**CHAPTER ONE**

**The Meaning And Scope Of Organizational Behaviour (OB)**

* 1. **What is OB?**

Organizational behavior is the study of human behavior, attitudes and performance in organizations. It is interdisciplinary – drawing on concepts from social and clinical psychology, sociology, cultural anthropology, industrial engineering and organizational psychology.

 **Refer 1.2 page 4**

* 1. **Unit of analysis in studying OB**

**Refer 1.4.2 pages 7 - 8**

* 1. **Relationship between OB and management**

Organizational behaviour is the interaction between individual and organization. **(Refer 1.2 page 4)**

According to Tripathi (1991), management as a discipline of study is important for the following reasons:

**1.3.1 Management is a critical element in the economic growth of the country**

By bringing together the four factors of production (men, money, material and machines), management enables a country to experience a substantial level of economic development. A country with ample capital, manpower and other natural resources can still be poor if it does not have competent managers to combine and coordinate these resources. Poor economic growths of many Asian and African countries well illustrate this point. Peter Drucker (1970) rightly observes that without management, a country’s resources of production will remain resources and can never become production.

**1.3.2 Management is essential in all organized effort, be it business or otherwise**

The principles of management are now universally used not only in managing business organizations but also applied to various other types of organizations, such as educational, social, military and government. Management is thus the same process in all forms of organizations, although it may vary widely in complexity basing on the size of the organization. The management of a big multinational firm, though differing in detail from that of a small partnership firm, follows the same general pattern.

 **1.3.3 Management is the dynamic, life giving element in every organization**

Management is the element that coordinates the current activities of the firm and plans future ones. It helps to solve disputes and provide leadership. It adapts the organization to its environment. In a competitive economy, the quality and the performance of the management determine the success or failure of an organization. In modern times, no organization can have monopoly on capital or technology, but good management can definitely become it monopoly and give it a competitive edge over its rivals.

* 1. **Why study OB?**

Organizational behaviour is very important to every employee of an organization because one day an employee may eventually become a team leader, a manager or an executive. Studying organizational behaviour should help an employee attain the competencies needed to be an effective employee, team leader, manager and/or executive. The competencies that an employee acquires should help him/her diagnose, understand, explain and act on what is happening around him/her in his/her job.

**Refer 1.3 pages 5 – 6**

**CHAPTER TWO**

**The Beginnings Of Studies**

* 1. **The Classical School Of Management**

The classical school of management consists of three streams of thought: bureaucratic organization, administrative management and scientific management.

 **Bureaucratic Organization**

Bureaucratic management refers to the use of rules, a set hierarchy, a clear division of labour and detailed procedures. Max Weber (1864-1920), a German social historian, is most closely associated with bureaucratic management (so named because Weber based his work on studies of Germany’s government bureaucracy). Although Weber was one of the first theorists to deal with the problems of organization, he wasn’t widely recognized by managers and scholars in the United States until his work was translated into English in 1947. He was concerned primarily with the broad social and economic issues facing society; his writings on bureaucracy represent only part of his total contribution to social theory.

 **Administrative Management**

Administrative management was concerned primarily with how organizations should be managed and structured. The French mining engineer Henri Fayol and the German scholar Max Webber were the main contributors to the administrative management stream of classical management.

Henri Fayol (1841-1925), a French mining engineer turned industrialist and successful manager, is one of the pioneers of management thought and is acknowledged as the founder of Classical Organization Theory. In fact, Henri Fayol is considered as the father of administrative management theory which focuses on the development of broad administrative principles to general and higher managerial levels. He divided all activities of a business enterprise into six areas as shown below:

1. Technical - producing and manufacturing of products
2. Commercial - buying raw materials and selling manufactured

goods

1. Financial - getting the capital necessary for business
2. Accounting - recording and taking stock of costs and profits
3. Managerial - planning, organizing, commanding, coordinating

Function and controlling

1. Protecting - protecting the assets of the company

Fayol believed that the principles of management had universal application even in the non-profit organizations like the church and the military. Based on his extensive business experience, Fayol suggested his 14 principles that could be used effectively as a general guide to the management process and management practice. His 14 principles are:

1. **Division of work**

Increased specialization in individuals’ jobs leads to greater efficiency.

1. **Authority**

Managers have the right to give orders and the powers required to assure compliance with their orders.

1. **Discipline**

Employees should respect regulations and statements of policy. Clarity and fairness promote this respect.

1. **Unity of command**

For any job task, an employee should receive orders from one plan and director.

1. **Unity of direction**

Each work group or department should operate under one plan and director.

1. **Subordination of individual interests to the general interests**

The interest of the society comes first, the organization second, the individuals and small groups third.

1. **Remuneration**

Workers should be paid wages that are fair and acceptable to both employee and company.

1. **Centralization**

Increasing subordinates’ roles in the decision-making process is decentralization, while decreasing their roles is centralization. The challenge to managers is to determine the correct amount of centralization or decentralization in each case.

1. **Scalar chain (line of authority)**

Define lines make authority relationships clear throughout the organization. Organizational communication should follow this chain.

1. **Order**

Everything has a place and it should be in its place. Placement of employees should be based on qualification, allowing each person to have the job for which he or she is best suited.

1. **Equity**

Managers should supervise with kindliness and justice or fairness.

1. **Stability of tenure of personnel**

High turnover rates are inefficient. By respecting seniority, managers create a sense of security, retain well-trained employees and reduce turnover.

1. **Initiative**

Subordinates who are given the opportunities to design and carry out plans will work harder.

1. **Esprit de corps**

Promoting team spirit builds harmony and creates organizational unity.

**Scientific Management**

Frederick Winslow Taylor (1856-1915) is considered to be the father of scientific management. During his career spanning 26 years he conducted a series of experiments in three companies: Midvale Steel, Simonds Rolling Machine and Bethlehem Steel.

While working as the Chief Engineer of Midvale Steel Company, Taylor made several important contributions under scientific management.

1. **Time and motion studies**

No one seemed to know how much work a reasonable workman could do. He, therefore, started time and motion studies, under which every motion of a task was to be timed using a stopwatch and shorter and fewer motions were to be developed. Thus the best way of doing a job was found.

1. **Differential pay**

Under this plan a worker received a low piece rate if he produced the standard number of pieces and a higher rate if he surpassed the standard. This was believed to motivate workers.

1. **Drastic reorganization of supervision**

Taylor suggested that work should be planned by the foremen but done by the worker. Prior to this the worker himself planned and did his work his way. He also suggested that there be as many foremen as there were special functions. The foremen should give orders to workers on his specialty.

1. **Scientific recruitment and training**

Taylor emphasized the need for scientific selection and development of the worker. Management should develop and train every worker to bring out the best in him to do a higher, more interesting and more profitable class of work than what he has done in the past.

1. **Intimate friendly cooperation between the managers and workers**

He suggested a “complete mental revolution” on the part of the management and workers. In short, he believed that management and labour had a common interest in increasing productivity as both stood to benefit from it.

Taylor’s associate, Henry Gantt (1861-1919), focused on “control” systems for production scheduling. His Gantt charts are still widely used to plan project timelines and have been adapted for computer scheduling applications. The Gantt chart is a visual plan and progress report. It identifies various stages of work that must be carried out to complete a project, sets a deadline for each stage and documents accomplishments. Gantt also established quota systems and bonuses for workers who exceeded their quotas.

Frank (1868-1924) and Lilian (1878-1972) Gilbreth formed an unusual husband-and-wife engineering team that made significant contributions to scientific management. Frank used a revolutionary new tool – motion pictures – to study workers; motions. For instance, he identified 18 individual motions that a bricklayer uses to lay bricks. By changing the bricklaying process, he reduced the 18 motions to 5, increasing a worker’s overall productivity by more than 200 percent. Many of today’s industrial engineers have combined Frank Gilbreth’s methods with Taylor’s to redesign jobs for greater efficiency.

Lilian Gilbreth carried on Frank’s work and raised their 12 children after his death. Concerned mainly with the human side of industrial engineering, she championed the idea that workers should have standard days, scheduled rest breaks and normal lunch periods.

* 1. **The Hawthorne Studies and the Human Relations School**

**The Hawthorne Studies**

The behavioural or human relations school of thought evolved because managers found that technical efficiency was not accompanied by harmony at the work place. There was a need to help managers deal more effectively with the “human aspect” of management. When the “human aspect” management is good and the morale of the workers high, then a state of good human relations has been achieved.

Elton Mayor (1880-1949) and his associates from Harvard conducted a famous study of human behaviour at the Hawthorne Plant of the Western Electric Company. His final conclusion was that when people are accorded special attention they tend to increase their effort. This phenomenon has come to be called as the “Hawthorne Effect”.

The Hawthorne Studies were carried out under three phases.

1. **The Test Room Studies (1924-1927)**

Mayo and his associates were testing the effects of variation in illumination on human efficiency. To everyone’s surprise, output increased in both the experimental and the control group regardless of the increase or decrease in illumination. The findings showed that illumination was only one but not the most important factor that affected output.

This led to the next study which began in 1927. The group of women assemblers who volunteered for the experiment were put in a special test room. It was found that whatever the changes imposed on their working conditions (illumination, working hours, rest periods, room temperature etc), the group’s output continued to rise. There were no ill-effects of the changes on women’s health and they felt greater job satisfaction. The esprit de corps and the attention showered on them by their supervisors and managers had a positive effect on the group. The experiments concluded that there was no simple relationship between environmental factors and worker productivity and morale.

1. **Interviewing Studies (1928-1931)**

The findings of the test room studies generated a great deal of interest in the attitude of workers towards their jobs, working conditions and supervisors. It was assumed that if these features in the environment which the workers liked or disliked could be identified, improvements could be made to increase motivation and productivity. Twenty one thousand people were interviewed. Their finding showed that the reasons for an individual’s dissatisfaction with the job cannot be easily identified.

1. **Observational Studies**

These studies were different from the test room studies in that no experimental changes were made. The group of men and their supervisors were observed in their normal working conditions. The conclusions drawn were that workers in a group develop social relationships and form group norms. This informal organization affects the worker’s motivation and output. These studies showed that workers could no longer be considered as a factor of production but must be recognized as social beings whose wants, desires and feelings influenced productivity.

 **Human Relations School**

 Human Relations School is focusing on organizational behaviour social developed by two management scholar: Abraham Maslow, graduate from University of Wisconsin and Douglas McGregor, graduate from Harvard and a professor at Massachussetts Institute of Technology.

 Abraham Maslow carried out his investigations into human behaviour between 1939 and 1943. Maslow suggested that there are five sets of goals which may be called basic needs: physiological, safety, love, esteem and self-actualization or self-fulfillment.

Douglas McGregor has examined theories on behaviour of individuals at work and he has formulated two models which he calls Theory X and Theory Y.

* 1. **Mary Parker Follet. Management as getting things done with and through people.**

**Mary Parker Follet**

Mary Parker Follet says that management is the “art of getting things done through other people”. This definition draws attention to the basic difference between a manager and other personnel in an organization. A manager is one who contributes to the achievement of the organization goals indirectly by directing the efforts of others and not by performing the task himself. On the other hand, a person who is not a manager makes his contribution directly to the achievement of the organization goals by performing the task himself.

However, sometimes a person in an organization may play both of these roles simultaneously. For example, a sales manager is performing a managerial role when he is directing his sales force to meet the organizational targets, but when he himself is contacting a valuable customer and negotiating a deal, he is performing a non-managerial role. In his first role, he is directing the efforts of others and is contributing towards the achievement of the organizational goals indirectly and in his second role, he is directly utilizing his skills as a salesman to achieve the organization objectives.

 **Hugo Munsterberg**

 Hugo Munsterberg (1863-1916) was a German-American psychologist. He was one of the pioneers in applied psychology, extending his research and theories to Industrial/Organizational, legal, medical, clinical, educational and business settings.

* 1. **Chester Bernard. Organization as a “social system”. The concept of “informal” organization. The behavioral concept of authority.**

Chester Irving Barnard (1886-1961) was an American business executive, public administrator and the author of pioneering work in management theory and organizational studies. Barnard’s classic book ‘The Functions of the Executive’ sets out a theory of organization and of the functions of executives in organizations. He summarized the functions of the executive as follows: establishing and maintaining a system of communication, securing essential services form other members and formulating organizational purposes and objectives.

**Challenges in Organizational Behaviour**

1. **Business and industry towards globalization and international**

Through globalization, organizations that were once local become global. Managers have to manage international personnel with different cultural backgrounds, work ethics and values. As such, managers have the challenge of understanding the organizational behaviour of the personnel in the company’s subsidiary organizations. The global manager uses this information to improve those subsidiaries’ organizational behaviour to tally with the overall organizational culture of the company. Resistance by the subsidiaries to this improvement is an eminent possibility.

1. **Quality is more important**

World added capacity in response to increase demand. Excess capacity translates in increase competition, is forcing managers to reduce costs and at the same time improve the organization’s quality and productivity.

1. **Society is concern on management ethics**

It is easy for corporate scandals to reach the public within a short time. Organizations often have policies that facilitate ethical behaviour within the workplace. The challenge for managers is to promote an ethical organizational behaviour and culture such that employees will not put their individual interests ahead of organizational interest. Personal interest is an aspect of organizational behaviour and managers face the task of encouraging group interest over personal interest so as to preserve ethical values.

1. **Increase of diversity among employees**

The workplace is an increasingly diverse space. There are people of different races, cultural backgrounds, sexual orientations and ages. The challenge facing managers from an organizational behaviour point of view is how to manage this diversity in a way that will positively impact the organization. Managers have to move away from treating everyone alike while at the same time valuing every individual employee’s contribution to the growth of the organization so as to maintain its valuable employees.

**CHAPTER THREE**

**Behavioral Theories of Organization**

* 1. **The Psychological Perspective: Emphasis on the individual**

**Refer 1.6.3 page 10**

* 1. **The Sociological Perspective: Emphasis on the group (organization as a social system)**

**Refer 1.6.5 page 11**

* 1. **The Political Perspective: Emphasis on Power (organization as a political system)**

**Refer 1.6.4 page 11**

* 1. **The Economics Perspective: Organization as an economic system for production**

**Refer 1.6.2 page 10**

* 1. **The Ecological Perspective: Organization as a sub-system of society**

The ecological perspective uses ecological concepts from biology as a metaphor with which to describe the reprocity between persons and their environments, attention is on the goodness of fit between an individual or group and the places in which they live out their lives.

In social work practice, applying an ecological approach can be best understood as looking at persons, families, cultures, communities and policies and to identify and intervene upon strengths and weaknesses in the transactional processes between these systems.

**The Anthropology Perspective**

**Refer 1.6.1 page 10**

**The Humanities Perspective**

 **Refer 1.6.6 page 11**

**CHAPTER FOUR**

**Individual Behavior in Organization**

* 1. **Attitudes**

Attitudes are another type of individual difference that affects behaviour. Attitudes are relatively lasting feelings, beliefs and behavioural tendencies aimed at specific people, groups, ideas, issues and objects. Attitudes reflect an individual’s background and experiences. As with personality development, significant people in a person’s life – parents, friends and members of social and work groups – strongly influence attitude formation. Also, some evidence points to genetic influences on the attitudes that people develop.

People often think of attitudes as a simple concept, but in reality attitudes and their effects on behaviour can be extremely complex. An attitude consists of:

 **An affective component**

Example: the feelings, sentiments, moods and emotions about some person, idea, event or object.

**A cognitive component**

Example: the thoughts, opinions, knowledge or information held by the individuals.

