees not only acquire information but also learn how to acquire this information to achieve superior results. Personal mastery offers several good outcomes, including a sense of obligation, determination, patience, self-motivation and concentration. As a result, employees should be encouraged to develop their own personal mastery.

Team Learning

The idea of a learning organization can only be successful if an organization focuses on team learning rather than individual learning. However, team learning is made primarily of the accumulation of individual learning. Learning organizations employed tactics such as openness and boundary-crossing to enhance team learning, and when a team learns together, they perform better. Team learning also fosters a constructive work environment in which individuals attentively listen to one another, offer their points of view, and freely discuss their disagreements with one another's ideas.



Mental Model

A mental model is described as what personnel believes about the firm and its objectives. A mental model is a person's brain's ability to comprehend the environment and its assumptions about the system. The mental model is what individuals believe and think. It is vital to align the mental models of an organization's personnel with the organization's standards and values. A mental model is referred to as “triple loop learning” which entails modifying “who we are” by creating a shift in the perspectives in which we observe ourselves. It is also called “transformational learning” because it involves transformation. Hence, the employees should work on existing business processes while learning new skills and abilities at their workplace.

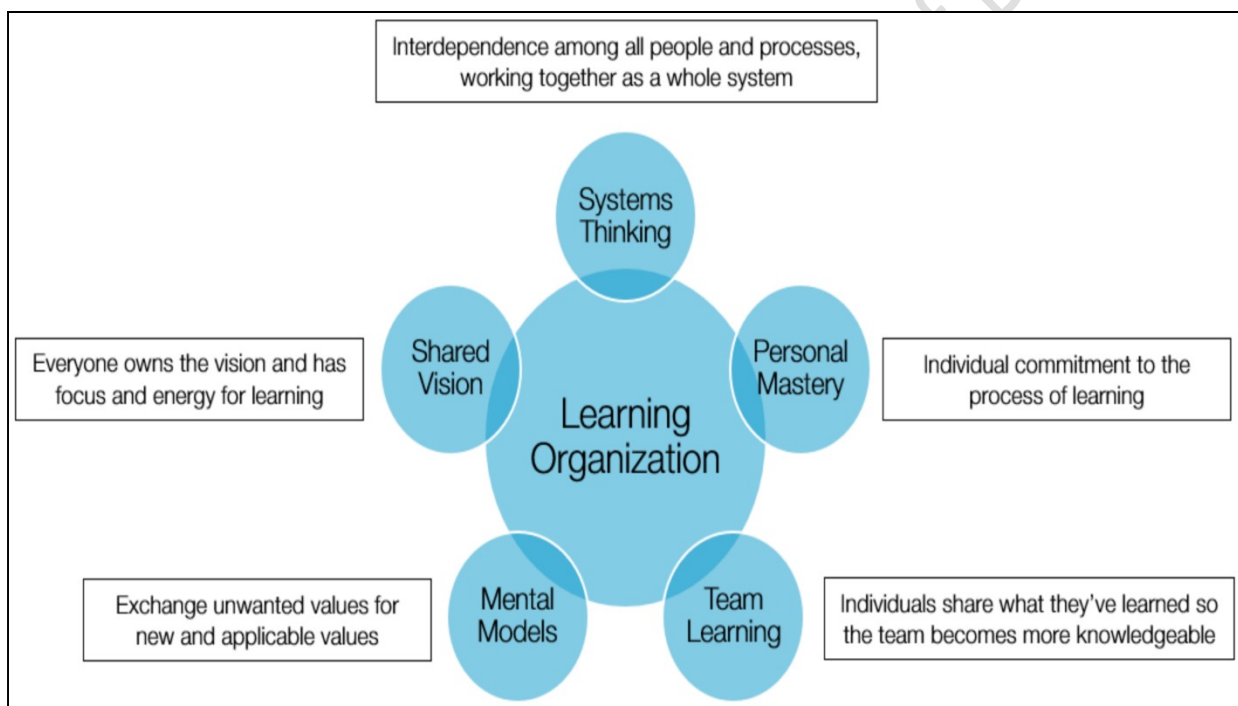


Fig 8.3: Attributes of Learning Organization (Senge, 1990)

8.4.2 Benefits of a Learning Organization

A learning organization has several benefits. Let us discuss them one by one.