**A behavioural component**

Example: the predisposition to act on a favourable or unfavourable evaluation of something.

These components don’t exist or function separately. An attitude represents the interplay of a person’s affective, cognitive and behavioural tendencies with regard to something – another person or group, an event or an issue.

For example, suppose that a college student holds a negative attitude about the use of tobacco. During a job interview of a company, the interviewer smoked during the interview process. She might feel a sudden intense dislike for the company’s interviewer (the affective component). She might form a negative opinion of the interviewer based on beliefs and opinions about the type of person who would work for such a company (the cognitive component). She might even be tempted to make an unkind remark to the interviewer or suddenly terminate the interview (the behavioural component). However, the person’s actual behaviour may or may not be easy to predict and will depend on several factors.

* 1. **Perception**

**Refer 2.1 page 21**

**Perceptual Process**

The perceptual process is the sequence of psychological steps that a person uses to organize and interpret information from the outside world.

**Refer 2.2 page 22**

Basic element in the perceptual process:

**Environmental stimuli**

The world is full of stimuli that can attract out attention through various senses. The environmental stimulus is everything that has the potential to be perceived. This might include anything that can be seen, touched, tasted, smelled or heard. It might also involve the sense of proprioception, such as the movements of the arms and legs or the change in position of the body in relation to objects in the environment.

For example, imagine that you are out on a morning jog at your local park. As you perform your workout, there are a wide variety of environmental stimuli that might capture your attention. The tree branches are swaying in the slight breeze, a car drives past with the windows rolled down and the music blaring, a duck splashes in a nearby pond. All of these things represent the environmental stimuli, serving as a starting point for the perceptual process.

 **Observation**

Observation basically means watching something and taking note of anything it does. For instance, you might observe a bird flying by watching it closely. Observation is the process of filtering sensory information through the thought process. Input is received via hearing, sight, smell, taste or touch and then analyzed through either rational or irrational thought. For example, you see a parent beat their child; you observe that such an action is either good or bad. This is observation.

**Perceptual selection**

Perceptual selection is driven by internal and external factors.

Internal factors include:

* Personality - Personality traits influence how a person selects perception. For instance, conscientious people tend to select details and external stimuli to a greater degree.
* Motivation - People will select perceptions according to what they need in the moment. They will favour selections that they think will help them with their current needs and be more likely to ignore what is irrelevant to their needs.
* Personality/experience - The patterns of occurrences or associations one has learned in the past affect current perceptions. The person will select perceptions in a way that fits with what they found in the past.

External factors include:

- Size - A larger size makes it more likely an object will be selected.

- Intensity - Greater intensity, in brightness, for example, also increases perceptual selection.

- Contrast - When a perception stands clearly out against a background, there is a greater likelihood of selection.

- Motion - A moving perception is more likely to be selected.

- Repetition - Repetition increases perceptual selection.

- Novelty and familiarity - Both of these increase selection. When a perception is new, it stands out in a person’s experience. When it is familiar, it is likely to be selected because of this familiarity.

**Perceptual organization**

After certain perceptions are selected, they can be organized differently. The following factors are those that determine perceptual organization:

- Continuity - The perceptual system tries to disambiguate which segments fit together into continuous lines.

- Closure - This is the tendency to try to create wholes out of perceived parts. Sometimes this can result in error, though, when the perceiver fills in unperceived information to complete the whole.

- Proximity - Perceptions that are physically close to each other are easier to organize into a pattern or whole.

- Similarity - Similarity between perceptions promotes a tendency to group them together.

Each of these factors influence how the person perceives their environment, so responses to their environment can be understood by taking the perceptual process into account.

**Interpretation**

People assign to a stimuli or the interpretation of the stimuli. Interpretation tends to happen according to existing beliefs, attitudes, disposition and previous experiences.

**Refer 2.4.1 pages 26 - 27**

* **Perceptual errors**

The perceptual process may result in errors in judgment or understanding. An important part of understanding individual differences in perception is knowing the source of these errors. First, we examine the notion of accuracy of judgment in person perception. Then, we explore five of the most common types of perceptual errors: perceptual defense, stereotyping, the halo effect, projection and expectancy effects.

* **Perceptual defense**

Perceptual defense is the tendency for people to protect themselves against ideas, objects or situations that are threatening. Sometimes perceptual defense may have negative consequences. This perceptual error can result in a manager’s inability to perceive the need to be creative in solving problems. As a result, the individual simply proceeds as in the past even in the face of evidence that “business as usual” isn’t accomplishing anything.

* **Stereotyping**

Stereotyping is the belief that all members of specific groups share similar traits and behaviours. The use of stereotypes can have powerful effects on the decisions that managers make. If a human resource manager believes that members of certain groups, such a Gen Xers or disabled people, are lazy, he purposely may avoid hiring people from those groups. The human resource manager may believe that he is using sound judgment – gathering all the necessary information and listening carefully to candidates. Still, without being aware of it, the stereotype he holds may influence the way he judges people.

* **Halo effect**

Evaluation of another person solely on the basis of one attribute, either favourable or unfavourable, is called the halo effect. In other words, a halo blinds the perceiver to other attributes that also should be evaluated to obtain a complete, accurate impression of the other person. Managers have to guard against the halo effect in rating employee performance. A manager may single out one trait and use it as the basis for judging all other performance measures. For example, an excellent attendance record may produce judgments of high productivity, quality work and industriousness, whether they are accurate or not.

* **Projection**

Projection is the tendency for people to see their own traits in other people. That is, they project their own feelings, personality characteristics, attitudes or motives onto others. Projection may be especially strong for undesirable traits that perceivers possess but fail to recognize in themselves. People whose personality traits include stinginess, obstinacy and disorderliness tend to rate others higher on these traits than do people who don’t have these personality traits.

* **Expectancy effects**

Expectancy effects are the extent to which prior expectations bias perceptions of events, objects and people. Sometimes people simply perceive what they anticipate perceiving. Expectancy effects may also bias perception even in less ambiguous situations. For example, your perception of a team to which you have been assigned recently may be positive if your supervisor told you that the team’s work is important and that it will be staffed by talented people from several departments. However, your perception may be negative if she told you that the team exists solely for political reasons and contains some real “deadwood” from other departments. You might also perceive identical behaviour by other members of the team quite differently under each set of expectations.

* **Attributions**

Attributions play an important role in perceptions. Attributions made about the reasons for someone’s behaviour may affect judgments about that individual’s basic characteristics (what that person is really like). The attributions that employees and managers make concerning the causes of behaviour are important for understanding behaviour. For example, managers who attribute poor performance directly to their subordinates tend to behave more punitively than do managers who attribute poor performance to circumstances beyond their subordinate’ control.

A manager who believes that an employee failed to perform a task correctly because he lacked proper training might be understanding and give the employee better instructions or more training. The same manager might be quite angry if he believes that the subordinate made mistakes simply because he didn’t try very hard.

* **Internal versus external causes**

In applying attribution theory, you should be especially concerned with whether a person’s behaviour has been internally or externally caused. Internal causes are believed to be under an individual’s control – you believe that your web site designer’s performance is poor because she’s often late to work. External causes are believed to be beyond a person’s control – you believe that her performance is poor because her windows operating system is old.

* **Causes for success and failure**

The attributions that employees and managers make regarding success or failure are very important. Managers may base decisions about rewards and punishments on their perceptions of why subordinates have succeeded or failed at some task. In general, individuals often attribute their own and others’ success or failure to four causal factors: ability, error, task difficulty and luck.

**Response**

The final step of the perceptual process involves some sort of action in response to the environmental stimulus. This could involve a variety of actions, such as turning your head for a closer look or turning away to look at something else. The action phase of perceptual development involves some type of motor action that occurs in response to the perceived amd recognized stimulus. This might involve a major action, like running toward a person in distress, or something as subtle as blinking your eyes in response to a puff of dust blowing through the air.

* 1. **Cognitive dissonance**

People tend to seek consistency in their beliefs and perceptions. So what happens when one of our beliefs conflicts with another previously held belief? The term cognitive dissonance is used to describe the feeling of discomfort that results from holding two conflicting beliefs. When there is a discrepancy between beliefs and behaviours, something must change in order to eliminate or reduce the dissonance.

Cognitive dissonance can occur in many areas of life, but it is particularly evident in situations where an individual’s behaviour conflicts with beliefs that are integral to his or her self-identity. For example, consider a situation in which a man who places a value on being environmentally responsible just purchased a new car that he later discovers does not get great gas mileage.

There are three key strategies to reduce or minimize cognitive dissonance:

1. Focus on more supportive beliefs that outweigh the dissonant belief or behaviour.
2. Reduce the importance of the conflicting belief.
3. Change the conflicting belief so that it is consistent with other beliefs or behaviours.
	1. **Personality traits / personality types**

**Refer 3.3.1 – 3.3.3 page 44**

* **Experience**

Each person’s life also is unique in terms of specific events and experiences, which can serve as important determinants of personality. For example, the development of self-esteem (a personality dimension that we discuss shortly) depends on a series of experiences that include the opportunity to achieve goals and meet expectations, evidence of the ability to influence others and a clear sense of being valued by others. Thus a complex series of events and interactions with other people helps shape the adult’s level of self-esteem.

 **Personality traits that influence organizational behaviour**

* **Locus of control**

**Refer 3.5.1 page 50**

* **Goal orientation**

There are two orientations that are considered important in terms of understansing an individual’s performance. A person with a learning goal orientation develops by continually acquiring new competencies and mastering new situations. A person with a performance goal orientation demonstrates and validates competencies by seeking favourable judgments from others (e.g., a manager) and avoiding negative judgments.

* **Authoritarianism**

Authoritariansm is a state of mind or attitude characterised by belief in absolute obedience or submission to one’s own authority, as well as the administration of that belief through the oppression of one’s subordinates. It ususally applies to individuals who are known or viewed as having an authoritative, strict or oppressive personality towards subordinates.

* **Machiavellianism**

**Refer 3.5.2 page 50**

* **Self-esteem**

**Refer 3.5.3 page 51**

* 1. **Coping with organizational stress and frustrations**

**Refer chapter 15**

* 1. **The organizational man (Whyte)**

This book is a 1956 bestselling book by William H. Whyte, originally published by Simon & Schuster. It is considered one of the most influential books on management ever written.

**CHAPTER FIVE**

**Group Behavior in Organization**

* 1. **What is a group?**

A group is any number of people who share goals, often communicate with one another over a period of time and are few enough so that each individual may communicate with all the others, person-to-person.

* 1. **Formal and informal groups**

**Refer 7.3.1 and 7.3.2 pages 116 – 118**

* 1. **Why people join groups?**

People join groups and teams for a variety reasons. They join functional groups simply by virtue of joining organizations. People you accept employment to earn money or to practice their profession. People in existing functional groups are told, are asked, task forces and teams. People join informal or interest groups for a variety reasons, most of them quit complex. Indeed, the need to be a team player has grown so strong today that many organizations will actively resist hiring someone who does not want to work with others.

* **Interpersonal attraction**

One reason why people choose to form informal or interest groups is that they are attracted to one another. Many different factor contribute to interpersonal attraction. Attraction is increased when people have similar attitude, personalities or economic standings.

* **Group activities**

Individuals may also be motivated to join a group because the activities of the group appeal to them. Jogging, playing war games and flying model airplanes are all activities that some people enjoy. Many of them are more enjoyable to participate in as a member of a group and most require more than one person. Of course, if the group level of interpersonal attraction is very low, a person may choose to forget the activity rather than join the groups.

* **Group goals**

The goal of a group may also motivate people to join. Member may or may not be personally attracted to the other fundraisers and they probably do not enjoy the activity of knocking on doors asking for money but they join the group because they subscribe to its goals.

* **Need satisfaction**

Still another reason for joining a group is satisfy the need for affiliation.

* **Instrumental benefits**

A final reason why people join groups is that membership is sometimes seen as intrumental in providing other benefits to the individuals. For example, it is fairly common for college students entering their senior year to join several professional clubs or associations, because listing such membership on a resume is thought to enhance the chance of geting job, similarly a manager might jooin a certain recquet club not because she is attracted to its members and not because of the opportunity to play tennis.

* 1. **Group norms and dynamics**
* **Behavioural norms**

How people feel is an important aspect of teamwork. How people actually behave may be even more important. Behavioural norms are the rules of behaviour that are widely shared and enforced by members of a work team. Their main function is to regulate and standardize the behaviuors viewed as important by team members.

Norms may specify how much work to do, how customers should be treated, the importance of high quality, what members should wear, what kinds of jokes are acceptable, how members should feel about the organization, how they should deal with their managers and so on. Two important types of norms are those governing performance and those governing how team members deal with conflict.

* **Performance norms**

A performance norm exists when three criteria have been met. First, there is a standard of appropriate behaviour for team members. Second, members must generally agree on the standard. If most members have widely varying opinions about how much work is enough, for example, the team doesn’t have a productivity norm. Third, the members must be aware that the team supports the particular standard through a system of rewards and punishments. Norms such as these reduce the chances of one team member being a free rider.

* 1. **Role and role expectations**
* **Role**

A role is a set of connected behaviours, rights, obligations, beliefs and norms as conceptualized by actors in social situation.

* **Role expectation**

A role expectation is what you are expected to do depending on what role you obtain. Every role has expectations. Kind of like a play or an acting situation. You play a role. That works for real life. Everyone has a role and there are expectations that follow. Example: If you are a police officer, then as your role as a police officer, you would be expected to protect the town.

 **Group Member Roles**

Similarities and differences among members and their roles influence team behaviours. Obviously, managers can’t alter the basic personalities or attributes of team members. Therefore attempts to influence their roles in a team or group are more useful. These roles may be formally classified as task-oriented, relations-oriented and self-oriented. Each member has the potential for performing each of these roles over time.

* **Task-oriented Role**

The task-oriented role of a team member involves facilitating and coordinating work-related decision making. This role may include:

* Initiating new ideas or different ways of considering team problems or goals and suggesting solutions to difficulties, including modification of team procedures;
* Seeking information to clarify suggestions and obtain key facts;
* Giving information that is relevant to the team’s problem, issue or task;
* Coordinating and clarifying relationships among ideas and suggestions, pulling ideas and suggestions together and coordinating members’ activities; and
* Evaluating the team’s effectiveness, including questioning the logic, facts or practicality of other members’ suggestions.
* **Relations-oriented Role**

The relations-oriented role of a team member involves building team-centered feelings and social interactions. This role may include:

* Encouraging members through praise and acceptance of their ideas, as well as indicating warmth and solidarity;
* Harmonizing and mediating intra team conflicts and tensions;
* Encouraging participation of others by saying: Let’s hear from Susan, or Why not limit the length of contributions so all can react to the problem? Or Juan, do you agree?
* Expressing standards for the team to achieve or apply in evaluating the quality of team processes, raising questions about team goals and assessing team progress in light of these goals; and
* Following by going along passively or constructively and serving as a friendly member.
* **Self-oriented Role**

The self-oriented role of a team member involves the person’s self-centered behaviours that are at the expense of the team or group. This role may include:

* Blocking progress by being negative, stubborn and unreasoningly resistant – for example, the person may repeatedly try to bring back an issue that the team had considered carefully and rejected;
* Seeking recognition b y calling attention to oneself, including boasting, reporting on personal achievement and in various ways avoiding being placed in a presumed inferior position;
* Dominating by asserting authority, manipulating the team or certain individuals, using flattery or proclaiming superiority to gain attention and interrupting the contributions of others; and
* Avoiding involvement by maintaining distance from others and remaining insulated from interaction.
	1. **The informal organization and its impact**

The informal organization is the interlocking social structure that governs how people work together in practice. It is the aggregate of norms, personal and professional connections through which work gets done and relationships are built among people who share a common organizational affiliation or cluster of affiliations. It consists of a dynamic set of personal relationships, social networks, communities of common interest and emotional sources of motivation. Informal organization evolves and the complex social dynamics of its members.

* 1. **The effect of diversity on group performance**

The growing diversity of the workforce adds complexity – beyond individuals’ personalities and team roles – to understanding team behaviour and processes. The composition of the workforce is undergoing continued change in terms of age, gender, race, cultural values, physical well-being, lifestyle preferences, ethnicity, educational background, religious preference, occupational background and the like. Team effectiveness will be hampered if members hold false stereotypes about each other in terms of such differences.

Although attitudes are changing, diversity all too often still is viewed more negatively than positively. This negative reaction may be due, in large part, to four underlying attitudes involving stereotypical false assumptions.

1. Diversity poses a threat to the organization’s effective functioning.
2. Expressed discomfort with the dominant group’s values is perceived as oversensitivity by minority groups.
3. Members of all groups want to become and should be more like the dominant group.
4. Equal treatment means the same treatment.

Positive multiculturalism allows an individual to acquire new competencies, perspectives and attitudes that improve the person’s ability to relate effectively to others regardless of their backgrounds and characteristics. Positive multiculturalism is additive, that is, individuals can maintain their self-defining attributes while adding competencies and positive attitudes to help them form and maintain sound working relationships with others.

**CHAPTER SIX**

**Organizational Structure and its Impact on OB**

* 1. **What is organization?**

Organizations are formed so that people who share a common set of values or interest can work together towards achieving that common objective. When resources are combined, their collective effort should be better than what they can produce individually. Organizations are characterized by:

* The people or members of the organizations
* Their common objectives
* The structure they develop to help them achieve these objectives

According to Amitai Etzioni (1965), an organization is a social unit or a human grouping, deliberately structured for the purpose of attaining specific goals. Thus armies, corporations, schools, hospitals, prisons etc. are all organizations. But tribes, ethnic and friendship groups and families are not organizations because they do not involve any significant amount of conscious planning or deliberate structuring.

Stoner says that an organization is a pattern of relationships through which people under the direction of managers pursue their common goals. Members of an organization need a stable, understandable framework within which they can work together to achieve organizational goals.

**What Is Organization?**

* **Vision**

Vision outlines what the organization wants to be or how it wants the world in which it operates to be. It is a long-term view and concentrates on the future. It can be emotive and is a source of inspiration.

* **Mission**

Defines the fundamental purpose of an organization or an enterprise, succinctly describing why it exists and what it does to achieve its vision.

* **Strategy**

Means the art of the general – a combination of the ends (goals) for which the firm is striving and the means (policies) by which it is seeking to get there. A strategy is sometimes called a roadmap – which is the path chosen to plow towards the end vision. The most important part of implementing the strategy is ensuring the company is going in the right direction.

* **Planning**

Process of thinking about and organizing the activities required to achieve a desired goal. Planning involves the creation and maintenance of a plan. As such, planning is a fundamental property of intelligent behaviour. This thought process is essential to the creation and refinement of a plan or integration of it with other plans; that is, it combines forecasting of developments with the preparation of scenarios of how to react to them.

Short-term planning - Addresses goals that can be obtained within a short period of time. Short-term usually refers to anything that can be done within a week, such as getting a website up for the company, to a year, like expanding the customer base by 50%. Other short-term plans include selling a certain amount of products each day, publishing a newsletter on a monthly basis and hiring new employees for marketing.

Long-term planning - Those that take anywhere from five years and up to complete. At the time of business launch, long-term plans can appear unrealistic, so many business owners go back and adjust long-term plans to suit the direction of the company. Long-term plan examples, include getting shareholders in the business, expanding the company to several states of internationally and having a net worth triple that of liabilities. All loans and liabilities can also be paid off as part of the long-term plans, especially if the loans are large.

* 1. **What is organizational structure?**

**Refer 13.2 page 214**

 **Organizational chart**

Organizational chart is a presentation of an organization’s internal structure, indicating how various tasks or functions are interrelated.

**Key factors in organizational structure**

Every organization design decision solves one set of problems but creates others. Because every organization design has some drawbacks, the key is to select one that minimizes them. There are three factors that affect organization design decisions:

* **Environmental factors**

The environmental factors that managers and employees need to be aware of are:

1. The characteristics of the present and possible future environments; and
2. How they affect the organization’s ability to function effectively.

The best way to understand the impact of the environment on organization design is to look at the various factors that comprise the environment. Most important factors are suppliers, distributors, competitors and customers.

* **Suppliers**

To obtain required materials, an organization must develop and manage relationships with its suppliers.

* **Distributors**

An organization must establish channels of distribution that give it access to customers. Distributors are the various organizations that help another organization deliver and sell its products.

* **Competitors**

Competitors can also influence the design of an organization. In fast food industry, organizations compete on price and value. To be inexpensive requires organization designs that are simple and easy to manage. Cost savings must be gained at every step of the process, including labour, raw materials, acquisition of land and construction.

* **Customers**

Relationships with customers are vital. Customers can easily evaluate the costs of various products and easily switch buying habits with minimal inconvenience.

* **Strategic factors**

Many strategic factors affect organization design decisions. We focus on one of the most popular frameworks of competitive strategies, which was developed by Michael Porter of Harvard University. According to Porter, organizations need to distinguish and position themselves differently from their competitors in order build and sustain a competitive advantage. Organizations have attempted to build competitive advantages in various ways, but three underlying strategies appear to be essential in doing so: **low cost**, **differentiation** and **focused**.

* **Low Cost**

A low-cost strategy is based on an organization’s ability to provide a product or service at a lower cost than its rivals. An organization that chooses a low-cost strategy seeks to gain a significant cost advantage over other competitors and pass the savings on to consumers in order to gain market share. Such a strategy aims at selling a standardized product that appeal to an “average” customer in a broad market.

The organization must attain significant economies of scale in key business activities (e.g.: purchasing and logistics). Because the environment is stable, few product modifications are needed to satisfy customers. The organization’s design is functional, with accountability and responsibility clearly assigned to various departments. The low-cost strategy is based on locating and taking advantage of opportunities for an organization to seek cost-based advantages in all its activities.

* **Differentiation**

A differentiation strategy is based on providing customers with something unique and makes the organization’s product of service distinctive from its competition. An organization that chooses a differentiation strategy typically uses a product organization design whereby each product has its own manufacturing, marketing and research and development (R & D) departments. The key managerial assumption behind this strategy is that customers are willing to pay to higher price for a product that is distinctive in some way. Superior value is achieved through higher quality, technical superiority or some special appeal.

* **Focused**

A focused strategy is designed to help an organization target a specific niche in an industry, unlike both the low-cost and the differentiation strategies, which are designed to target industry wide markets. An organization that chooses a focused strategy may utilize any of a variety of organization designs, ranging from functional to product to network, to satisfy its customers’ preferences.

The choice of organization design reflects the niche of a particular buyer group, a regional market or customers that have special tastes, preferences or requirement. The basic idea is to specialize in ways that other organizations can’t match effectively. The greatest disadvantage that an organization faces in using a focused strategy is the risk that its underlying market niche may gradually shift toward a broader market.

* **Technological factors**

Technology is a process by which an organization changes inputs into outputs. Although there are literally hundreds of technologies, we focus on how in general technology influences the design of an organization. The coordination of teams and departments, the delegation of authority and responsibility and the need for formal integrating mechanisms are all influenced by the degree to which units must communicate with each other to accomplish their goals.

* **Task Interdependence**

Task interdependence refers to the extent to which work performed by one person or department affects what other members do. Three types of task interdependence have been identified – pooled, sequential and reciprocal.

* **Pooled interdependence**

Pooled interdependence occurs when departments or teams are relatively autonomous and make an identifiable contribution to the organization. Some organizations don’t engage in day-to-day decision making, coordination and communication with each other. Some operate their offices without much interaction with other organizations. Managers in regional offices coordinate, set policies and solve problems for agents in their territories. The performance of each agent and regional office is readily identifiable.

Pooled interdependence exists when the performance of one person has no direct impact on that of another. Golf and tennis teams rely on pooled interdependence. The scores of the players on each team are added at the end of the match to arrive at the team’s total, even though the players on each team may not see or talk with their teammates during play.

* **Sequential interdependence**

Sequential interdependence occurs when one team or department must complete certain tasks before one or more other teams or departments can perform their tasks. Football teams use sequential interdependence. When the offense is on the field, the defense is resting, waiting to return to the field.

* **Reciprocal interdependence**

Reciprocal interdependence occurs when the outputs from one team or department become the inputs for another team or department and vice versa. Basketball, soccer, hockey and volleyball teams rely on reciprocal interdependence. Essentially, reciprocal interdependence exists when all units within an organization depend on one another to produce an output.

The reciprocal interdependence is the most complex type and that pooled interdependence is the simplest type of technological interdependence. The greater the interdependence among teams or departments, the greater is the need for coordination. Placing reciprocally interdependent teams or departments under one executive often improves integration and minimizes information processing costs within a unit.

* 1. **Mechanistic structure (Bureaucratic)**

A mechanistic organization is designed so that individuals and functions will behave in predictable ways. A reliance on formal rules and regulations, centralization of decision making, narrowly defined job responsibilities and a rigid hierarchy of authority characterize this organization.

* **Characteristic of mechanistic structure**

Mechanistic organizations are often appropriate in stable environments and for routine tasks and technologies. In some ways similar to bureaucratic structures, mechanistic organizations have clear, well-defined, centralized, vertical hierarchies of command, authority and control. Efficiency and predictability are emphasized through specialization, standardization and formalization. This results in rigidly defined jobs, technologies and processes. The term mechanistic suggests that organizational structures, processes and roles are like a machine in which each part of the organization does what it is designed to do, but little else.

Mechanistic organizations are utilized to increase efficiency when tasks and technologies are relatively stable. The goal of mechanistic structures is efficiency. Mechanistic structures are highly formalized, which simply means that nearly all processes and procedures have been administratively authorized.

At least two criticisms are generally made about mechanistic organizations. First, while focusing on task concerns such as efficiency and standardization, mechanistic organizations tend to ignore human needs and dynamics. Second, creativity and thus innovation are restricted by the rigidity of standardized and formalization. Thus, the appropriate environment for mechanistic organizations is a stable environment, while rapidly changing environments require more flexibility. Highly mechanized organizations operating in rapidly changing environments run the risk of becoming obsolete as competitors sacrifice maximum efficiency in exchange for flexibility to tackle new environmental conditions.

* 1. **Impact of mechanistic structure on OB**

Here are some impacts of mechanistic structure on organizational behaviour:

- Employees are tightly being controlled by employers. Whatever they want to do, they have to get the permission from their employers. If the employees do any misconduct behaviour, the employer will take disciplinary action towards them.

- Employees follow extensive impersonal rules and procedures in making decisions. They have the code of ethics that they have to follow.

- Each employee’s job involves specified area of expertise. For example, an accounts officer will do accounts work and he or she will not do any administration tasks because this task is done by an administration officer.

- Employees are appointed and not elected. They have to undergo a selection process and they will only report for duty after they were given the appointment letter.

* 1. **Organic structure**

An organic organization is characterized by low to moderate use of formal rules and regulation, decentralized and shared decision making, broadly defined job responsibilities and a flexible authority structure with fewer levels in the hierarchy. The degree of job specialization is low; instead, a broad knowledge of many different jobs is required. Self-control is expected and there is an emphasis on coordination among employees. Recently, more organizations are moving toward an organic management approach to promote managerial efficiency and to improve employee satisfaction.

* 1. **Impact of organic structure on OB**

Here are some impacts of mechanistic structure on organizational behaviour:

* Emphasizes employee competence rather than employee’s formal position in the hierarchy. Those who are capable and excellent in doing additional tasks beside their formal position will be awarded.
* Flexible hierarchy and empowers employees to make decision. Employees are encouraged to make decision as long as the decision is acceptable by the management and parallel with the vision and mission of the organization.
	1. **New forms of organization (virtual, network, etc.)**

Now that we have examined the various factors that affect managers’ choices of an organization design, let’s consider some of the design choices available.

* **Functional design**

Functional design involves the creation of positions, teams and departments on the basis of specialized activities. Functional grouping of employees is the most widely used and accepted form of departmentalization. Although the functions vary widely, depending on the organization, grouping tasks and employees by function can be both efficient and economical.

* **Place design**

Place design involves establishing an organization’s primary units geographically while retaining significant aspects of functional design. All functional groups for one geographic area are in one location. Starbucks uses a place design. Many companies that are marketing-intensive and need to respond to local market conditions or customer needs typically use place designs.

* **Product design**

Product design involves the establishment of self-contained units, each capable of developing, producing, marketing and distributing its own goods or services. Organizations with a product design usually begin with a functional design and then add some place design features as they begin to serve new geographic markets. When changing to a product design, however, companies usually don’t completely discard functional or place design. Instead, the product design may incorporate features of functional and place designs into the organization of each product division.

* **Multidivisional design**

A variation of the product design is the multidivisional design, sometimes referred to as the M-form. In multidivisional design, tasks are organized by division on the basis of the product or geographic markets in which the goods or services are sold. A multidivisional design eases problems of coordination by focusing expertise and knowledge on specific goods or services.

One disadvantages of the multidivisional design is that a firm must have a large number of managerial personnel to oversee all the product lines. Another disadvantage is the higher cost that results from the duplication of various functions by the divisions.

* **Multinational design**

Large multibusiness firms, such as General Motors, Toyota, Sanyo and British Petroleum, operate in various countries, each of which has its own set of customers, governmental officials and the like. On the other hand, local managers face pressures to be ‘local insiders’, that is, to design organizations that follow rules and regulations accepted as legitimate by locals. These multibusiness firms are called multinational organizations because they produce and sell products and/or services in two or more countries. A multinational design attempts to maintain coordination among products, functions and geographic areas.

* **Network design**

Many of today’s organizations outsource noncore functions to other companies while retaining control over their core functions. Such companies may be thought of a having a hub surrounded by outside companies that can be added or deleted as needed. This is the type of network design. A network design focuses on sharing authority, responsibility and resources among people, departments and/or other organizations that must cooperate and communicate frequently to achieve common goals.

* **Virtual design**

The need for fast response to customer needs has led some firms to become even more specialized and focused in their activities. The principal developments in information technologies over the past 10 years have both pushed and enabled organizations to move toward a variation of the networked organization called a virtual organization. A virtual organization seeks to coordinate and link people from many different locations to communicate and make decisions on a real-time basis.

**CHAPTER SEVEN**

**Understanding Work Teams**

* 1. **The growing popularity of teams in organizations**

**Refer 7.4.1 page 119**

* 1. **Difference between groups and teams**

**Refer 7.7 pages 124 and 125**

* 1. **Types of teams**
* **Functional teams**

Functional teams usually include individuals who work together daily on similar tasks. Functional teams often exist within functional departments – marketing, production, finance, auditing, human resource and the like. Within a human resource department, one or more functional teams could perform recruiting, compensation, benefits, safety, training and development, affirmative action, industrial relations and similar functions.