Competitive Advantage

A learning organization has a competitive advantage over other businesses. There is a constant flow of new ideas and talent in a learning organization. A learning organization uses this newly acquired information and abilities to outperform its rivals.



Enhanced Decision Making

Decision-making is an essential component of every organization. People must make decisions every day. There is a better flow of knowledge in a learning organization, and rather than simply following the decisions taken by higher authorities, all employees engage in the decision-making process and do not hesitate to give their own point of view.

Encourages Teamwork

All employees in a learning organization have an equal right to express their opinions and share their thoughts without fear. Managers in an organization require employees to operate as a team rather than giving them directions. Such conduct fosters a feeling of community in the organization, and employees strive toward a common objective by assisting one another rather than playing politics inside the company or organization, and employee productivity rises as a result of the pleasant environment.

Enhanced Efficiency

In a learning organization, employees are motivated to learn and apply their expertise for creativity, and the flow of information is unrestricted. Employees' knowledge and abilities are continually enhanced. As a result, the organization's work efficiency enhances, and it earns greater revenues.

Knowledge Sharing

In a learning organization, employees are encouraged to pursue their new knowledge and abilities for the task at hand, as well as share their information with other employees, in order to achieve greater outcomes.

Better Corporate Image

When an organization constantly enhances its service and provides high-quality products, the organization's corporate image strengthens. With a better corporate image, the organization not only attracts more business but also investors and business partners.

Optimum Use of Resources

A learning organization makes the best use of existing resources to meet the demands of consumers. Since they are knowledgeable about new technology, they can continually enhance their customer service, allowing them to keep customers for a longer time and better meet their demands than other organizations.



Rapid Change Adaption

Change is unavoidable in today's competitive environment, and it happens much too quickly. If an organization is not a learning organization and is not seeking to develop new information and abilities, it will constantly fall behind the competitors. However, if an organization is constantly growing and learning new things, it will find it easy to adapt to change and stay ahead of the competition.

8.4.3 Barriers in a Learning Organization

- Some organizations find it difficult to accept personal mastery because it is an intangible idea with unquantifiable advantages; personal mastery can even be viewed as a danger to the organization. Individuals may employ personal mastery to develop their own personal visions if they do not interact with a shared vision.
- A lack of a learning culture in certain organizations can be a hindrance to learning. An environment must be established in which individuals can share their knowledge and learning without it being undervalued or neglected so that more people can benefit from their expertise and individuals can feel empowered.
- It becomes difficult to adopt learning organizations if the structure is conventional or bureaucratic in nature, as these structures have high complexity and politics that impede the flow of knowledge within the organization.
- Internal knowledge sharing may also be hampered by organizational size. When the number of employees surpasses 150, internal knowledge sharing reduces considerably due to increased complexity in the formal organizational structure, lower trust, weaker inter-employee relations, less effective communication and diminished connective efficacy. Consequently, as an organizational unit's size grows, the efficacy of internal knowledge flows and the level of intra-organizational knowledge sharing substantially decline.

8.4.4 Strategies Required for Building Learning Organization

An organization can use the following strategies to develop a learning organization:

Creating modular, engaging, and portable learning content

The organization is expected to adopt more flexible learning solutions. The application of modules in learning, which merely transmits limited amounts of knowledge as opposed to releasing the floodgates of knowledge. Additionally, the advent of modern technology has made it crucial for organizations to use it when delivering lessons that employees can carry



with them and that are not only lecture-styled in classrooms but also in portable contexts. Employees can easily learn even when they will be commuting to work. Targeted information can lessen the need for an employee to filter through a large amount of data in order to find meaningful information.

Enhancing the Organization's Overall Learning Capability

The primary road to personal mastery, according to eminent experts and organizations, is by “*learning how to learn*”. Metacognitive abilities might be used to achieve this. The ability to grasp one's own knowledge is known as metacognition. Metacognitive abilities facilitate speedy understanding and information acquisition. Employers must teach their employees how to better grasp their own expertise and develop their own metacognitive abilities.

Developing Team Learning Skills

It is crucial that the organization appreciates both group and team learning. The aim of setting team learning goals is to ensure that they are in line with the personal learning objectives of the organization's employees. This makes it easier for both the team and the individual to attain major team learning objectives by dividing them down into smaller individual learning targets. In turn, this develops a thorough learning environment within the organization.