* **Problem-solving teams**

**Refer 7.8.1 page 126**

* **Cross-functional teams**

**Refer 7.8.3 page 127**

* **Self-managed teams**

**Refer 7.8.2 page 126**

* **Virtual teams**

**Refer 7.8.4 page 128**

* 1. **Building high-performing teams**

**Refer 7.11 pages 130 - 131**

* 1. **Why teams fail?**

If you have ever been part of a successful team, you probably recall the feeling of satisfaction at what you delivered. On the other hand, if you have been part of a team that had a lot of promise that never materialized, you probably felt frustrated, a failure or just plain fed up. There are a whole host of reasons why team fail, so let’s look at five reasons why teams fail and what should you do instead.

* **Absence of clear goals**

If any team is to have a chance of delivering, it has to have a clear goal or result that it is aiming for. Often those that set up teams fail to do this or if they do they have vague or meaningless goals. So how do you set a clear goal? Simply define precisely what you want to be different when the team has completed its work.

* **Poor decision making**

Taking decisions is never easy at the best of time. In a team there are a whole host of opinions, views, suggestions and ideas to be considered. Without a clear decision making process, the team runs the risk of being like a spinning top – going round and round but never going forward. To overcome this, teams need to have a systematic approach to collecting opinions evaluating the options and taking decisions.

* **Lack of mutual accountability**

Most people are great at being accountable individually. Fewer are comfortable with the concept of being mutually accountable for the results of the team. Part of the way of overcoming this is to link the rewards to the results that are delivered collectively rather than individually.

* **Lots of talking but little action**

Ever been part of a team where all the focus is on the problems or circumstances rather than taking action. Remember that all problems, no matter what they are have a solution. It is merely a matter of discovering or creating the solution.

* **Closed minds**

One of the great things about teams is that they bring a wide range of skills, experience, knowledge and attributes to bear. Sadly, people often only see situations through a single lens – their own. To overcome this it is important to equip teams with the tools to effectively understand and recognize the contributions of others.

**CHAPTER EIGHT**

**Leadership as Influencing the Behavior of Others**

* 1. **Managers and leaders**

Managers are people who direct the work of others and are responsible for results. Effective managers bring a degree of order and consistency to the work for their employees.

Leaders exhibit the key attributes of leadership – ideas, vision, values, influencing others and making tough decisions.

* A person becomes a manager by virtue of his position but a person becomes a leader on basis of his personal qualities.
* Manager has got formal rights in an organization because of his status but rights are not available to a leader.
* The subordinates are the followers of managers but the group of employees whom the leaders leads are his followers.
* A manager performs all five functions of management but leader influences people to work willingly for group objectives.
* A manager is very essential to a concern but a leader is required to create cordial relation between person working in and for organization.
* All managers are leaders and all leaders are not managers.
* A manager’s concern is organizational goals but a leader’s concern is group goals and member’s satisfaction.
	1. **Types of leaders**

There are three types of leaders:

* **Transactional leaders**

Transactional leaders are leaders who involve in motivating and directing followers primarily through contingent reward-based practices. The transactional leader tends to focus on a carrot (but sometimes a stick) approach, set performance expectations and goals and provide feedback to followers.

Three primary components of transactional leadership are usually viewed as prompting followers to achieve their performance goals.

* **Contingent rewards**

Leader identifies a path that links the achievement of goals to rewards, clarifies expectations, exchanges promises and resources for support, arranges mutually satisfactory agreements, negotiates for resources, exchanges assistance for effort and provides commendations for successful performance.

* **Active management by exception**

Leader monitors followers’ performance, takes corrective action if deviations from standards occur and enforces rules to prevent mistakes.

* **Passive management by exception**

Leader intervenes when problems become serious but may wait to take action until mistakes are brought to her attention.

* **Charismatic leaders**

**Refer 11.5.1 page 190**

* **Transformational leaders**

**Refer 11.5.2 page 191**

* 1. **Leadership styles and their impact on OB**

A leadership style is a leader’s style of providing direction, implementing plans and motivating people. There are many different leadership styles that can be exhibited by leaders in the political, business or other fields. We are going to discuss five leadership styles: Hersey and Blanchard’s Situational Model, Vroom-Jago Leadership Model, Theory X and Theory Y, Managerial Grid and Path-Goal Theory.

* **Hersey and Blanchard’s Situational Model**

**Refer 11.4.2 page 186**

* **Vroom-Jago Leadership Model**

The Vroom-Jago decision model is a rational model used by leaders to determine whether they should make a decision alone or involve a group and to what extent the group should be involved.

The method was first proposed by Vroom and Yetton in 1973 and was later modified by Vroom and Jago in 1988. Subsequent studies have shown that the greater precision in situational assessment of the Vroom-Jago decision model allows for better discrimination in choosing a process.

In some business situations it’s better for a leader to be the decision maker for the group. In others, it’s best for the group to have some input or even make the decision. This model distinguishes five different situations and outlines an algorithm for determining which one to use. Figure 8.1 below shows the Vroom-Jago leadership model. Vroom and Jago defined five different decision procedures. Two are autocratic, two are consultative and one is group based.

**Autocratic leader (AI)**

You, the decision maker, use the information available to make the decision yourself.

**Autocratic leader (AII)**

You request information from members of your team. They may or may not know why you want such information. They neither define the situation, alternatives or final choice.

**Consultative I (CI)**

You explain the situation to the individual members of the group but they do not get together a s a group. You make the final decision.

**Consultative II (CII)**

There is group discussion where you explain the situation and gather ideas and suggestions. Again, you’re responsible for the final decision making.

**Group II (GII)**

The group as a whole make the decision. You as the leader present the situation and the group defines alternatives and reaches a consensus decision. The leader acts more as a facilitator in this process and allows the group to agree on the final choice.



Figure 8.1 The Vroom-Jago leadership model

* **Theory X and Theory Y**

The behaviour of leaders is often influenced by their assumptions and beliefs about followers and what motivates their followers. Thus, differences in the behaviours of effective and ineffective leaders can be understood by looking at the different assumptions they make. One of the most widely cited and recognized models for describing differences in these assumptions was developed by Douglas McGrego in 1957. He coined the labels Theory X and Theory Y as a way to contrast two sets of assumptions and beliefs held by leaders.

Theory X and Theory Y managers both understand that they are responsible for the resources in their units – money, material, equipment and people – in the interest of achieving organizational goals. What draws them apart are their assumptions about what motivates their subordinates and what are the best ways to carry out management responsibilities.

* **Theory X**

When McGregor developed his model of effective leadership, he knew many managers with the Theory X point of view. Theory X is a composite of propositions and underlying beliefs that take a command and control view of management based on a negative view of human nature. Theory X managers view management as a process that involves directing, controlling and modifying their subordinates’ behaviours to fit the needs of the organization. T

They view employees as basically lazy and self-centered. This perspective assumes that, without the intervention of managers, most employees would be passive – even resistant – to organizational needs. Therefore, employees must be persuaded, rewarded, punished and their activities tightly controlled. Doing so is management’s primary task.

McGregor believed that Theory X managers could be found everywhere in organizations and that was a problem. According to him, management by direction and control was largely ineffective because it ignored the social, egoistic and self-fulfillment needs of most employees.

* **Theory Y**

McGregor concluded that a different view of managing employees was needed – one based on more adequate assumptions about human nature and human motivation.

* **Managerial Grid**

**Refer 11.3.3 page 184**

* **Path-Goal Theory**

**Refer 11.4.4 pages 188-189**

* 1. **The behavioral approach to leadership and authority**
* Visionary

Visionary leaders are tasked with guiding a company in a broad direction. For example, a visionary leader may guide a publishing company from emphasizing traditional print to developing multimedia ebooks. These types of leaders do not typically have much technical expertise in the tasks they are leading. Their role, however, focuses on giving their team the confidence to struggle through.

* Trustworthy

Trust could sometimes be perceived as a quality a leader has or doesn’t have. There are four characteristics of a trustworthy leader must be: credible, reliable, intimate and personal direction.

* + - Considerate

The considerate style of leadership can be appropriate in an environment where the situation is moderately favourable of certain. For example, when leader-member relations are good, the task is unstructured and position power is weak.

* + - Confident

Self-confidence is the fundamental basis from which leadership grows. Trying to teach leadership without first building confidence is like building a house on a foundation of sand. It may have a nice coat of paint but it is ultimately shaky at best. While the leadership community has focused in passion, communication and empowerment, they’ve ignored this most basic element and in the process they have planted these other components of leadership in a bed of quicksand.

* + - Charismatic and ethical

Ethical leadership is leading by knowing and doing what is right. The problem with ethical leadership is that it is difficult to define “right”. Ethical leadership is divided into two parts. The leader must act and make decisions ethically and second, the leader must also lead ethically in their attitudes and interactions. Charismatic leadership is leadership based on the leader’s ability to communicate and behave in ways that reach followers on a basic, emotional way, to inspire and motivate. We often speak of some sports and political leaders as charismatic.

* 1. **Changing leadership requirements**

While being a change leader may not be easy, the first step Is knowing what it requires. People who are effective leaders of change have six characteristics. As a supervisor and leader, knowing these six characteristics helps you in several ways. First, you want to cultivate these qualities in yourself. Second, you can factor these characteristics into your hiring decisions. Third, you will want to cultivate these characteristics in your team culture by taking steps to reinforce them and avoiding steps that contradict them. Here are the six characteristics of change leaders.

* **Low level of anxiety**

Anxieties are emotions and beliefs that prevent us from coping effectively with our current circumstances. Anxieties stem mostly from past negative experiences that continue to generate strong negative emotions. For example, many children who grew up in poverty during the Great Depression continued to live in fear of poverty, literally saving pennies in glass jars, despite achieving economic success in adulthood. But, current circumstances can also be the source of fear, uncertainly and doubt. For example, employee reward systems that pit colleagues against one another in gladiator-like competitions that reward winners and penalize losers may cause employees to constantly look over their shoulder to see who is going to stab them in the back next.

Anxieties wield enormous influence on our behavior, usually resulting in one of two responses. People usually either a) erect strong defenses, figuratively digging fox holes to protect themselves, or b) go on the attack, making sure to harm and disable the perceived threat, before it can hurt them. These are destructive behaviors that not only prevent people from responding effectively to change, but can also harm others around them. To perform at the highest level and to drive innovation and change, people must have a sense of security and be unencumbered by anxieties.

*Supervisor’s Tip:* Hire people with low levels of anxiety and create an environment where people feel secure, rather than threatened.

* **Emotional Stability**

To learn well and perform at a high level, people must be in a good mood. One of the definitions of the word mood is, “a frame of mind disposed or receptive, as to some activity or thing.” Large swings from levels of depression to elation and back to depression do not put people in a mental state that is receptive and ready for constructive action. One landmine to avoid is “breaking” an employee’s attitude and belief that s/he can succeed in the job. Once an employee crosses a certain line toward depression, they become locked in a vicious cycle where their performance suffers, which causes further depression, which further reduces their performance, and so on. At that point, you’ve lost the employee.

*Supervisor’s Tip:* Hire people whose emotional wiring is permanently connected to “happy” and take daily action to maintain a high level of enthusiasm among your team.

* **Action Orientation**

Adapting to and leading change requires action. Being receptive to learning is not sufficient. The purpose of learning is to then take action and achieve the goal. People who have low levels of energy and are inclined to sit and watch will be the last to learn and adapt to change. Effective leaders are inclined to step up and participate in the action. They feel energized and exhilarated by the action and the progress.

*Supervisor’s Tip:* Hire people with high energy levels and have events and activities that stimulate action and energy. Note: This requires that you allow time for these activities. Don’t tell people there is a 3pm team volleyball game and also give them a 4pm deadline for a project.

* **Confidence**

By definition, learning, innovating, and changing require exploration of the unknown. It is natural to feel anxious about stepping into unknown territory. Exploration is not without risks. Scurvy, cannibals, poisonous snakes, avalanches, new suppliers that fail to deliver—the hazards that have befallen explorers are innumerable. But, new opportunities can only be identified by exploring the unknown. Therefore, people must hold the belief that, despite the unknown risks, the unknown outcomes will be positive. In other words, they must be confident in their ability to succeed.

*Supervisor’s Tip:* Hire people who are not afraid to take risks and have experienced the sweet taste of success in the past. Also, consider measuring and rewarding the exploration process itself, rather than worshiping the “conquistadors” who have blazed new trails. True innovation requires knocking on many doors before finding the one that opens. So, it is important to maintain an appropriate perspective.

* **Openness**

To explore new ideas and learn how to apply them one must be receptive to them. We can always think of a million reasons something won’t work. But, if we open our minds to the possibilities, we can also find many ways new ideas can work. But, simply being receptive is not enough, Harvard psychologist Ellen Langer says we must be “mindful”. By mindful she means being constantly attentive and exposing our minds to many different perspectives. We are able to see more ways new ideas can work if we equip ourselves with a vast repertoire of perspectives and ideas.

*Supervisor’s Tip:* Hire people who have diverse experiences and multidimensional skills. Give employees “white space” between the normal duties in their job description and encourage them to gain different experiences and perspectives.

* **Risk Tolerance**

At first glance high risk tolerance may seem synonymous with high confidence. The difference is that confidence is an attitude and a belief that is accepted on faith, while risk is a mathematical concept that can be measured and managed. All actions involve risk and uncertainty—including the “action” of staying in the same place. In fact the world is changing so fast, that staying in the current position could be the riskiest proposition of all—like standing in the middle of a highway. But, dealing with risk doesn’t mean simply rolling the dice and accepting your fate. A healthy risk tolerance means taking all possible steps to mitigate or eliminate risks, and then making a well-calculated, highly likely bet.

*Supervisor’s Tip:* Rather than penalizing your staff when they fail, encourage them to take risk. Furthermore, rather than measuring outcomes, which is a “no-brainer”, be a value-added supervisor by measuring and coaching your staff on how well they manage risk.

In conclusion, if you use the six characteristics of change leaders as hiring criteria, then build those characteristics into the culture of your organization, your team will discover and exploit new opportunities that will put you ahead of your competition.

**CHAPTER NINE**

**Communication as the Life Blood of the Organization**

* 1. **Importance of communication to organization**

**Refer 8.1 page 139**

The importance of communication in an organization can be summarized as follows:

1. Communication promotes motivation by informing and clarifying the employees about the task to be done, the manner they are performing the task and how to improve their performance if it is not up to the mark.
2. Communication is a source of information to the organizational members for decision-making process as it helps identifying and assessing course of actions.
3. Communication also plays a crucial role in altering individual’s attitude, i.e., a well informed individual will have better attitude than a less-informed individual. Organizational magazines, journals, meetings and various other forms of oral and written communication help in moulding employee’s attitudes.
4. Communication also helps in socializing. In today’s life the only presence of another individual fosters communication. It is also said that one cannot survive without communication.
5. Communication also assists in controlling process. It helps controlling organizational member’s behaviour in various ways. There are various levels of hierarchy and certain principles and guidelines that employees must follow in an organization. They must comply with organizational policies, perform their job role efficiently and communicate any work problem and grievance to their superiors. Thus, communication helps in controlling function of management.
	1. **Communication flows in organization**
* **Downward communication**

**Refer 8.3.1 page 143**

* **Upward communication**

**Refer 8.3.1 page 143**

* **Horizontal communication**

**Refer 8.3.1 page 144**

* **External networking**

Managers and employees also spend considerable time meeting with peers and others outside the organization. They attend meetings of professional associations, trade shows and other gatherings. As a result, they may develop various close, informal relationships with talented and interesting people outside the organization. People use these networks to help each other, trading favours and calling on each other’s resources for career advancement or other types of information and support.

* 1. **The communication process**

The sender is the source of information and the initiator of the communication process. The sender tries to choose the type of message and the channel that will be most effective. The sender then encodes the message.

Encoding is the process of translating thoughts or feelings into a medium – written, visual or spoken – that conveys the meaning intended. Imagine that you are planning to apply for a job. You will get the best response by first learning about the channels of communication used by the organization.

To increase encoding accuracy, apply the five principles of communication to the form of communication you’re using:

* + - **Relevancy**

Make the message meaningful and significant, carefully selecting the words, symbols or gestures to be use.

* + - **Simplicity**

Put the message in the simplest possible terms, reducing the number of words, symbols or gestures used to communicate your intended thoughts and feelings.

* + - **Organization**

Arrange the message as a series of points to faciliatate understanding. Complete each point in a message before proceeding to the next.

* + - **Repetition**

Restate key points of the message at least twice. Repetition is particularly important in spoken communication because words may not be clearly heard or fully understood the first time.

* + - **Focus**

Focus on the essential aspects or key points, of the message. Make the message clear and avoid unnecessary detail. In spoken communication, emphasize significant points by changing your tone of voice, pausing, gesturing or using appropriate facial expressions. In written communication, underline or italicize key sentences, phrases or words.

The receiver is the person who receives and decodes or interprets the sender’s message. Decoding is translating messages into a form that has meaning to the receiver. The person who receives your electronic application or letter about a job reacts to it first on the basis of whether the organization has any openings. If it doesn’t, the receiver probably won’t pay much attention to your inquiry. If there are openings, the receiver probably will compare what you wrote about yourself to the type of person that the organization wants to hire.

**Refer 8.1 pages 139 - 140**

**Types of communication:**

 **Refer 8.2 pages 140 - 142**

* 1. **Grapevine**

**Refer 8.3.3 page 147**

* 1. **Communications networks and their effectiveness**
* **Star network**

Abdul

 Juan Jane Sam

 Kim

* **Y network**

Abdul Jane

 Sam

 Kim

 Juan

* **Chain network**

Abdul Jane Sam Kim Juan

* **Circle network**

Abdul

 Juan Jane

 Kim Sam

* **All-channel network**

Abdul

 Juan Jane

 Kim Sam

* 1. **Common barriers to effective communication**

Barriers to interpersonal communication are numerous. Let’s review briefly the more important barriers that stem from individual differences in personality and perceptions.

* **Noise**

Any interference with the intended message in the channel represents noise. A radio playing loud music while someone is trying to talk to someone else is an example of noise. Noise sometimes can be overcome by repeating the message or increasing the intensity (e.g.: the volume) of the message.

* **Semantics**

The special meaning assigned to words is called semantics. However, the same words may mean different things to different people. Consider this comment by a manager to a subordinate: How about the report for production planning? I think that they want it soon! The manager could have intended one of several meanings in her comment.

 Directing : You should get the report to me now. That’s an order.

 Suggesting : I suggest that we consider getting the report out now.

Requesting : Can you do the report for me now? Let me know if you can’t.

Informing : The report is needed soon by production planning.

Questioning : Does production planning want the report soon?

* **Language routines**

A person’s verbal and nonverbal communication patterns that have become habits are known as language routines. They can be observed by watching the ways people greet one another. In many instances, language routines are quite useful because they reduce the amount of thinking time needed to produce common messages.

* **Lying and distortion**

In the extreme form of deception, lying, the sender states what is believed to be false in order to seriously mislead one or more receivers. The intention to deceive implies a belief that the receiver will accept the lie as a fact. In contrast, honesty means that the sender abides by consistent and rational ethical principles to respect the truth.

Distortion represents a wide range of messages that a sender may use between the extremes of lying and complete honesty. Of course, the use of vague, ambiguous or indirect language doesn’t necessarily indicate the sender’s intent to mislead.

* **Perceptual differences**

**Refer 8.3.2 page 145**

* **Language differences**

**Refer 8.3.2 page 145**

* **Filtering of information**

**Refer 8.3.2 page 145**

* **Poor listening**

**Refer 8.3.2 page 145**

* **Information overload**

**Refer 8.3.2 page 146**

* 1. **Cross-cultural communication**
* **Open communication**

**Refer 8.4.1 page 149**

* **Dialogue**

**Refer 8.4.2 page 149**

* **Crisis communication**

**Refer 8.4.3 page 149**

* **Feedback**

**Refer 8.4.4 page 150**

* 1. **How to improve communication**

**Refer 8.6 page 151**

**CHAPTER TEN**

**Understanding Decision-Making Behavior**

* 1. **Decision-making as the “heart” of management**

**Refer 9.1 page 156**

* 1. **The rational decision-making process**

**Refer 9.3.1 page 158**

* 1. **Limits to rationality**

Limits to rationality describe the limitation of rationality and emphasizes the decision-making processes often used by individuals or teams. This model helps explain why different individuals or teams may make different decisions when they have exactly the same information. This model also recognizes the reality that complete information – concerning available alternatives or the outcome of some course of action – may be impossible for an individual or team to obtain, regardless of the amount of time and resources applied to the task. The limits to rationality model reflect the individual’s or team’s tendencies to satisficing, limited search and inadequate information and control.

* **Satisficing**

Satisficing is the tendency to select an acceptable, rather than an optimal, goal or decision. In this case, acceptable might mean easier to identify and achieve, less controversial or otherwise safer than the best alternative. For example, profit goals are often stated as a percentage, such as a 12 percent rate of return on investment or a 6 percent increase in profits over the previous year. These goals may not be the optimal attainable. They may, in fact, reflect little more than top management’s view of reasonable goals that are challenging but not impossible to achieve.

* **Limited search**

Individuals and teams often make a limited search for possible goals or solutions to a problem, considering alternatives only until they find one that seems adequate. For example, in choosing the “best” job, as a college graduate you won’t be able to evaluate every available job in your particular field. You might hit retirement age before obtaining all the information needed for a decision. Even the rational decision-making model recognizes that identifying and assessing alternatives cost time, energy and money. In the limits to rationality model, an individual or team stops searching for alternatives as soon as an acceptable goal or solution is discovered.

* **Inadequate information and control**

Decision makers often have inadequate information about problems and face environmental forces that they can’t control. These conditions typically have an impact on the process and results of their decisions in unanticipated ways. Two of the common decision-making biases that are partially triggered by inadequate information and lack of control are risk propensity and problem framing.

* 1. **Participation in decision-making**

**Refer 9.9 page 163**

* 1. **Building decision-making skills in organization**
* **Establish your objective**

Define what you want to achieve and decide how to approach the decision-making process. For instance, determine whether the approach should be made individually or through teamwork. If the objective is best approached individually, consult those who have a stake in the decision or those with the expertise on the information to be used. If gathering a team, get the right people together and encourage everyone to voice their opinion and express their ideas. Create a constructive environment where the participants are not competing against each other but rather inspiring each other. Everyone listening to what each person has to say and asking questions promotes confidence and collaboration.

* **Identify alternatives**

At this stage, it’s important to not to focus on coming up with the “right” answer, but to identify all the possible alternatives. Look at alternatives from different perspectives, such as a marketing perspective or a financial perspective. If working in a group, have individuals switch to a perspective not their own. Organize the ideas into common themes.

* **Explore alternatives**

When you feel you have a good selection of alternatives, evaluate each of them in terms of feasibility, risk, impact and benefit. Look for factors in one alternative fitting into another by adding or subtracting elements of the different options.

* **Choose**

Choose the best course of action and analyze it carefully. Pair compatible factors as well as disparate ones to look for conflict; determine what resources would be required and which should carry the most weight. Choice is as much an art as it is a science; it requires your intuition as well as your knowledge, experience and skills.

* **Check your decision**

Look at your choice dispassionately and quietly. Sometimes it’s a necessary to take a break and return to the process with fresh eyes and a clear head. Identify your assumptions and question them for validity. Check for errors or problems like overconfidence, escalating commitment, feasibility and consequences. A well-considered, fully informed decision emerges as it is transformed from abstract ideas into a concrete plan of action.

* **Take action**

It’s important to explain your decision to those who will be affected by it and discuss the broad strokes of why you made the decision you did and what you see as the risks and the benefits. People who understand your idea will be more likely to support it and to get them to understand it, you must provide them with enough information.

**CHAPTER ELEVEN**

**Motivation People for Increased Productivity**

* 1. **Why motivate?**

**Refer 6.1 page 95**

* 1. **How to motivate? Motivation as essentially influencing the behavior of others**

**Motivating employees through job design**

Frederick Herzberg and his associates took a different approach to examining what motivates people. He and his staff simply asked people to tell them when they felt exceptionally good about their jobs and when they felt exceptionally bad about their job. From this study they developed the two-factor theory, better known as the motivator-hygiene model, which proposes that two sets of factors – motivators and hygienes – are the primary causes of job satisfaction and job dissatisfaction.

* **Motivator factors**

Motivator factors include the work itself, recognition, advancement and responsibility. These factors are related to an individual’s positive feelings about the job and to the content of the job itself. These positive feelings, in turn, are associated with the individual’s experiences of achievement, recognition and responsibility. They reflect lasting rather that temporary achievement in the work setting. In other words, motivators are intrinsic factors, which are directly related to the job and are largely internal to the individual. The organization’s policies may have only an indirect impact on them. But, by defining exceptional performance, for example, an organization may enable individuals to feel that they have performed their tasks exceptionally well.

* **Hygiene factors**

The second set of factors, hygiene factors, includes company policy and administration, technical supervision, salary, fringe benefits, working conditions and interpersonal relations. These factors are associated with an individual’s negative feelings about the job and are related to the environment in which the job is performed. Hygienes are extrinsic factors or factors external to the job. They serve as rewards for high performance only if the organization recognizes high performance.

**Motivating employees through performance expectations**

Besides creating jobs that people find challenging and rewarding, people are also motivated by the belief that they can expect to achieve certain rewards by working hard to attain them. Believing that you can get an “A” in this class by expending enough effort can be a very effective motivator. If you can clearly see al link between your study behaviours (effort) and your grade, you will be motivated to study. If you see no link, why study at all? To understand better this approach to motivation, let’s take a look at the expectancy model.

* **Expectancy model**

The expectancy model that people are motivated to work when they expect to achieve things they want from their jobs. These things might include satisfaction of safety needs, the excitement of doing a challenging task, or the ability to set and achieve difficult goals. A basic premise of the expectancy model is that employees are rational people. They think about what they have to do to be rewarded and how much the rewards mean to them before they perform their jobs.

In general, the expectancy model holds that individuals have their own needs and ideas about what they desire from their work (rewards). They act on these needs and ideas when making decisions about what organization to join and how hard to work. This model also holds that individuals are not inherently motivated or unmotivated but rather that motivation depends on the situations that individuals face and how their responses to these situations fit their needs.

**Motivating employees through equity**

Feelings of unfairness were among the most frequent sources of job dissatisfaction reported to Herzberg and his associates. Some researchers have made this desire for fairness, justice or equity a central focus of their models. Assume that you just received a 7 percent raise. Will this raise lead to higher performance, lower performance or no change in performance? Are you satisfied with this increase? Would your satisfaction with this pay increase vary with the consumer price index, with what you expected to get or with what others in the organization performing the same job and at the same performance level received?

* **Equity model: Balancing inputs and outcomes**

The equity model focuses on an individual’s feelings of how fairly she is treated in comparison with others. It is based on the belief that people are motivated to maintain a fair or equitable, relationship between themselves and others and to avoid relationships that are unfair or inequitable. It contains two major assumptions. The first is that individuals evaluate their interpersonal relationships just as they would evaluate the buying or selling of a home, shares of stock or a car.

The model views relationships as exchange processes in which individuals make contributions and expect certain results. The second assumption is that individuals don’t operate in a vacuum. They compare their situations to those of the others in exchanges to determine fairness. In other words, what happens to individuals is important when they compare themselves to similar others (e.g., coworkers, relatives and neighbours).

* 1. **Stick and carrot approach**

A very widely known motivational concept is the ‘Carrot and Stick’ approach. Many managers see motivation in terms of this notion and so their efforts to motivate is limited to asking the question; should I bribe people or simply threaten them? However when put into practice, this concept is found to be more complicated than this. To motivate is to change behaviour. How can you change the behaviour of people, both as individuals and as a group or team? Using the carrot and stick approach, there are basically two ways; behaviour is changed by force or by choice through the use of incentives.

The ‘stick’ or fear is a good motivator and when used at the correct times can be very helpful. In that context, fear has always been the ‘convenient’ choice of Malaysian managers and organizations. When all else fails, the stick approach is somehow most attractive as it usually produces instantaneous compliance and hence immediate results. Fear is also attractive as in the short term, an employee’s performance may be improved without any need for incentives or financial remuneration.

Fear however has its weaknesses in that an organization motivated by fear is prone to mutiny. It can also be stressful for employees. It is extrinsic, which means that the motivation only works while the motivator is present. When the motivator goes, the motivation also usually goes. Fear is also only useful on a short-term basis, as it needs to be applied in ever-increasing doses. In a worst case scenario, fear motivation can backfire and could even lead to cases of sabotage.

On the other hand, people contribute or become more productive because they are offered incentives i.e. the carrot approach. The major advantage with this is that it can work very well as long as the incentive is attractive enough. A good illustration of this concept is by using the well-known analogy of a donkey with a carrot dangling in front, and with a cart behind. In this instance the carrot serves as the incentive. However, the carrot will only serve as an incentive if:

The donkey is hungry enough.

The carrot is sweet enough.

The load is light enough.

A combination of the above.

If any of the above is not satisfied, then the carrot will not serve as an incentive. On the assumption that the conditions are satisfied, there is still the question of letting the donkey take a bite of the carrot from time to time, otherwise it is going to get discouraged. A new scenario will then develop in that if the donkey gets to eat the whole carrot and is now not hungry anymore, putting another carrot in front of it will not serve as an incentive, until it gets hungry again. This is very often seen in organizations where salesmen on meeting their quota, stop working as their motivation is only limited to meeting that target.

Once the donkey has eaten the carrot, the next carrot may not be as attractive an incentive as the first. On the other hand changing the incentive to another vegetable may not necessarily motivate unless the donkey perceives it as a better incentive than the carrot. This is another very important element in motivation and that is the reward must be perceived as attractive enough. Otherwise it will not serve its purpose effectively, and may in fact backfire. For example, if someone is elected the employee of the month and is then given RM 10/ as a reward, this will serve to de-motivate as it is considered to be below perceived expectations.

**Is money the best ‘carrot’?**

There is also the often asked question of what is the best ‘carrot’? The obvious answer to this seems to be money. People need money to feed, clothe, and house themselves and their families: this being the basic assumption of Maslow’s theory. Hence, organizations have always based their motivational schemes on this premise that the more money you give to employees, the harder they will work. But is this true?

In her article ‘Managing People: Lessons from Matsushita Konosuke, “ Professor Etsu Inaba of the Asian Institute of Management, spoke of a survey that she conducted of middle managers working in well-managed companies in four Asean countries i.e. Malaysia, the Philippines, Thailand, and Indonesia. All the respondents of this survey received salaries slightly higher than the industry average. They could join their company’s competitors at salaries of between 30 and 50% more. When asked ‘What would make you stay with the company you are working for now?” their replies were:

Clear growth potential for the company.

A career development plan for employees.

Professionalism in management.