Establishing the Organizational Knowledge Discipline:

The discipline of discussion is essential to organizational learning because it improves team learning. Develop this discipline. Two-way communication makes it possible to digest information and assumptions in new ways, which prompts individuals to re-evaluate what happened. Better communication is the purpose of discussion. In situations when fresh conversations or channels of communication are required, a facilitator might be employed. Additionally, effective instruction in active learning must be given.

Building Personal Development Programs

Learning organizations must assist employees in setting and rewarding their own personal development objectives. The performance evaluation systems should not only ask about the employees' personal growth objectives but also recognize and reward their accomplishments. By doing this, the organization gains several advantages, including a more adaptable workforce, the alignment of personal learning objectives with corporate objectives, and a worker with a high level of employability.



Creating Career Development Plans for Employability

Every individual must have a very proactive approach to learning due to the changing work environment. Each employee in the organization has to have a clearly stated career plan including their professional goals. The learning that the individual must do in order to accomplish these professional goals should also be included. The advantage of it is that it enables employees to develop long-term employability while also allowing them to have clearly defined professional goals and learning objectives.

CASE STUDY

Learning Organization at Apple

Apple is regarded as a learning organisation because its staff members work collaboratively around a shared vision, its corporate culture fosters creativity, intelligence, imagination, and innovation, its organisational structure nurtures adaptability and flexibility and the management supports the development of a work environment that encourages innovation and transformation. Apple was saved from bankruptcy by the visionary leadership of Steve Jobs, who turned the company into a market leader in the communication, music, and technology sectors through innovation. His vision was to transform the world through the creation of extraordinary products that transform people's lives (Lashinsky, 2012). Employees manoeuvre around this vision. By offering high-quality goods and services, they strive to transform the world. One of the qualities of learning organisational is a compelling vision. Tim Cook became Apple's new CEO when Steve Jobs passed away. He continues to motivate employees with a compelling vision that was started by Jobs. Organizational learning occurs under specific working environments since it is a collaborative process in which all employees participate. Apple offers its staff a friendly atmosphere that encourages them to apply their skills and experiences to enhance the company's operations. Hence, Apple is considered to be a successful learning organization as it facilitates learning and adaptation of new ideas.

Based on the case study of Apple, answer the following questions:

1. Discuss the attributes of a learning organization which Steve Jobs and Tim Cook possess.
2. Suggest what strategies Tim Cook can use to develop a learning organization.



- A culture can function at different levels- national level, organizational level, occupational level and gender level.
- National cultures are formed during childhood, and they remain stable.
- Organizational cultures do not stay constant across all corporations. The four organizational culture types that Trompenaars (1993) defined and described are Family, Eiffel tower, Guided missile, and Incubator.
- Occupational culture is defined as the shared values, norms and beliefs related to a specific occupation or category of work.
- Within the same culture, gender differences are acknowledged; nonetheless, there is what can be considered a men's culture that is distinct from a women's culture.
- Cross-cultural management defines organizational behaviour within countries and cultures and compares organizational behavior across countries and cultures.
- The various inter-country differential factors are cultural factors, economic systems and legal and industrial relations factors.
- The following three staffing philosophies are ethnocentric philosophy, polycentric philosophy and geocentric philosophy.
- International staffing is categorized as expatriates, home country nationals, locals and third-country nationals.
- In order to overcome cultural differences, it is essential to fully understand oneself, which entails understanding one's culture that is neither apparent nor easy.
- Strategies for managing cross-cultural differences are inter-cultural transitions, cultural intelligence and cultural synergy.
- In order to meet the dynamic environmental requirements, ideally, all organizations must develop their employees.
- Although learning organizations and organizational learning are frequently used interchangeably, they have different meanings. While learning organization is an entity, organizational learning is a process that involves a series of actions.
- Garvin defined a learning organization as: *“A learning organization is an organization skilled at creating, acquiring, and transferring knowledge and at modifying its behaviour to reflect new knowledge and insights.”*



- The five disciplines of a learning organization are shared vision, system thinking, personal mastery, team learning and mental model.
- A learning organization has several benefits such as competitive advantage, enhanced decision making, encourages teamwork, enhanced efficiency, knowledge sharing, better corporate image, optimum use of resources and rapid change adaptation.
- Some organizations find it difficult to accept personal mastery because it is an intangible idea with unquantifiable advantages.
- A lack of a learning culture in certain organizations can be a hindrance to learning.
- It becomes difficult to adopt learning organizations if the structure is conventional or bureaucratic in nature.
- As an organizational unit's size grows, the efficacy of internal knowledge flows and the level of intra-organizational knowledge sharing substantially decline.
- The organization can build strategies for a learning organization by creating modular, engaging, and portable learning content; enhancing the organization's overall learning capability; developing team learning skills; establishing the organizational knowledge discipline: building personal development programs and creating career development plans for employability.

8.6 GLOSSARY

Assertiveness: It means how much toughness, confrontation, and competitiveness are expected out of people in a society.

Cross-Cultural Management: A type of management that defines organizational behavior within countries and cultures and compares organizational behavior across countries and cultures.

Cultural Intelligence: potential to demonstrate certain behaviors, including capabilities and attributes that are suited to the values and attitudes of other people.

Cultural Synergy: Cooperative and coordinated activity from two or more pertinent cultural factors that result in outcomes that are advantageous and mutually acceptable for participants.

Culture: An organization's moral, social, and behavioral standards are built on the attitudes, priorities, and beliefs of its employees.

Ethnocentric: Assessing other cultures using preconceived notions derived from one's own norms and customs.



Expatriates: These individuals are not citizens of the country in which they are employed.

Foreign Culture: A type of culture that a person perceives to be unfamiliar or distinct.

Future Orientation: It means how much value society places on actions that are future-oriented like planning and making investments in the future.

Geocentric: A cultural system in which the company uses a worldwide integrated business strategy and oversees and hires personnel on a global level.

Home Country Nationals: These are the citizens of the nation where the multinational corporation has its headquarters.

Human Orientation: It means the degree to which society promotes and rewards individuals for acting justly, benevolently and kindly.

Inter-Cultural Transitions: A process of transition that enables a person or a social system to cross two different cultures.

Interpersonal Intelligence: Capacity to comprehend and work with other people and their motivation.

Intrapersonal Intelligence: Understanding one's own cultural preferences in order to adapt to counterparts from other cultures.

Learning Organization: An organization that supports its employees' learning and continually improves itself.

Linguistic Intelligence: Learning about the customers' original language is beneficial, and adopting international business English can improve efficacy while dealing with people from various cultures.

Locals: These individuals work for the country overseas and are citizens of the countries where they work.

Mental Model: What do personnel believe about the firm and its objectives?

Metacognition: The ability to grasp one's own knowledge.

Mission: Concise explanation of the organization's purpose and its broad intention.

Negotiation: A readiness to accept your opponent's way of conducting business.

Performance Orientation: It means the value of excellence and performance improvement in society.



Personal Mastery: When an individual devotes his or her full attention to learning about a project.

Polycentric: A cultural system that consists of numerous varied centres, especially centres of control or authority.

Shared Vision: Emphasize the ideas and concepts that managers share with their teams.

Spatial Intelligence: Utilization of space during meetings and introductions.

System Thinking: Company managers should not analyse each problem individually because an organization is made up of numerous small objects.

Team Learning: The accumulation of individual learning.

Third-Country Nationals: These people are the citizens of a nation other than the host or parent nation.

Transformational Learning: A process of learning that goes beyond merely acquiring knowledge and supports significant ways in which learners intentionally create meaning in their lives.

Triple Loop Learning: Entails “learning how to learn” by considering how we really learn.

Vision: Goals, aspirations and purpose of the organization.

8.7 ANSWERS TO IN-TEXT QUESTIONS

1. National culture	9. Verbal Intelligence
2. Eiffel Tower	10. Spatial Intelligence
3. Human orientation	11. Shared Vision
4. Incubator	12. Mental Model
5. Assertiveness	13. Increased overall learning of the organization
6. Ethnocentric	14. Formulation and implementation of ideas takes place at all levels of organization
7. Expatriates	15. Metacognition
8. Third-Country Nationals	

8.8 SELF-ASSESSMENT QUESTIONS

5. What do you mean by cross-cultural management? Explain strategies required in managing cross-cultural differences.
6. Write a short note on inter-country differences in managing international projects.



7. What is a learning organization? Briefly discuss its attributes and benefits in the business organization.
8. Explain the strategies required for a building learning organization.

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