Money was important but it did not appear to be the only concern for the respondents as they were proud of the company that they were working for. The findings of the above survey were complemented by a survey carried out by New York based consulting firm Towers Perrin. In that survey one of the main questions asked was "What is the biggest long-term motivator for you?" The results were different from the survey done in Asia, but money was still not the number one factor. The responses in ranking were as follows:

1. Working for a leader with vision and values.

2. Pay raises and bonuses.

3. Being given greater responsibility.

4. Developing the respect of subordinates and peers.

5. Being given recognition from supervisors and managers.

Simply put, money is not the reason why these respondents want to work. In that context, a billionaire like Bill Gates and two generations after him could live very comfortably with all the money that he presently has, and yet he is known to be a workaholic. Quite clearly, a monthly pay cheque is not the main motivation for people like him or the people mentioned previously, to go to work.

Money is important, but it does not override the fact that there are other factors that may be better motivators at the appropriate times. In that context, no motivating factor can be looked at in isolation. No factor by itself will serve to motivate perpetually. There must be a combination of factors which when used together will serve to achieve the overall objective of increasing or at least sustaining the motivational levels of employees. Organizations, which recognize this, will be well on their way to having motivated employees.

**Conclusion**
Organizations and managers who have the knowledge and skills to motivate employees will always be a step ahead of their competitors; as well motivated and happy employees are invariably easier to manage and thus more productive. The question is why is this situation so difficult to achieve? Perhaps the answer is that most organizations, in the process of motivating their employees have paid more attention to the tangibles rather than the non-tangibles. The trouble with tangibles is that like the carrot, its attractiveness wanes with time and you have to provide more and more attractive incentives. At the end of the day, a word of praise from the Head of Department can mean more than tangibles like paid holidays. If only organizations and managers can reconcile and complement their tangible rewards with the intangibles? That would surely be a winning combination. Perhaps herein lies the long sought after secret to motivation.

* 1. **Manipulating workers (threats, fear, bribery, pressure, deceit, charm)**

Manipulation is a type of social influence that aims to change the perception or behaviour of others through underhanded, deceptive or even abusive tactics. Here are some basic ways that manipulators control their victims:

 **Positive reinforcement:**

Includes praise, superficial charm, superficial sympathy, excessive apologizing, money, approval, gifts, attention, facial expressions such as a forced laugh or smile and public recognition.

**Negative reinforcement:**

Involves removing one from a negative situation as a reward, e.g. “You won’t have to do your homework if you allow me to do this to you”.

**Intermittent or partial reinforcement:**

Partial or intermittent negative reinforcement can create an effective climate of fear and doubt. Partial or intermittent positive reinforcement can encourage the victim to persist – for example in most forms of gambling, the gambler is likely to win now and again but still lose money overall.

**Punishment:**

Includes nagging, yelling, the silent treatment, intimidation, threats, swearing, emotional blackmail, the guilt trip, sulking, crying and playing the victim.

**Traumatic one-trial learning:**

Using verbal abuse, explosive anger or other intimidating behaviour to establish dominance or superiority, even one incident of such behaviour can condition or train victims to avoid upsetting, confronting or contradicting the manipulator.

* 1. **Extrinsic motivators**

Extrinsic motivation refers to motivation that comes from outside an individual. The motivating factors are external or outside, rewards such as money or grades. These rewards provide satisfaction and pleasure that the task itself may not provide.

An extrinsically motivated person will work on a task even when they have little interest in it because of the anticipated satisfaction they will get from some reward. The rewards can be something as minor as a smiley face to something major like fame or fortune. For example, an extrinsically motivated person who dislikes math may work hard on a math equation because he wants the reward for completing it. In the case of a student, the reward would be a good grade on an assignment or in the class.

Extrinsic motivation does not mean, however, that a person will not get any pleasure from working on or completing a task. It just means that the pleasure they anticipate from some external reward will continue to be a motivator even when the task to be done holds little or no interest. An extrinsically motivated student, for example, may dislike an assignment, may find it boring or may have no interest in the subject but possibility of a good grade will be enough to keep the student motivated in order for him or her to put forth the effort to do well on a task.

* 1. **Intrinsic motivators**

Intrinsic motivation refers to motivation that comes from inside an individual rather than from any external or outside rewards such as money or grades. The motivation comes from the pleasure one gets from the task itself or from the sense of satisfaction in completing or even working on a task.

An intrinsically motivated person will work on a math equation, for example, because it is enjoyable. Or an intrinsically motivated person will work on a solution to a problem because the challenge of finding a solution is provides a sense of pleasure. In neither case does the person work on the task because there is some reward involved, such as a prize, a payment or in the case of students, a grade.

Intrinsic motivation does not mean, however, that a person will not seek rewards, It just means that such external rewards are not enough to keep a person motivated. An intrinsically motivated student, for example, may want to get a good grade on an assignment, but if the assignment does not interest that student, the possibility of a good grade is not enough to maintain that student’s motivation to put any effort into the project.

* 1. **Work design – job enlargement, job enrichment, team management**

Work design also referred to as job design or task design, is the specification of contents, methods and relationship of jobs in order to satisfy technology and organizational requirements as well as the social and personal requirements of the job holder. Its principles are geared towards how the nature of a person’s job affects their attitudes and behaviour at work, particularly relating to characteristics such as skill variety and autonomy. The aim of a job design is to improve job satisfaction, to improve through-put, to improve quality and to reduce employee problems.

* **Job enlargement**

Job enlargement means increasing the scope of a job through extending the range of its job duties and responsibilities generally within the same level and periphery.

* **Job enrichment**

Job enrichment is an attempt to motivate employees by giving them the opportunity to use the range of their abilities. It is an idea that was developed by Frederick Herzberg. Job enrichment has been described as vertical loading of a job. It also defined as a way to motivate employees by giving them more responsibilities and variety in their jobs.

* **Team management**

Team management refers to techniques, processes and tools for organizing and coordinating a group of individuals working towards a common goal or task.

* 1. **Rewards system must support environment of excellence**

The ability of rewards to motivate individuals or a team to high performance depends on six factors:

* **Availability**

For rewards to reinforce desired performance, they must be available. Too little of a desired reward is no reward at all. For example, pay increases are often highly desired but unavailable. Moreover, pay increases that are below minimally accepted standards may actually produce negative consequences, including theft, falsifying records and the like.

* **Timeliness**

Like performance feedback, rewards should be given in a timely manner. A reward’s motivating potential is reduced to the extent that it is separated in time from the performance it is intended to reinforce.

* **Performance contingency**

Rewards should be closely linked with particular performances. Is a goal is met, the reward is given. The clearer the linkage between performance and rewards, the better able rewards are to motivate desired behaviour. Forty percent of employees nationwide believe that there is no linkage between their performance and pay.

* **Durability**

Some rewards last longer than others. Intrinsic rewards, such as increased autonomy, challenge and accountability, tend to last longer than extrinsic rewards, such as pay increase.

* **Equity**

Employees’ motivation to perform is improved when they believe that the pay policies of their organization are fair and equitable.

* **Visibility**

To promote a reward system, management must ensure that rewards are visible throughout an organization. Visible rewards, such as assignments to important committees or promotion to a new job, send signals to employees that rewards are available, timely and based on performance.

* 1. **Managers’ perception and OB (McGregor’s Theory X and Theory Y)**

**Theory X and Theory Y** are theories of human motivation created and developed by [Douglas McGregor](http://en.wikipedia.org/wiki/Douglas_McGregor) at the [MIT Sloan School of Management](http://en.wikipedia.org/wiki/MIT_Sloan_School_of_Management) in the 1960s that have been used in [human resource management](http://en.wikipedia.org/wiki/Human_resource_management), [organizational behavior](http://en.wikipedia.org/wiki/Organizational_behavior), [organizational communication](http://en.wikipedia.org/wiki/Organizational_communication) and [organizational development](http://en.wikipedia.org/wiki/Organizational_development). They describe two contrasting models of workforce motivation.

Theory X and Theory Y have to do with the perceptions managers hold on their employees, not the way they generally behave. It is attitude not attributes.

**Theory X**

In this theory, management assumes employees are inherently lazy and will avoid work if they can and that they inherently dislike work. As a result of this, management believes that workers need to be closely supervised and comprehensive systems of controls developed. A hierarchical structure is needed with narrow span of control at each and every level. According to this theory, employees will show little ambition without an enticing incentive program and will avoid responsibility whenever they can. According to Michael J. Papa, if the organizational goals are to be met, Theory X managers rely heavily on threat and coercion to gain their employees' compliance. Beliefs of this theory lead to mistrust, highly restrictive supervision, and a punitive atmosphere.

The Theory X manager tends to believe that everything must end in blaming someone. He or she thinks all prospective employees are only out for themselves. Usually these managers feel the sole purpose of the employee's interest in the job is money. They will blame the person first in most situations, without questioning whether it may be the system, policy, or lack of training that deserves the blame. A Theory X manager believes that his or her employees do not really want to work, that they would rather avoid responsibility and that it is the manager's job to structure the work and energize the employee. One major flaw of this management style is it is much more likely to cause [diseconomies of scale](http://en.wikipedia.org/wiki/Diseconomies_of_scale) in large picture.

## Theory Y

In this theory, management assumes employees may be ambitious and *self-motivated* and exercise *self-control*. It is believed that employees enjoy their mental and physical work duties. According to them work is as natural as play. They possess the ability for creative problem solving, but their talents are underused in most organizations. Given the proper conditions, Theory Y managers believe that employees will learn to seek out and accept responsibility and to exercise self-control and self-direction in accomplishing objectives to which they are committed. A Theory Y manager believes that, given the right conditions, most people will want to do well at work. They believe that the satisfaction of doing a good job is a strong motivation. Many people interpret Theory Y as a positive set of beliefs about workers.

A close reading of The Human Side of Enterprise reveals that McGregor simply argues for managers to be opened to a more positive view of workers and the possibilities that this creates. He thinks that Theory Y managers are more likely than Theory X managers to develop the climate of trust with employees that are required for employee development. It's employee development that is a crucial aspect of any organization. This would include managers communicating openly with subordinates, minimizing the difference between superior-subordinate relationships, creating a comfortable environment in which subordinates can develop and use their abilities. This environment would include sharing of decision making so that subordinates have a say in decisions that influence them.

* 1. **Satisfier and dissatisfier (Herzberg)**

**Refer 6.2.2 pages 97 - 98**

* 1. **Maslow’s hierarchy of needs**

**Refer 6.2.1 pages 96 - 97**

* 1. **Expectancy theory**

**Refer 6.3.1 pages 100 - 102**

**CHAPTER TWELVE**

**Understanding Organizational Conflict and Politics**

* 1. **What is organizational conflict?**

Conflict refers to a process in which one party (person or group) perceives that its interests are being opposed or negatively affected by another party.

Four primary levels of conflict may be present in organizations: intrapersonal (within an individual), interpersonal (between individuals), intragroup (within a group) and intergroup (between groups). These levels are often cumulative and interrelated. For example, an employee struggling with whether to stay on a certain job may show hostility toward coworker, thus triggering interpersonal conflicts.

* + **Intrapersonal conflict**

Intrapersonal conflict occurs within an individual and usually involves some form of goal, cognitive or affective conflict. It is triggered when a person’s behaviour will result in outcomes that are mutually exclusive. Inner tensions and frustrations commonly result. For example, a graduating senior may have to decide between jobs that offer different challenges, pay, security and locations.

* + **Interpersonal conflict**

Interpersonal conflict occurs when two or more individuals perceive that their attitudes, behaviours or preferred goals are in opposition. As with intrapersonal conflict, much interpersonal conflict is based on some type of role conflict or role ambiguity.

* + **Intragroup conflict**

Intragroup conflict refers to disputes among some or all of a group’s members, which often affect a group’s dynamics and effectiveness. Family-run businesses can be especially prone to intragroup and other types of conflict. Such conflicts typically become more intense when an owner-founder approaches retirement, actually retires or dies.

* + **Intergroup conflict**

Intergroup conflict refers to opposition, disagreements and disputes between groups or teams. It often occurs in union-management relations. Such conflict may be highly intense, drawn out and costly to those involved. Under high levels of competition and conflict, the parties develop attitudes toward each other that are characterized by distrust, rigidity, a focus only on self-interest, failure to listen and the like.

* 1. **What is organizational politics?**

**Refer 10.8 pages 175**

* 1. **Why control organizational conflict and politics?**

Conflict in organizations often reflects interpersonal sources of power held and used by managers, subordinates and coworkers. There are five important interpersonal sources of power – reward power, coercive power legitimate power, expert power and referent power – that people can use in conflict situations.

* **Reward power**

**Refer 10.2.1 pages 170-171**

* **Coercive power**

**Refer 10.2.1 pages 170-171**

* **Legitimate power**

**Refer 10.2.1 pages 170-171**

* **Information power**

**Refer 10.2.1 pages 170-171**

* **Expert power**

**Refer 10.2.2 pages 171**

* **Referent power**

**Refer 10.2.2 pages 171**

* + **Charismatic power**

**Refer 10.2.2 pages 171**

* 1. **Instruments of control**

The two general types of organizational controls are preventive and corrective. **Preventive controls** are mechanisms intended to reduce errors and thereby minimize the need for corrective action. For example, air traffic controllers help prevent crashes by ensuring that airline pilots follow well-defined standards, rules and procedures during take-offs and landings.

Rules and regulations, standards, recruitment and selection procedures and training and development programs function primarily as preventive controls. They direct and limit the behaviours of managers and employees alike. Thus preventive controls are needed to ensure that rules, regulations and standards are being followed and are working.

**Corrective controls** are mechanisms intended to reduce or eliminate unwanted behaviour or results and thereby achieve conformity with the organization’s regulations and standards. An air traffic controller also exercises corrective control by instructing pilots who get off course to change altitude and direction to avoid other planes.

**CHAPTER THIRTEEN**

**Organizational Resistance to Change**

* 1. **Need for organizational change**

Organizational change refers to any transformation in the design or functioning of an organization. Effective managers understand when change is needed and are able to guide their organizations through the change process. Often, they learn by watching what other organizations are doing.

**Degree of change**

Massive changes in the why an organization operates occur occasionally, but more often change occurs in small steps. The desire to improve performance continuously in order to stay ahead of competitors is common reason for smaller organizational changes.

* **Radical change**

Radical change occurs when organizations make major innovations in the ways they do business. Adopting a new organizational design, merging with another organization or changing from a privately held to a publicly traded company are all examples of radical change. Radical change is relatively infrequent and generally takes a long time to complete. It can be stimulated by changes in the environment, by persistent performance declines, by significant personnel changes or by a combination of all three factors. In other words, radical change suggests that one ‘big bang’ can transform an organization into something new.

* **Incremental change**

Incremental change is an ongoing process of evolution over time, during which many small adjustments occur routinely. After enough time has passed, the cumulative effect of these adjustments may be to transform the organization totally. While they are occurring, the adjustments seem to be a just a normal aspect of revising and improving the way in which work gets done.

 **Timing change**

In addition to the differences in the magnitude of change are differences in the timing of change.

* **Reactive change**

Reactive change occurs when an organization is forced to change in response to some event in the external or internal environment. New strategies moves made by competitors and new scientific or technological discoveries are common reasons for reactive change. Declining organizational performance is another common trigger for reactive change. When a business is in severe decline, often a new top management team is hired to develop and implement a turnaround plan.

* **Anticipatory change**

Anticipatory change occurs when managers make organizational modifications based on forecasts of upcoming events or early in the cycle of a new trend. The best run organizations always look for better ways to do things in order to stay ahead of the competition. They constantly fine-tune their policies and practices, introduce technological improvements and set new standards for customer satisfaction. Often, anticipatory change is incremental and results from constant tinkering and improvements.

* 1. **Two views of the change process**

The planning process itself can help unfreeze the organization by convincing people of the need for change and involving them in decisions about how to change.

* **Assess the environment**

The four environmental factors most responsible for stimulating organizational change are customers, technology, competitors and the workforce. Other factors that may pressure organizations to change include globalization, technological advances and the actions of important stakeholders, such as shareholders, government regulators, unions and political action groups. Environmental scanning activities ensure that organizations become aware of changes as they occur.

* **Determine the performance gap**

A performance gap is the difference between what the organization wants to do and what it actually does. By determining the performance gap, managers provide clear answers to the question “What is wrong?”

* **Diagnose organizational problems**

The aim of organizational diagnosis is to identify the nature and extent of problems before taking action in order to develop an understanding of the reasons behind gaps in performance. Organizations often hire outside consultants to assist with problem diagnosis. For example, interpersonal problems often require managers to gather sensitive information from employees. Outside consultants may be better able to conduct interviews and interpret data in an unbiased manner than insiders. In addition, consultants often have the expertise that the organization lacks to conduct and analyze attitude surveys properly.

* **Articulate and communicate a vision for the future**

Successful change efforts are guided by a clear vision for the future. Until leaders formulate a clear vision and persuade others to join them in being dedicated to that vision, they won’t be able to generate the enthusiasm and resources needed for large-scale cultural change.

* **Develop and implement an action plan**

Although investments made in planning often produce significant improvements in productivity, most companies begin substantial change efforts with a thoughtful, integrated plan of action. An action plan articulates the goals for change and describes the specific measures to be used to monitor and evaluate progress toward those goals. For major change efforts, the organization’s action plan can be quite complex and not easily understood by most employees because it includes proposals for all levels and all units involved in the change effort.

* **Anticipate resistance and take action to reduce it**

Few planned organizational change efforts go as smoothly as managers would like. As we have already noted, most run into some amount of resistance. To deal successfully with resistance, managers must learn to anticipate it and then head it off, if at all possible. Experienced managers are all too aware of the various forms that resistance can take: immediate criticism, malicious compliance, sabotage, insincere agreement, silence, deflection and in-your-face defiance, strikes and output restrictions are just a few examples.

* **The monitor changes**

As the process of change unfolds, managers need to monitor employees’ reactions as well as results. Measures of employee stress, customer satisfaction, new-product development, market share, profitability and other results should be tracked to assess both short-term and long-term consequences. The speed, degree and duration of improvement should all be closely tied to the goals and timetables established in the action plan.

* 1. **Resistance to change**

Change involves moving from the known to the unknown. Because the future is uncertain and may negatively affect people’s careers, salary and competencies, organization members generally do not support change unless compelling reasons convince them to do so. Resistance to change often is baffling because it can take so many forms.

* **Individual resistance**

The six reasons for individual resistance to change aren’t the only reasons why individuals might resist workplace change, but they are common and frequently are important.

* + **Perceptions**

Perception is whereby people tend to perceive selectively those things that fit most comfortably with their current view of the world. Once individuals have established an understanding of reality, they may resist changing it. Among other things, people may resist the possible impact of change on their lives by: reading or listening only to what they agree with, conveniently forgetting any knowledge that could lead to other viewpoints and misunderstanding communication that, if correctly understood, wouldn’t fit their existing attitudes and value.

* + **Personality**

Some aspects of an individual’s personality may predispose that person to resist change. People with low self-esteem are more likely to resist change than those with high self-esteem because low self-esteem people are more likely to perceive the negative aspects of change than the positive aspects. Low self-esteem people are not as likely as high self-esteem people to work hard to make change succeed.

* + **Habit**

Unless a situation changes dramatically, individuals may continue to respond to stimuli in their usual ways. A habit can be a source of comfort, security and satisfaction for individuals because it allows them to adjust to the world to the world and cope with it. Whether a habit becomes a primary source of resistance to change depends, to a certain extent, on whether individuals perceive advantages from changing their behaviours. For example, if an organization suddenly announced that all employees would immediately receive a 10 percent pay raise, few would object even though the pay raise might result in changes in behaviour as employees could pursue a more expensive lifestyle. However, if the organization announced that all employees could receive a 10 percent pay raise only if they switched from working during the normal workday to working evenings and nights, many might object. Employees would have to change many personal habits about when they slept, ate, talked with family members and so on.

* + **Threats to power and influence**

Some people in organizations may view change as a threat to their power or influence. The control of something needed by others, such as information or resources, is a source of power in organizations. Once a power position has been established, individuals or teams often resist changes that they perceive as reducing their ability to influence others.

* + **Fear of the unknown**

Confronting the unknown makes most people anxious. Each major change in a work situation carries with it an element of uncertainty. People starting a new job may be concerned about their ability to perform adequately. Women starting a second career after raising a family may be anxious about how they will fit in with other employees after a long absence from the workplace. An employee may wonder what might happen if he relocates to company headquarters in another state.

* + **Economic reasons**

Money weighs heavily in people’s considerations and they certainly can be expected to resist changes that might lower their incomes. In a very real sense, employees have invested in the status quo in their jobs. That is, they have learned how to perform their work well, how to get good performance evaluations and how to interact effectively with others. Changes in established work routines or job duties may threaten their economic security. Employees may fear that, after changes are made, they won’t be able to perform as well and thus may not be as valuable to the organization, their supervisors or their coworkers.

* **Organizational resistance**

To a certain extent, the nature of organizations is to resist change. Organizations often are most efficient at doing routine tasks and tend to perform more poorly, at least initially, at doing something for the first time. Thus, to ensure operational efficiency and effectiveness, some organizations may create strong defenses against change.

* + **Organization design**

Organizations need stability and continuity in order to function effectively. Indeed, the term organization implies that the individual, team and department have a certain structure. Individuals have assigned roles, established procedures for getting the job done, consistent ways of getting needed information and the like. However, this legitimate need for structure also may lead to resistance to change. Organizations may have narrowly defined jobs, clearly identifies lines of authority and responsibility and limited flows of information from top to bottom.

* + **Organizational culture**

Organizational culture plays a key role in change. Cultures are not easy to modify and may become a major source of resistance to needed changes. One aspect of an effective organizational culture is whether it has the flexibility to take advantage of opportunities to change. An ineffective organizational culture (in terms of organizational change) is one that rigidly socializes employees into the old culture even in the face of evidence that it no longer works.

* + **Resource limitations**

Some organizations want to maintain the status quo, but others would change if they had the resources to do so. Change requires capital, time and individuals with a lot of competencies. At any particular time, an organization’s managers and employees may have identified changes that could or should be made, but they may have had to defer or abandon some of the desired changes because of resource limitations.

* + **Fixed investments**

Resource limitations aren’t confined to organizations with insufficient assets. Fixed investments aren’t limited to physical assets; they also may be expressed in terms of people. For example, consider employees who no longer are making a significant contribution to an organization but have enough seniority to maintain their jobs. Unless they can be motivated to perform better or retrained for other positions, their salaries and fringe benefits represent, from the organization’s perspective, fixed investments that can’t easily be changed.

* + **Inter-organizational agreements**

Agreements between organizations usually impose obligations on them that can restrain their actions. Labour negotiations and contracts provide some examples. Ways of doing things that once were considered that rights of management (the right to hire and fire, assign tasks, promote and demote and the like) may become subject to negotiation and fixed in a union-management contract. Other types of contracts also may constrain organizations. For example, proponents of change may face delay because of arrangements with competitors, commitments to suppliers and other contractors and pledges to public officials in return for licenses, permits, financing or tax abatement.

* 1. **Making changes in the organization**

This model illustrates how a change in one element usually affects others. For example, a change in an organization’s reward system from one based on individual performance to a team-based system will affect the type of individuals joining the organization. Their decision will reflect the needs they want to satisfy on the job and their evaluation of the type and effectiveness of teams, how leaders make decisions, the type of decisions that teams can make, the structure of the department or division and the culture of the organization.

* 1. **Organizational development (OD)**

**Refer 14.1 page 231**

**Refer 14.4.4 pages 238-239**

**CHAPTER FOURTEEN**

**Impact of Changing Environment on Organizational Behavior**

* 1. **Increasing importance of culture in globalized environment**

Culture is the unique pattern of shared assumptions, values and norms that shape the socialization, symbols, language, narratives and practices of a group of people. Assumptions, values and norms form the base of a culture but they can’t be observed directly. The can only be inferred from a culture’s more visible elements – its socialization activities, symbols, language, narratives and practices.

* + **Assumptions**

Shared assumptions are the underlying thoughts and feelings that members of a culture take for granted and believe to be true. One shared assumption seems to be that creative ideas are stimulated by the environment – they don’t just develop inside a person’s head.

* + **Values and norms**

A value is a basic belief about something that has considerable importance and meaning to individuals and is stable over time. Norms are rules that govern the behaviours of group members. Norms are elements of the internal processes of work teams. When a norm is widely shared throughout the organization, it becomes an element of the organization’s culture. The main function of norms in organizations is to regulate and standardize behaviour. When members of an organization engage in behaviours that violate the norms, they can expect expressions of disappointed. When behaviour conforms to the norms, members receive the approval of their peers and other in the organization.

* + **Socialization**

Socialization is a process by which new members are brought into a culture. The most powerful way to do so is through consistent role modeling, teaching, coaching and enforcement by others in the culture. At the societal level, socialization takes place within the family, in schools and religious organizations and through the media. At the industry level, socialization often occurs through organized activities conducted by industry associations.

* + **Symbols**

A symbol is anything visible that can be used to represent as abstract shared value or something having special meaning. Symbols are the simplest and most basic observable form of cultural expression. They may take the form of logos, architecture, uniforms, awards and many other tangible expressions.

* + **Language**

Language is a shared system of vocal sounds, written signs and/or gestures used to convey special meanings among members of a culture.

* + **Narratives**

Narratives are the unique stories, sagas, legends and myths in a culture. They often describe the unique accomplishments and beliefs of leaders over time, usually in heroic and romantic terms. The basic story may be based on historical fact, but as the story gets told and retold, the facts may be embellished with fictional details.

* + **Practices**

The most complex but observable cultural element is shared practices, which include taboos and ceremonies. Taboos are culturally forbidden behaviours. Ceremonies are elaborate and formal activities designed to generate strong feeling. Usually they are carried out as special events. In most societies, ceremonies celebrate the birth, marriage and death of the society’s members. In many organizations, ceremonies are used to recognize special achievements and honour the retiring employee.

* 1. **Impact of technology and the information age**

**Technological change** involves incremental adjustments or radical innovations that affect work-flows, production methods, materials and information systems. In 1908, Henry Ford changed the workplace by demonstrating how effective assembly-line technologies could be when he launched the mass production of cars. In that new age of mass consumption, the revolutionary assembly-line technology was ideal for making identical goods in volume.

**Information technology** comprises complex networks of computers, telecommunications systems and remote-controlled devices. As information technology continues to evolve, it is becoming increasingly easy for organizations to build links between suppliers, producers, distributors and customers.

* 1. **Increased concern with quality**

The quality control process generally focuses on measuring inputs (including customer expectations and requirements), transformation operations and outputs. The results of these measurements enable managers and employees to make decisions about product of service quality at each stage of the transformation process.

* **Inputs**

Quality control generally begins with inputs, especially the raw materials and parts used in a transformation process. For services, the inputs are based on the information the client provides.

* **Transformation operations**

Quality control inspections are made during and between successive transformation stages. Work-in-progress inspection can result in the reworking or rejecting of an item before the next operation is performed on it.

* **Outputs**

The most traditional and familiar form of quality control is the assessment made after completion of a component or an entire product or provision of a service. With goods, quality control tests may be made just before the items are shipped to customers. The number of items returned by customers because of shoddy workmanship or other problems is one indicator of the effectiveness of the quality control process.

Successfully offering high quality to customers typically results in three important benefits for the organization.

* **Positive company image**

A reputation for high-quality products creates a positive image. A positive image eases recruiting of new employees, increasing sales and obtaining funds from various lending agencies. A positive company image can influence new customers who have little direct experience with the company to shop there.

* **Lower costs and higher market share**

Higher quality increases productivity and lowers rework time, scrap costs and warranty cost, leading to increased profits. Improved performance features and product reliability at Toyota enabled the Camry to become the number one selling car in its class. In service settings organizations, higher quality service can be used to attract and retain new customers. People are willing to pay for excellent service.

* **Decreased liability**

Product manufacturers and service providers increasingly face costly legal suits over damages caused by faulty, dangerous and /or misrepresented products and services. Organizations that design and produce faulty products increasingly are being held liable for damages resulting from the use of such products.

* 1. **Environment of uncertainty**

The extent to which members of a culture feel threatened by risky or unknown situations it is the measure of its uncertainty avoidance. Laws and rules try to prevent uncertainties in the behaviour of other people. Individuals in cultures ranked low on this dimension generally are secure and don’t expend a great deal of energy trying to avoid or minimize ambiguous situations.

* 1. **Growing importance of ethics and social responsibility**

**Ethics** is a set of values and rules that define right and wrong conduct. These values and rules indicate when behaviour is acceptable and when it is unacceptable. What is considered ethical may depend on the perspective from which ethical issues are considered. There are four basic forces that influence the ethical conduct of individuals and organizations. Rarely can the ethical implications of decisions or behaviours be understood by considering only one of these forces.

* **Cultural forces**

Culture refers to the unique pattern of shared characteristics, such as values, that distinguish the members of one group of people from those of another. Uncertainty avoidance, power distance, individualism and masculinity were among the characteristics highlighted. A significant part of what is considered ethical comes from cultural values and the specific norms and traditions that flow from them.

* **Legal and regulatory forces**

What a society interprets as ethical or unethical frequently ends up being expressed in laws, government regulations and court decision. Laws are society’s values and standards that are enforceable in the courts. The legality of actions and decisions doesn’t necessarily make them ethical, however. When behaviour is clearly unethical and illegal, employees also have clear knowledge of what’s right and what’s wrong. But in many areas of business practices, judgments about right and wrong fall within a gray area.

* **Organizational forces**

Organizations influence employee actions both formally and informally. To provide formal guidance for employees, an organization can state clear policies that define ethical and unethical conduct. A code of ethics state the principles that employees are expected to follow when acting on behalf of the organization. Codes of ethics help employees understand the organization’s norms and values and they provide basic guidelines for deciding what behaviour is acceptable. Additional formal guidance may be offered through training programs that describe difficult ethical situations that employees may face and offer advice about how to deal with them.

* **Individual forces**

Individuals have their own values and a sense of what is right or wrong. An individual’s view of what is ethical may or may not converge with the views of their organization and the larger societal culture.

**Social responsibility** holds that managers and other employees have obligations to identifiable groups that are affected by or can affect the achievement of an organization’s goals.

Three primary reasons often are suggested for embracing social responsibility are:

* + **Enlightened self-interest**

Management uses social responsibilty to justify numerous decisions and actions. The general idea is that a better society creates a better environment for business.

* + **Sound investment**

Management believes that social responsibility has a positive effect on a company’s net worth. Higher stock prices for socially responsible firms reduce the cost (interest rate) of capital and increase earnings.

* + **Interference avoidance**

Management aims to minimize control of company decisions by powerful stakeholders, such as government agencies and pressure groups. Industry self-regulation often is justified on the basis of interference avoidance.

* 1. **Managing diversity**

Managing diversity involves the overall ability to value unique individual and group characteristics, embrace such characteristics as potential sources of organizational strength and appreciate the uniqueness of each individual. This competency also involves the ability to help people work effectively together even though their interests and backgrounds may be quite diverse. Common categories of diversity dealt with in organizations are primary categories (genetic characteristics that affect a person’s self-image and socialization) and secondary categories (learned characteristics that a person acquires and modifies throughout life.

Individuals have relatively little influence over these primary categories of characteristics:

* **Age**

The number of years a person has been alive and the generation into which she was born (e.g.: depression era, baby boomers, generation X or generation Y)

* **Race**

The biological groupings within humankind, representing superficial physical differences, such as eye form and skin colour. Race accounts for less than 1 percent of the difference in a person’s genetic heredity.

* **Ethnicity**

Identification with a cultural group that has shared traditions and heritage, including national origin, language, religion, food and customs. Some people identify strongly with these cultural roots, others do not.

* **Gender**

Biological sex as determined by XX (female) or XY (male) chromosomes.

* **Physical abilities and qualities**

A variety of characteristic, including body type, physical size, facial features, specific abilities or disabilities and visible and invisible physical and mental talents or limitations.

* **Sexual orientation**

Feelings of sexual attraction toward members of the same or opposite gender, such as heterosexual, homosexual or bisexual.

The following are brief explanations of the secondary categories of diversity. Individuals have relatively more influence over them during their lifetimes by making choices:

* + **Education**

The individual’s formal and informal learning and training.

* + **Work experience**

The employment and volunteer positions the person has held and the variety of organizations for which the person has worked.

* + **Income**

The economic conditions in which the person grew up and his current economic status.

* + **Marital status**

The person’s situation as never married, married, widowed or divorced.

* + **Religious beliefs**

Fundamental teachings received about deities and values acquired from formal or informal religious practices.

* + **Geographic location**

The locations in which p=the person was raised or spent a significant part of her life, including types of communities and urban areas versus rural areas.

* + **Parental status**

Having or not having children and the circumstances in which the children are raised, such as single parenting and two-adult parenting.

* + **Personal style**

Tendency of the individual to think, feel or act in a particular way.

**CHAPTER FIFTEEN**

**Managing Individual Stress**

* 1. **Nature of stress**

Stress is the excitement, feeling of anxiety, and/or physical tension that occurs when the demands placed on an individual are thought to exceed his ability to cope. This most common view of stress is often called distress or negative stress. The physical or psychological demands from the environment that cause this condition are called stressors. Stressors can take various forms, but all stressors have one thing in common. They create stress or the potential for stress when an individual perceives them as representing a demand that may exceed that person’s ability to respond.

* 1. **Personality and stress**

Many personality traits are related to stress, including self-esteem and locus of control. A personality trait may affect how a person will perceive and react to a situation or an event as a stressor. For example, an individual with low self-esteem is more likely to experience stress in demanding work situations than is a person with high self-esteem. Individuals high in self-esteem typically have more confidence in their ability to meet job demands than do those with low self-esteem.

Employees with high internal locus of control may take more effective action, more quickly, in coping with a sudden emergency (a stressor) than might employees with high external locus of control. Individuals high in internal locus of control are likely to believe that they can moderate the stressful situation.

* 1. **Sources of stress**

Employees often experience stress in both their personal and work lives. Understanding these sources of stress and their possible interaction is important. To consider either source in isolation may give an incomplete picture of the stress that an employee is experiencing.

* **Workload**

For many employees, having too much work to do and not enough time or resources to do it can be stressful. Role overload exists when demands exceed the capacity of a manager or employee to meet all of them adequately. Having too little work to do also may create stress.

* **Job conditions**

Poor working conditions represent another important set of job stressors. Temperature extremes, loud noise, too much or too little lighting, radiation and air pollution are but a few examples of working conditions that can cause stress in employees.

* **Role conflict and ambiguity**

Differing expectations of or demands on a person at work produce role conflict. Role ambiguity occurs when an employee is uncertain about assigned job duties and responsibilities. Role conflict and role ambiguity are particularly significant sources of job-related stress. Many employees suffer from role conflict and ambiguity, but conflicting expectations and uncertainty particularly affect managers. Having responsibility for the behaviour of others and a lack of opportunity to participate in important decisions affecting their job are other aspects of employees’ roles that may be stressful.

* **Career development**

Major stressors related to career planning and development involve job security, promotions, transfers and developmental opportunities. An employee can feel stress by underpromotion (failure toadvance as rapidly as desired) or overpromotion (promotion to a job that exceeds the individual’s competencies).

* **Interpersonal relations**

Teams and groups have a great impact on the behaviour of employees. Good working relationships and interactions with peers, subordinates and superiors are crucial aspects of organizational life, helping employees achieve personal and organizational goals. When relationships are poor, they can become sources of stress.

* 1. **Effects of stress**

All forms of stress can have both positive and negative effects. The concern with work stress focuses on its negative effects because of its adverse impacts on health and organizational effectiveness. The effects of work stress occur in three main areas: physiological, emotional and behavioural.

* **Physiological effects of stress**

This effect of stress include increased blood pressure, increased heart rate, sweating, hot and cold spells, breathing difficulties, muscular tension and gastrointestinal disorders.

* **Emotional effects of stress**

This effect of stress include anger, anxiety, depression, low self-esteem, poor intellectual functioning (including an inability to concentrate and make decisions), nervousness, irritability, resentment of supervision and job dissatisfaction.

* **Behavioural effects of stress**

This effect of stress include poor performance, absenteeism, high accident rates, high turnover rates, impulsive behaviour and difficulties in communication.

* 1. **Managing stress**

Individual and organizational practices to help managers and employees cope with stress have become increasingly popular as stress has become more widely recognized as a problem. A variety of initiatives are available to individuals and organizations for managing stress and reducing its harmful effects. Stress management refers to any initiative that reduces stress by helping people understand the stress response, recognize stressors and use coping techniques to minimize the negative impact of stress.

* **Individual initiatives**

Managing stress by individuals includes activities and behaviours designed to eliminate or control the sources of stress and make the individual more resistant to or better able to cope with stress. The first step in individual stress management involves recognizing the stressors that are affecting the person’s life. Next, the individual needs to decide what to do about them.

Practical initiatives for managing stress by individuals include the following:

* Plan ahead and practice good time management.
* Get plenty of exercise, eat a balanced diet, get adequate rest and generally take care of yourself.
* Develop a sound philosophy of life and maintain a positive attitude as well as sense of humor.
* Concentrate on balancing your work and personal life. Always take time to have fun.
* Learn a relaxation technique.
* **Organizational initiatives**

Organizational initiatives for managing stress are typically designed to reduce the harmful effects of stress in three ways: identify and then modify or eliminate work stressors, help employees modify their perception and understanding of work stress and help employees cope more effectively with the consequences of stress.

* + **Reducing work stressors**

Initiatives aimed at eliminating or modifying work stressors include:

* Improvements in the physical work environment
* Job redesign
* Changes in workloads and deadlines
* Changes in work schedules, more flexible hours and sabbaticals
* Greater levels of employee participation, particularly in planning changes that affect them
	+ **Modifying behaviours**

Initiatives targeted at behaviours and experiences of stress and outcomes of stress include:

* Team building
* Career counseling and other employee assistance programs
* Workshops on time management
* Workshops on job burnout to help employees understand its nature and symptoms
* Training in relaxation techniques
	+ **Creating wellness programs**

One comprehensive method of improving the ability of individuals to cope with stress is a wellness program – a health management initiative that incorporates the components of disease prevention, medical care, self-care and health promotion.

**CHAPTER SIXTEEN**

**Cultivating Organizational Culture**

* 1. **The dynamics of organizational culture**

Organizational culture represents a complex pattern of beliefs, expectations, ideas, values, attitudes and behaviours shared by the members of an organization that evolve over time. More specifically, organizational culture includes:

* routine ways of communicating, such as organizational rituals and ceremonies and the language commonly used;
* the norms shared by individuals and teams throughout the organization, such as no reserved parking spaces;
* the dominant values held by the organization, such as product quality or price leadership;
* the philosophy that guides management’s policies and decision making.
* the rules of the game for getting along in the organization or the “ropes” that a newcomer must learn in order to become an accepted member; and
* the feeling or climate conveyed in an organization by the physical layout and the way in which managers and employees interact with customers, suppliers and other outsiders.

None of these components individually represents the culture of the organization. Taken together, however, they reflect and give meaning to the concept of organizational culture.

Organizational culture exists on several levels, which differ in terms of visibility and resistance of change. Just like peeling an onion, the least visible or deepest, level of organizational culture is that of **shared assumptions** and philosophy, which represent basic beliefs about reality, human nature and the way things should be done.

The next level is that of **cultural values**, which represent collective beliefs, assumptions and feelings about what things are good, normal, rational and valuable. Cultural values can be quite different from organization to organization; in some, employees may care deeply about money, but in others they may care more about technological innovation or employee well-being. These values tend to persist over time, even when organizational membership changes.

The next level is that of **shared behaviours**, including norms which are more visible and somewhat easier to change than values. The most superficial level of organizational culture consists of symbols. **Cultural symbols** are words (jargon or slang), gestures and pictures or other physical objects that carry a particular meaning within a culture.

Organizational culture is important for employees and managers alike. Achieving a good match between the values of the organization and those of the employee first requires that a potential employee figure out what an organization values and second that she find an organization that shares her personal values.

**How Cultures Emerge**

An organizational culture emerges when members share knowledge and assumptions as they discover or develop ways of coping with issues of external adaptation and internal integration. Figure 16.1 shows a common pattern in the emergence of organizational cultures.

Culture

* Strong culture emerges
* Traditions are maintained
* Socialization practices for new employees

Results

* Financial performance
* Market share
* Employee commitment

Behaviours

* Employees behave in ways that are consistent with shared values and assumptions

Top Management

* Agrees on shared assumptions of human behavior
* Develops a shared vision of cultural values

Figure 16.1 How Cultures Emerges

* 1. **Types of organizational culture**

Cultural elements and their relationships create a pattern that is distinct to an organization (e.g.: the culture of Malaysia Airlines System versus that of Air Asia). However, organizational cultures do have some common characteristics. One proposed framework is presented in Figure 16.2. The vertical axis reflects the relative control orientation of an organization, ranging from stable to flexible. The horizontal axis reflects the relative focus of attention of an organization, ranging from internal functioning to external functioning. The extreme corners of the four quadrants represent four pure types of organizational culture: bureaucratic, clan, entrepreneurial and market.

Formal Control Orientation

Internal

External

Stable

Flexible

Forms of Attention

Figure 16.2 Framework of Types of Cultures

 **Clan Culture**

Tradition, loyalty, personal commitment, extensive socialization, teamwork, self-management and social influence are attributes of a clan culture. Its members recognize an obligation beyond the simple exchange of labour for a salary. They understand that contributions to the organization (e.g. hours worked per week) may exceed any contractual agreements. The individual’s long-term commitment to the organization (loyalty) is exchanged for the organization’s long-term commitment to the individual (security). Because individuals believe that the organization will treat them fairly in terms of salary increases, promotions and other forms of recognition, they hold themselves accountable to the organization for their actions.

A clan culture achieves unity by means of a long and thorough socialization process. Long-time clan members serve as mentors and role models for newer members. The clan is aware of its unique history and often documents its origins and celebrates its traditions in various rites. Members have a shared image of the organization’s style and manner of conduct. Public statements and events reinforce its values.

In a clan culture, members share feelings of pride in membership. They have a strong sense of identification and recognize their common fate in the organization. The up-through-the-ranks career pattern results in an extensive network of colleagues whose paths have crossed and who have shared similar experiences. Shared goals, perceptions and behavioural tendencies foster communication, coordination and integration. A clan culture generates feelings of personal ownership of a business, a product or an idea. In addition, peer pressure to adhere to important norms is strong. The richness of the culture creates an environment in which few areas are left totally free from normative pressures. Depending on the types of its norms, the culture may or may not generate risk-taking behaviour or innovation. Success is assumed to depend substantially on sensitivity to customers and concern for people. Teamwork, participation and consensus decision-making are believed to lead to this success.

**Entrepreneurial Culture**

High levels of risk taking, dynamism and creativity characterize an **entrepreneurial culture**. There is a commitment to experimentation, innovation and being on the leading edge. This culutre doesn’t just quickly react to changes in the environment – it creates change. Effectiveness means providing new and unique products and rapid growth. Induvidual initiative, flexibility and freedom foster growth and are encouraged and well rewarded. Entrepreneurial cultures usually are associated with small to mid-sized companies that are still run by a founder.

**Bureaucratic Culture**

An organization that values formality, rules, standard operating procedures and hierarchical coordination has a **bureaucratic culture**. Recall that the long-term concerns of a bureaucracy are predictability, efficiency and stability. Its members highly value standardized goods and customer service. Behavioural norms support formality over informality. Managers view their roles as being good coordinators, organizers and enforcers of written rules and standards. Task, responsibilities and authority for all employees are clearly defined. The organization’s many rules and processes are spelled out in thick manuals and employees believe that their duty is to “go by the book” and follow legalistic procedures.

**Market Culture**

The achievement of measurable and demanding goals, especially those that are financial and market-based (e.g. sales growth, profitability and market share) characterize a **market culture**. Hard-driving competitiveness and a profit orientation prevail throughout the organization.

In a market culture, the relationship between individual and organization is contractual. That is, the obligations of each party are agreed upon in advance. In this sense, the control orientation is formal and quite stable. The individual is responsible for some level of performance and the organization promises a specified level of rewards in return.

A market culture doesn’t exert much social pressure on an organization’s members, but when it does, members are expected to conform. In market cultures, superiors’ interactions with subordinates largely consist of negotiating performance-reward agreements and /or evaluating requests for resource allocations.

* 1. **Ethical behavior and organizational culture**

Ethical problems in organizations continue to concern managers and employees greatly.

* **Impact of culture**

Managers and researchers are beginning to explore the potential impact that organizational culture can have on ethical behaviour. Organizational culture involves a complex interplay of formal and informal systems that may support either ethical or unethical behaviour. Formal systems include leadership, structure, policies, reward systems, orientation and training programs and decision-making processes. Informal systems include norms, heroes, rituals, language, myths, sagas and stories.

* **Whistle-blowing**

As a form of principled organizational dissent, whistle-blowing is the disclosure by current or former employees of illegal, immoral or illegitimate organizational practices to people or organizations that may be able to change the practice. The whistle-blower lacks the power to change the undesirable practice directly and so appeals to others either inside or outside the organization.

* 1. **Fostering cultural diversity**

The growing diversity of employees in many organizations can bring substantial benefits, such as more successful marketing strategies for different types of customers, improved decision making and greater creativity and innovation.

* **Challenges**

Along with its benefits, cultural diversity brings costs and concerns, including communication difficulties, intra organizational conflict and turnover. Effectively fostering cultural diversity promises to continue to be a significant challenge for organizations for a long time. To succeed, organizations have to work hard to resolve these issues.

* These characteristics have been distilled into the following helpful guidelines.
	+ Managers and employees must understand that a diverse workforce will embody different perspectives and approaches to work and must truly value variety of opinion and insight.
	+ Managers must recognize both the learning opportunities and challenges that the expression of different perspectives presents for the organization
	+ Organizational culture must create an expectation of high standards of performance and ethics from everyone
	+ Organizational culture must stimulate personal development
	+ Organizational culture must encourage openness
	1. **Socialization of new employees**

The general meaning of the term socialization is the process by which older members of a society transmit to younger members the social skills and knowledge needed to function effectively in that society.

* **Steps in socialization**
	+ Careful selection
	+ Challenging early work assignments
	+ Training to develop capabilities with culture
	+ Rewards that sustain culture
	+ Adoption of cultural value policies
	+ Ritual, taboos, rites and stories to reinforce culture
	+ Role model to sustain culture